

This information in this Preliminary Canadian Offering Memorandum is not complete and may be changed. The Issuers shall not sell these Notes until this Preliminary Canadian Offering Memorandum is delivered in final form. No final investment decision by any prospective purchaser should be taken prior to reading the final Canadian Offering Memorandum, which will be provided to all investors and supersede this Preliminary Canadian Offering Memorandum. This Preliminary Canadian Offering Memorandum is not an offer to sell these securities, and we are not soliciting an offering to buy these securities in any jurisdiction where such offer or sale is not permitted.

This Canadian Offering Memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and only by persons permitted to sell these securities. This Canadian Offering Memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of these securities in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of these securities, and any representation to the contrary is an offence.

**PRELIMINARY CANADIAN OFFERING MEMORANDUM
SUBJECT TO COMPLETION DATED DECEMBER 6, 2021**



**Private Placement in
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick,
Prince Edward Island, Nova Scotia and Newfoundland and Labrador**

\$935,000,000

\$ % Senior Notes due , 2031

Ritchie Bros. Holdings Inc.

C\$ % Senior Notes due , 2029

Ritchie Bros. Holdings Ltd.

guaranteed by

Ritchie Bros. Auctioneers Incorporated

and certain of its subsidiaries

THE OFFERING

A series of senior notes is being offered in Canada in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador as part of an offering that is being made in one or more other countries (the “Offering”):

- (i) an aggregate of \$ aggregate principal amount of % Senior Notes due , 2031 (the “USD notes”) to be issued by Ritchie Bros. Holdings Inc. (the “USD issuer”), a Washington corporation and wholly-owned subsidiary of Ritchie Bros. Auctioneers Incorporated (the “Company”), a Canadian federal corporation; and
- (ii) an aggregate of C\$ aggregate principal amount of % Senior Notes due , 2029 (the “Canadian notes”) and together with the USD notes, the “Notes”) to be issued by Ritchie Bros. Holdings Ltd. (the

“**Canadian issuer**” and together with the USD issuer, the “**Issuers**” and each an “**Issuer**”), a Canadian federal corporation and wholly-owned subsidiary of the Company.

The Offering is described fully in the attached offering memorandum (the “**Offering Document**”), the full text of which is included in this Canadian Offering Memorandum and forms a part of it. The Offering Document may be supplemented by one or more documents sent to you by the dealers acting as initial purchasers (the “**Dealers**”) concerning the Offering, which may include a final term sheet containing pricing and other related information (“**Supplementary Material**”). The term Supplementary Material does not include the contents of any electronic roadshow for the Offering. The full text of all Supplementary Material, if any, concerning the Offering shall also be incorporated by reference into this Canadian Offering Memorandum and deemed to form a part of it. Accordingly, the term “**Canadian Offering Memorandum**” means this introductory Canadian supplement, together with the attached Offering Document and any Supplementary Material. The definitions in the Offering Document (except as otherwise stated herein) apply throughout this Canadian Offering Memorandum.

RELATIONSHIP BETWEEN THE DEALERS OR CERTAIN OF THEIR AFFILIATES AND THE ISSUERS

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings in the ordinary course of business with the Issuer and its affiliates. They have received (or will receive) customary fees and commissions for these transactions. An affiliate of Goldman Sachs & Co. LLC, one of the initial purchasers, is a lender to the Company, the parent company of the Issuers under the New Credit Facilities and the New Bridge Facility. To replace the commitments in respect of the New Credit Facilities and \$200 million of the commitments in respect of the Bridge Loan Facility, the Company obtained an amendment, dated September 21, 2021 (the “**Amendment**”), to the Company’s existing credit agreement dated October 27, 2016 (as amended, amended and restated, supplemented and otherwise modified prior to September 21, 2021, the “**Existing Credit Agreement**”; the Existing Credit Agreement as amended by the Amendment, the “**Credit Agreement**”). The Company will seek to replace all or a portion of the remaining commitments in respect of the Bridge Loan Facility with senior unsecured debt securities (including the notes offered hereby). Accordingly, the Issuers may be considered “connected issuers” of Goldman Sachs & Co. LLC for the purposes of applicable Canadian securities laws. For additional information, see “Description of Certain Other Indebtedness” and “Plan of Distribution” sections of the attached Offering Document forming part of this Canadian Offering Memorandum. The decision to offer the applicable Notes was made solely by the Issuers and the terms upon which the Notes are being offered were determined by negotiation between the Company, the Issuers and the Dealers as applicable. The Company is currently in compliance with the New Credit Facilities, the Bridge Facility and the Credit Agreement, and no breach thereof has been waived by any of the Dealers or their affiliates since the execution of such facilities.

ADDITIONAL INFORMATION ABOUT THIS CANADIAN OFFERING MEMORANDUM

The attached Offering Document remains subject to completion or amendment and therefore this Canadian Offering Memorandum similarly remains subject to completion or amendment. The Offering is being made exclusively through this Canadian Offering Memorandum and not through any advertisement of the Notes. No person has been authorized to give any information or to make any representation other than those contained in or incorporated by reference into in this Canadian Offering Memorandum and any decision to purchase Notes should be based solely on information contained or incorporated by reference in this document.

This Canadian Offering Memorandum is for the confidential use of only those persons to whom it is delivered in connection with the Canadian Offering. The distribution of this Canadian Offering Memorandum and the offer and sale of the Notes in certain of the Canadian provinces may be restricted by law. Persons into whose possession this Canadian Offering Memorandum comes must inform themselves about and observe any such restrictions. The distribution of this Canadian Offering Memorandum or any information contained herein to any person other than a prospective Canadian investor identified by the Dealers, or those persons, if any, retained to advise such prospective Canadian investor in connection with the transactions contemplated herein, is unauthorized. Any disclosure, reproduction and/or redistribution of the information contained within this Canadian Offering Memorandum without the prior written consent of the Issuer or the Dealers, as applicable, is prohibited. Each Canadian investor, by accepting delivery of this Canadian Offering Memorandum, will be deemed to have agreed to the foregoing.

The Issuer and the Dealers reserve the right to reject all or a part of an offer to purchase the Notes for any reason or allocate to any purchaser less than all of the Notes for which the purchaser has subscribed.

Investing in the Notes involves certain risks. See “Risk Factors” in the Offering Document. Information in the Offering Document has not been prepared with regard to matters that may be of particular concern to Canadian purchasers and, accordingly, should be read with this in mind. The USD notes are not denominated in Canadian dollars. The value of the USD notes to a Canadian investor will therefore fluctuate with changes in the exchange rate between the Canadian dollar and the currency of the USD notes. Canadian purchasers are advised to review carefully this Canadian Offering Memorandum, including the documents incorporated by reference (including the Offering Document forming part of it and any Supplementary Material subsequently deemed to be incorporated by reference), in their entirety and to consult with their own legal, financial and tax advisers concerning the information contained in this Canadian Offering Memorandum, including the documents incorporated by reference, and as to the suitability of an investment in the Notes in their particular circumstances prior to investing in the Notes.

Statements made in this Canadian Offering Memorandum are as of the date of this Canadian Offering Memorandum unless expressly stated otherwise. Neither the delivery of this Canadian Offering Memorandum at any time, or any other action with respect hereto, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to such date.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As described on the cover page of this Canadian Offering Memorandum, the Issuers may be considered “connected issuers”, as defined in National Instrument 33-105 — *Underwriting Conflicts*, of certain of the Dealers for the purposes of applicable Canadian securities laws. An affiliate of Goldman Sachs & Co. LLC, one of the initial purchasers, is a lender to the Company, the parent company of the Issuers under the New Credit Facilities and the New Bridge Facility. To replace the commitments in respect of the New Credit Facilities and \$200 million of the commitments in respect of the Bridge Loan Facility, the Company obtained the Amendment to the Existing Credit Agreement (the Existing Credit Agreement as amended by the Amendment, the “**Credit Agreement**”). The Company will seek to replace all or a portion of the remaining commitments in respect of the Bridge Loan Facility with senior unsecured debt securities (including the notes offered hereby). The lenders under the New Credit Facilities, the Bridge Facility and the Credit Agreement were not involved in their capacities as such in the decision to offer the Notes or in determining the terms upon which the Notes are being offered. As of October 31, 2021, the Issuer had nothing drawn under the New Credit Facilities, nothing drawn under the Bridge Facility and US\$143.4 drawn under the Credit Agreement. In addition, the Dealers and their affiliates will receive a portion of the commission payable by the Issuer to the Dealers for services rendered in connection with the Offering. The Company is currently in compliance with the New Credit Facilities, the Bridge Facility and the Credit Agreement, and no breach thereof has been waived by any of the Dealers or their affiliates since the execution of such facilities. Payment and performance of the Company’s obligations under each of New Credit Facilities, the Bridge Facility and the Credit Agreement are secured by certain charges over real property of the Company and the Issuers’ and certain of their affiliates and certain of the such entities personal property connected to or located at such real property, as well as unsecured guarantees by certain subsidiaries of the Company including the Issuers and postponements and subordination of intercompany indebtedness by certain subsidiaries of the Company. The proposed use of proceeds from the Offering, the Issuer’s present financial condition and other relevant information are described in greater detail in the Offering Document. Canadian investors should refer to the information set forth in the Offering Document, including, without limitation, “Description of Certain Other Indebtedness” and “Plan of Distribution” sections of the attached Offering Document forming part of this Canadian Offering Memorandum.

CANADIAN RESALE RESTRICTIONS

Each purchaser of the Notes pursuant to the Offering shall, by agreeing to purchase any such notes, be deemed to have acknowledged that such notes will be subject to Canadian resale restrictions, that it should consult with Canadian legal counsel before making any resale of such notes to a purchaser in Canada, and that it is hereby notified by way of this document (and it acknowledges such notification) of the following legend and that such notes may bear or be subject to the following restrictive legend in substantially the following form in addition to any other legend they may bear:

- (i) for the USD notes:

“IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 – RESALE OF SECURITIES, UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THESE NOTES MUST NOT TRADE THE NOTES IN CANADA BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) THE DATE OF THE DISTRIBUTION OF SUCH NOTES, AND (ii) THE DATE RITCHIE BROS. HOLDINGS INC. BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”

- (ii) for the Canadian notes:

“IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 – RESALE OF SECURITIES, UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THESE NOTES MUST NOT TRADE THE NOTES IN CANADA BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) THE DATE OF THE DISTRIBUTION OF SUCH NOTES, AND (ii) THE DATE RITCHIE BROS. HOLDINGS LTD. BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”

The Issuers are not and may never be a “reporting issuer”, as such term is defined under applicable Canadian securities laws, in any province or territory of Canada. Canadian investors are advised that the Issuers currently do not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Notes to the public in any province or territory of Canada in connection with this offering.

FORWARD-LOOKING INFORMATION

This Canadian Offering Memorandum may contain “forward-looking information” (“**FLI**”) as such term is defined under applicable Canadian securities laws. FLI is disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information (“**FOFI**”) with respect to prospective financial performance, financial position or cash flows that is presented either as a forecast or a projection. FOFI is FLI about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, and presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows. Similarly, a “**financial outlook**” is FLI about prospective financial performance, financial position or cash flows that is based on assumptions about future economic conditions and courses of action that is not presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows.

FLI is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from expectations as expressed or implied within this Canadian Offering Memorandum. FLI reflects current expectations with respect to current events and is not a guarantee of future performance. Any FLI that may be included or incorporated by reference within this Canadian Offering Memorandum, including any FOFI or financial outlook, is presented solely for the purpose of conveying the current anticipated expectations of the Issuers and may not be appropriate for any other purposes. Canadian investors are cautioned not to place undue reliance on any FLI that may be included or incorporated by reference within this Canadian Offering Memorandum. Canadian investors should refer to the sections entitled “Cautionary Statement Regarding Forward-Looking Statements” and “Risk Factors” contained in the Offering Document.

REPRESENTATIONS AND AGREEMENT BY PURCHASERS

Each purchaser of Notes in Canada will be deemed to have represented to the respective Issuer and the Dealers participating in the sale of the Notes that such purchaser:

- (a) is not an individual, is either located or resident in one of the Provinces of British Columbia, Alberta, Ontario, Manitoba or Québec and is entitled under applicable provincial securities laws to purchase the Notes without the benefit of a prospectus qualified under those securities laws;
- (b) without limiting the generality of the foregoing, is an “accredited investor” as defined in Section 1.1 of National Instrument 45-106 — *Prospectus Exemptions* (“**NI 45-106**”) (and in the case of a resident of Ontario, under Section 73.3(1) of the *Securities Act* (Ontario) as applicable), which includes, among other things: (i) a person, other than an individual or investment fund, that has net assets of at least C\$5 million as shown on its most recently prepared financial statements, and that was not created and is not being used solely to purchase or hold securities as an “accredited investor”; (ii) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of any jurisdiction; (iii) a bank or other financial institution; (iv) any national, federal, state, provincial, territorial or municipal government of or in any jurisdiction, or any agency of that government; or (v) an entity all of the owners of interests in which, direct, indirect or beneficial, are persons that are accredited investors; and it further represents that it is purchasing as principal, or is deemed to be purchasing as principal by applicable law, or that it is purchasing as agent for the account of a purchaser that is, or is deemed to be, purchasing as principal and is also an “accredited investor”;
- (c) is a “permitted client” as such term is defined in Section 1.1 of National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

- (d) is not an “insider” of the Issuer (within the meaning of Canadian securities laws) and is not registered as a dealer, adviser or otherwise under the securities laws of any province or territory of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Dealers participating in the sale of the Notes to the purchaser);
- (e) is basing its investment decision solely on this Canadian Offering Memorandum (including the Offering Document forming part of it and any Supplementary Material subsequently deemed to be incorporated by reference) and not on any other information concerning the Issuer or the Offering and recognizes that the Canadian Offering Memorandum containing final pricing and other information in respect of the Notes will supersede in its entirety the preliminary version of this Canadian Offering Memorandum;
- (f) to the knowledge of the purchaser, the offer and sale of the Notes in Canada is being made exclusively through this Canadian Offering Memorandum and certain other information in respect of the Notes approved for distribution to purchasers by the Issuer and the Dealers, as applicable, and is not being made through an advertisement of the Notes;
- (g) has reviewed and acknowledges the terms referred to above under the heading “Canadian Resale Restrictions” and agrees not to resell the Notes except in compliance with applicable Canadian resale restrictions and in accordance with their terms;
- (h) has reviewed and acknowledges the representations required to be made by all purchasers of the Notes as set forth under the section entitled “Notice to Investors” and elsewhere in the Offering Document and hereby makes such representations;
- (i) is either purchasing Notes as principal for its own account, or is deemed to be purchasing Notes as principal in accordance with applicable securities laws of the province in which the purchaser is resident, and not as agent for the benefit of another person;
- (j) is purchasing the Notes for investment purposes only and not with a view to resale or distribution that would contravene the prospectus requirements of Canadian securities laws;
- (k) none of the funds being used to purchase the Notes are, to the best of the purchaser’s knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities and:
 - (i) the funds being used to purchase the Notes and advanced by or on behalf of the purchaser to the Dealers do not represent proceeds of crime for the purpose of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “**PCMLTFA**”);
 - (ii) the purchaser is not a person or entity identified on a list established under section 83.05 of the *Criminal Code* (Canada) (the “**Criminal Code**”) or under the *Freezing Assets of Corrupt Foreign Officials Act* (Canada) (the “**FACFOA**”), the *Special Economic Measures Act* (Canada) (the “**SEMA**”), sanctions resolutions and regulations of the United Nations adopted by Canada under the *United Nations Act* (Canada) (collectively, the “**UN Sanctions**”), the *Justice for Victims of Corrupt Foreign Officials Act* (Canada) (the “**JVCFOA**”), or any regulations in force in Canada implementing or amending the foregoing;
 - (iii) the Issuer and the Dealers, as applicable, may in the future be required by law to disclose the purchaser’s name and other information relating to the purchaser and any purchase of the Notes, on a confidential basis, pursuant to the PCMLTFA, the Criminal Code, the FACFOA, the SEMA, the UN Sanctions, the JVCFOA or as otherwise may be required by applicable laws, regulations or rules, and by accepting delivery of this Canadian Offering Memorandum, the purchaser is deemed to have agreed to the foregoing;
 - (iv) to the best of the purchaser’s knowledge, none of the funds to be provided by or on behalf of the purchaser to the Dealers are being tendered on behalf of a person or entity who has not been identified to the purchaser; and
 - (v) the purchaser shall promptly notify the Issuer and the Dealers, as applicable, if the purchaser discovers that any such representations cease to be true, and shall provide the Issuer and the Dealers, as applicable, with appropriate information in connection therewith; and

- (l) if required by applicable securities laws, regulations or rules, including applicable stock exchange rules, the purchaser will execute, deliver and file or assist the Issuer in obtaining and filing such reports, undertakings and other documents relating to the purchase of the Notes by the purchaser as may be required by applicable securities laws, regulations or rules, any securities commission, stock exchange or other regulatory authority.

In addition, each Canadian purchaser of the Notes acknowledges that its name, address, telephone number and other specified information, including the aggregate purchase price paid by the purchaser, may be collected, used and disclosed for purposes of meeting legal and/or regulatory requirements. Such information may be disclosed to Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable laws and regulations. By purchasing the Notes, each Canadian purchaser consents to the disclosure of such information. In addition, by purchasing the Notes, each Canadian purchaser will be deemed to have agreed to provide the Issuer or the Dealers, as applicable, with any and all information about the Canadian purchaser necessary to permit the Issuer or such Dealers, as applicable, to properly complete and file Form 45-106F1 — *Report of Exempt Distribution* as required under NI 45-106.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Any discussion of taxation and related matters contained within this Canadian Offering Memorandum does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes and, in particular, does not address Canadian tax considerations. Canadian investors should consult with their own legal and tax advisers with respect to the tax consequences of an investment in the Notes in their particular circumstances and with respect to the eligibility of the Notes for investment by such investor under relevant Canadian and any other applicable legislation and regulations. In particular, Canadian investors should consult with their own legal and tax advisers regarding the U.S. federal income tax consequences of an investment in the USD notes and should refer to the section entitled “U.S. Federal Income Tax Considerations” contained within the Offering Document for additional general information.

RIGHTS OF ACTION

Securities legislation in certain of the Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum (such as this Canadian Offering Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains a “Misrepresentation”. Where used herein, “**Misrepresentation**” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. **The following is a summary of the rights of rescission or rights to damages that are required to be disclosed in an offering memorandum under applicable provincial securities legislation.**

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that, subject to certain limitations, a purchaser of securities pursuant to an offering memorandum (such as this Canadian Offering Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

This Canadian Offering Memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under section 73.3 of the *Securities Act* (Ontario) (the “**accredited investor exemption**”). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this Canadian Offering Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where an offering memorandum (such as this Canadian Offering Memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of its being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has a right of action for damages against the individual who made the verbal statement without regard to whether the purchaser relied on the misrepresentation.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold by a vendor who is trading in Saskatchewan in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment thereto was required by Section 80.1 of the Saskatchewan Act to be sent or delivered but was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum (such as this Canadian Offering Memorandum) contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against
 - (i) the issuer,
 - (ii) the selling security holder on whose behalf the distribution was made;
 - (iii) every person who was a director of the issuer at the date of the offering memorandum;
 - (iv) every person who signed the offering memorandum, or
- (b) if the purchaser purchased the securities from a person referred to in subparagraph (a)(i) or (ii) above, the purchaser may elect to exercise a right of rescission against the person referred to in that subparagraph, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defences available to the issuer and the selling security holder(s). One such defence is that no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action for rescission within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (b) six years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) provides, in relevant part, that in the event that an offering memorandum (such as this Canadian Offering Memorandum), together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;

- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or amendment to the offering memorandum the person or company withdrew the person's or company's consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum or amendment to offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Further, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert, or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company: (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or amendment to the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum or an amendment to the offering memorandum.

Manitoba and Prince Edward Island

In Manitoba, the *Securities Act* (Manitoba) and in Prince Edward Island, the *Securities Act* (PEI) provide a statutory right of action for damages or rescission to purchasers resident in Manitoba and Prince Edward Island respectively, in circumstances where this Canadian Offering Memorandum or an amendment hereto contains a Misrepresentation, which rights are similar, but not identical, to the rights available to Ontario purchasers.

The foregoing summary is subject to the express provisions of the securities legislation referred to above and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Issuer may rely. The enforceability of these rights may be limited as described herein under section entitled "Rights of Action".

The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.

ENFORCEMENT OF LEGAL RIGHTS

The USD issuer is incorporated and resident outside of Canada.

Certain of such Issuers' directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon such Issuers or those persons. All or a substantial portion of such Issuers' assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgement against such Issuers' or those persons in Canada or to enforce a judgement obtained in Canadian courts against such Issuers' or those persons outside of Canada.

Each purchaser acknowledges that it has been notified that: (i) the Dealers may not be registered as securities dealers in any province or territory of Canada; (ii) all or substantially all of the assets of the Dealers may be situated outside of Canada; and (iii) there may be difficulty enforcing legal rights against the Dealers for these reasons.

LANGUAGE OF DOCUMENTS

Each purchaser of Notes in Canada hereby agrees that it is the purchaser's express wish that all documents evidencing or relating in any way to the sale of the Notes be drafted in the English language only. *Chaque acheteur au Canada des billets reconnaît que c'est sa volonté expresse que tous les documents faisant foi ou se rapportant de quelque manière à la vente des billets soient rédigés uniquement en anglais.*



\$935,000,000

\$ % Senior Notes due , 2031

Ritchie Bros. Holdings Inc.

C\$ % Senior Notes due , 2029

Ritchie Bros. Holdings Ltd.

upon consummation of the Acquisition, guaranteed by

Ritchie Bros. Auctioneers Incorporated

and certain of its subsidiaries

This offering circular relates to the offering of the following series of senior notes in connection with a portion of the financing for our previously announced proposed acquisition of Euro Auctions Limited ("Euro Auctions"), William Keys & Sons Holdings Limited ("WKS Holdings"), Equipment & Plant Services Ltd ("EPSL") and Equipment Sales Ltd ("ESL" and together with Euro Auctions, WKS Holdings, and EPSL, the "Target Companies"), each being a private limited company incorporated in Northern Ireland (the "Acquisition"):

(i) an aggregate of \$ aggregate principal amount of % Senior Notes due , 2031 (the "USD notes") to be issued by Ritchie Bros. Holdings Inc. (the "USD issuer"), a Washington corporation and wholly-owned subsidiary of Ritchie Bros. Auctioneers Incorporated ("we", "us", "our", "Ritchie Bros." or the "Company"), a Canadian corporation; and

(ii) an aggregate of C\$ aggregate principal amount of % Senior Notes due , 2029 (the "Canadian notes" and, together with the USD notes, the "notes" and each, a "series of notes") to be issued by Ritchie Bros. Holdings Ltd. (the "Canadian issuer" and, together with the USD issuer, the "Issuers" and each, an "Issuer"), a Canadian corporation and wholly-owned subsidiary of the Company.

Interest on the USD notes will be payable in cash semi-annually in arrears on and of each year, beginning on , 2022. The USD notes will mature on , 2031. Interest on the Canadian notes will be payable in cash semi-annually in arrears on and of each year, beginning on , 2022. The Canadian notes will mature on , 2029.

Upon the closing of this offering, each Issuer will deposit the gross proceeds from this offering, together with certain additional amounts, into an escrow account. If the Acquisition is not consummated on or before September 30, 2022 or the related sale and purchase agreement is terminated prior to such date, we will be required to redeem all of the outstanding notes of each series at a redemption price equal to 100% of the original offering price of the notes of each series, plus accrued and unpaid interest to, but excluding, the date of such mandatory redemption of such series. Until the release of the proceeds in an escrow account, the applicable series of notes will be secured by a first-priority security interest in such escrow account and funds held therein. See "Description of Notes—Escrow Related Provisions." This offering is not conditioned upon the completion of the Acquisition. The Acquisition is, however, subject to certain closing conditions, including required antitrust approvals and other customary closing conditions, and neither the Company nor any of the Issuers can guarantee that the Acquisition will be completed on a timely basis or at all. For further details regarding the Acquisition and the other Transactions (as defined below), see "The Transactions."

At the time of issuance, each series of notes will initially be the senior secured obligations of its respective Issuer, secured only by the amounts deposited in the applicable escrow account (as described above), and will not be guaranteed by the

Company, the other Issuers, the Target Companies or any of their respective subsidiaries. Upon consummation of the Acquisition, each series of notes will continue to be the senior unsecured obligations of its respective Issuer and will be, jointly and severally, fully and unconditionally guaranteed, on a senior unsecured basis, by the Company, each of the other Issuers and each of the Company's other subsidiaries that is a borrower, or guarantees indebtedness, under the Credit Agreement (as defined below) or certain capital markets indebtedness, including each of the other series of notes. Each of the Target Companies and their respective subsidiaries that will become a borrower or guarantor under the Credit Agreement are expected to become guarantors of the notes following the consummation of the Acquisition. Each series of notes and their related guarantees, respectively, will be equal in right of payment with all of the applicable Issuer's and the guarantors' senior debt (including borrowings under the Credit Agreement) and senior in right of payment to all of the applicable Issuer's and the guarantors' future subordinated debt, if any, in each case, without giving effect to collateral arrangements. Each series of notes and the related guarantees, respectively, will be effectively subordinated to all of the applicable Issuer's and the guarantors' obligations that are secured, including borrowings under the Credit Agreement for so long as the obligations under the Credit Agreement are secured, to the extent of the value of the assets securing such obligations. Each series of notes and the related guarantees will be structurally subordinated to all of the liabilities of the Company's subsidiaries (other than the respective Issuers) that do not guarantee the notes. See "Description of Notes."

The initial purchasers are offering the notes to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"). In addition, the initial purchasers, through their respective selling agents, are offering the notes to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act.

The USD notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000. The Canadian notes will be issued only in denominations of C\$2,000 and integral multiples of C\$1,000. Each Issuer has the option to redeem all or a portion of its respective series of notes at any time and from time to time on or after _____, 2026 and _____, 2024 (with respect to the USD notes and the Canadian notes, respectively) at the redemption prices set forth in this offering circular. In addition, each Issuer may redeem up to 40% of its respective series of notes at any time and from time to time before _____, 2024, with an amount up to the net proceeds from certain equity offerings at a redemption price of _____ % and _____ % (with respect to the USD notes and the Canadian notes, respectively) of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Each Issuer may also redeem all or a portion of its respective series of notes at any time and from time to time before _____, 2026 and _____, 2024 (with respect to the USD notes and the Canadian notes, respectively) at a redemption price of 100% of the original offering price plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus a "make-whole" premium. If we experience certain kinds of changes of control following the consummation of the Acquisition, the Issuers may be required to repurchase each series of notes at a price equal to 101% of the principal amount of each series of notes, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. If we make certain asset sales and do not use the net proceeds for specified purposes, each Issuer may be required to offer to repurchase each series of notes with such net proceeds at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

USD notes will be evidenced by one or more global notes deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company. Canadian notes will be evidenced by one or more global notes deposited with CDS Clearing and Depository Services Inc. ("CDS") and registered in the name of CDS & Co., CDS's nominee. Except as described herein, beneficial interests in a global note will be shown on, and transfers thereof will be effected only through, records maintained by The Depository Trust Company and its direct and indirect participants in respect of the USD notes and CDS and its participants in respect of the Canadian notes.

No public market currently exists for the notes. Neither we nor the Issuers intend to apply for listing of the notes on any securities exchange or for inclusion of any series of notes in any automated quotation system.

See "Risk Factors" beginning on page 25 to read about important factors you should consider before buying the notes. Before investing in the notes, you should also consider the risks described under "Risk Factors" in our latest Annual Report on Form 10-K, which have been incorporated by reference in this offering circular (as such risk factors may be updated from time to time in our public filings).

Offering Price of USD notes: _____ %

Offering Price of Canadian notes: _____ %

The offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from _____, 2021. If the notes are delivered after _____, 2021, accrued interest must be paid by the purchaser until the time of delivery at the time of the first intended payment date.

The notes have not been and will not be registered under the Securities Act and are being offered and sold only to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act and to certain non-U.S. persons in transactions outside the United States in reliance on Regulation S under the Securities Act provided that in the case of such notes offered or sold to or for the benefit of residents of Canada, such offers or sales are made to accredited investors on a private placement basis in reliance on certain exemptions available pursuant to the securities laws of the provinces of Canada. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The notes are not transferable except in accordance with the restrictions described under “Notice to Investors”.

The initial purchasers expect to deliver the USD notes through the facilities of The Depository Trust Company against payment in New York, New York and in respect of the Canadian notes through the facilities of CDS Clearing and Depository Services Inc., for the accounts of their participants, on _____, 2021.

USD NOTES

Joint Book-Running Managers

Goldman Sachs & Co. LLC

BofA Securities

RBC Capital Markets

Co-Managers

BMO Capital Markets

CIBC Capital Markets

Citizens Capital Markets

HSBC

MUFG

Scotiabank

US Bancorp

CANADIAN NOTES

Joint Book-Running Managers

RBC Capital Markets

Goldman Sachs Canada Inc.

BofA Securities

Co-Managers

BMO Capital Markets

CIBC Capital Markets

HSBC

MUFG

Scotiabank

Offering Circular dated _____, 2021.

We and the Issuers have not, and the initial purchasers and their affiliates have not, authorized anyone to give you any information or to make any representation not contained in, or incorporated by reference into, this offering circular. We and the Issuers do not, and the initial purchasers and their affiliates do not, take any responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. No offer of these securities is being made in any jurisdiction where any such offer is prohibited. You should not assume that the information provided in this offering circular is accurate as of any date other than the date of the offering circular or that any information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Neither the delivery of this offering circular nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any other date. This offering circular does not constitute an offer, or an invitation on the Issuers' behalf or on behalf of the initial purchasers, to subscribe for and purchase any of the securities and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

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The Issuers are making this offering in reliance on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The notes may not be offered or sold in the United States or to U.S. persons (other than distributors (as defined in Regulation S under the Securities Act)) unless the securities are registered under the Securities Act and any applicable state securities laws, or an exemption from such registration requirements is available. Laws in certain jurisdictions may restrict the distribution of this offering circular and the offer and sale of the notes. Persons into whose possession this offering circular or any of the notes are delivered must

inform themselves about, and observe, those restrictions. You must comply with all applicable laws and regulations in force in any applicable jurisdiction, and you must obtain any consent, approval or permission required for the purchase, offer or sale by you of the notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we, the Issuers nor the initial purchasers will have any responsibility therefor.

Any distribution of the notes in Canada will be made only on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in any province where distributions of the notes are made. Any resale of the notes in Canada must be made in compliance with the requirements of applicable Canadian securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Any offering in Canada will be done by way of a separate Canadian offering memorandum that will be attached to and incorporate this offering circular.

By purchasing the notes, you will be deemed to have made acknowledgments, representations, warranties and agreements as set forth under “Notice to Investors” in this offering circular. We and the Issuers are not, and the initial purchasers are not, making an offer to sell the notes in any jurisdiction except where such offer or sale is permitted. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

This offering circular summarizes documents and other information in a manner we and the Issuers believe to be accurate, but we refer you to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents, as indicated under “Where You Can Find Additional Information,” for a more complete understanding of the information we discuss in this offering circular. All summaries are qualified in their entirety by this reference. In making an investment decision, you must rely on your own examination of such documents, our business and the terms of the offering and the notes, including the merits and risks involved.

By accepting delivery of this offering circular, you acknowledge that (1) you have been afforded an opportunity to request and to review all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering circular, (2) you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with the investigation of the accuracy of such information or your investment decision, (3) this offering circular relates to an offering that is exempt from registration under the Securities Act, and (4) no person has been authorized to give information or to make any representations concerning us, the Issuers, this offering or the notes described in this offering circular, other than as contained in this offering circular.

This offering circular may not be copied or reproduced in whole or in part, and it may only be distributed and disclosed to the prospective investors to whom it is provided.

We and the Issuers make no representation to you that the notes are a legal investment for you. You should not consider any information in this offering circular to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes. Neither the delivery of this offering circular nor any sale made pursuant to this offering circular implies that any information set forth in this offering circular is correct as of any date after the date of this offering circular or that any information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

You should contact the initial purchasers with any questions about this offering or if you require additional information to verify the information contained in this offering circular.

The Issuers reserve the right to withdraw this offering of the notes at any time. The Issuers and the initial purchasers also reserve the right to reject any offer to purchase the notes in whole or in part for any reason and to allot to any prospective investor less than the full amount of notes sought by such investor. In connection with this offering, the initial purchasers may, but are not required to, effect transactions that stabilize or maintain the market price of the notes at a higher level than the notes might otherwise achieve in the open market. Such stabilizing, if commenced,

may be discontinued at any time. For a description of these activities, see the section “Plan of Distribution” in this offering circular.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this offering circular, and nothing contained in this offering circular is, nor should you rely upon it as, a promise or representation, whether as to the past or the future.

This offering circular is strictly confidential and has been prepared by us and the Issuers solely for use in connection with the proposed offering of the notes described in this offering circular. This offering circular is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the notes. Distribution of this offering circular to any person other than the offeree and those persons, if any, retained to advise such offeree with respect to this offering circular is unauthorized and any disclosure of any of its contents without our prior written consent is prohibited. By accepting delivery of this offering circular, you agree to the foregoing and not to make any photocopies, in whole or in part, of this offering circular or any documents delivered in connection with this offering circular. If you do not purchase the notes, or this offering of the notes is terminated, you agree to return this offering circular to: Goldman Sachs & Co. LLC, 200 West Street, New York, NY 10282.

Neither the Securities and Exchange Commission (the “SEC”), any state securities commission nor any other regulatory authority has approved or disapproved the securities offered hereby, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering circular. Any representation to the contrary is a criminal offense.

We expect that delivery of the notes will be made to investors on or about _____, 2021, which will be the _____ business day following the date of this offering circular (such settlement being referred to as “T+ _____”). Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the second business day immediately preceding the delivery of the notes by the initial purchasers will be required, by virtue of the fact that the notes initially settle in T+ _____, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery by the initial purchasers should consult their advisors.

PRESENTATION OF FINANCIAL INFORMATION

This offering circular includes or derives financial information of the Acquired Businesses from the following financial information included elsewhere in this offering circular:

- for the Target Companies to be acquired from Derek Keys, and through his ownership in Gardrum Holdings Limited, include Euro Auctions Limited, Euro Auctions (UK) Limited, Euro Auctions GmbH, Yoder & Frey Auctioneers LLC, Euro Auctions Pty Ltd, Euro Auctions Plant S.L, William Keys & Sons Holdings Limited, William Keys & Sons LLC, William Keys & Sons Limited, Euro Auctions UK No.2 Limited (Spanish branch), Euro Auctions UK No.2 Limited (Australian branch) and through his ownership in Euro Auctions FZE, (collectively referred to as the “Euro Auctions Pillar”):
 - the unaudited interim carve-out combined financial statements of the Euro Auctions Pillar as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020, together with the notes thereto, prepared in accordance with accounting principles generally accepted in the United States of America (the “Euro Auctions Pillar Interim Financial Statements”); and
 - the audited carve-out combined financial statements of Euro Auctions Pillar as of December 31, 2020 and for the year then ended, together with the notes thereto, prepared in accordance with accounting principles generally accepted in the United States of America, audited by PricewaterhouseCoopers LLP (“PwC”) and the auditor’s report thereon (the “Euro Auctions Pillar 2020 Financial Statements”)
- for the Target Companies to be acquired from Trevor Keys and Jolene Keys include Equipment & Plant Services Limited, Equipment & Plant Services Holdings Limited and Equipment & Plant Services No.1 Limited (collectively referred to as the “Equipment & Plant Services Pillar”):
 - the unaudited interim carve-out combined financial statements of Equipment & Plant Services Pillar as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020, together with the notes thereto, prepared in accordance with accounting principles generally accepted in the United States of America (the “Equipment & Plant Services Pillar Interim Financial Statements”); and
 - the audited carve-out combined financial statements of Equipment & Plant Services Pillar as of December 31, 2020 and for the year then ended, together with the notes thereto, prepared in accordance with accounting principles generally accepted in the United States of America, audited by PwC and the auditor’s report thereon (the “Equipment & Plant Services Pillar 2020 Financial Statements”)
- for the Target Companies to be acquired from Lynden Keys and Wendy Keys include Equipment Sales Limited, Equipment Sales No. 2 Limited and Equipment Sales No.3 Limited (collectively referred to as the “Equipment Sales Pillar”):
 - the unaudited interim carve-out combined financial statements of Equipment Sales Pillar as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020, together with the notes thereto, prepared in accordance with accounting principles generally accepted in the United States of America (the “Equipment Sales Pillar Interim Financial Statements”); and
 - the audited carve-out combined financial statements of Equipment Sales Pillar as of December 31, 2020 and for the year then ended, together with the notes thereto, prepared in accordance with accounting principles generally accepted in the United States of America, audited by PwC and the auditor’s report thereon (the “Equipment Sales Pillar 2020 Financial Statements”)

The carve-out combined financial statements mentioned above are presented in millions of USD.

The financial information of the Acquired Businesses has been presented separately within Euro Auctions Pillar, Equipment & Plant Services Pillar, and Equipment Sales Pillar on a basis of common control in accordance with accounting principles generally accepted in the United States of America.

The report of PricewaterhouseCoopers LLP dated November 9, 2021, with respect to the carve-out combined financial statements of Euro Auctions Pillar for the year ended December 31, 2020, in accordance with guidance issued by the American Institute of Certified Public Accountants, states: “This report, including the opinion, has been prepared for and only for Derek Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.” Investors should understand these statements are intended to disclaim any liability to parties (such as the purchasers of the notes) other than Derek Keys with respect to such report. In the context of the offering of the notes, PricewaterhouseCoopers LLP has reconfirmed to us that it does not intend their duty of care to extend to any party other than those to whom their report was originally addressed.

The report of PricewaterhouseCoopers LLP dated November 9, 2021, with respect to the carve-out combined financial statements of Equipment & Plant Services Pillar for the year ended December 31, 2020, in accordance with guidance issued by the American Institute of Certified Public Accountants, states: “This report, including the opinion, has been prepared for and only for Trevor Keys and Jolene Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.” Investors should understand these statements are intended to disclaim any liability to parties (such as the purchasers of the notes) other than Trevor Keys and Jolene Keys with respect to such report. In the context of the offering of the notes, PricewaterhouseCoopers LLP has reconfirmed to us that it does not intend their duty of care to extend to any party other than those to whom their report was originally addressed.

The report of PricewaterhouseCoopers LLP dated November 9, 2021, with respect to the carve-out combined financial statements of Equipment Sales Pillar for the year ended December 31, 2020, in accordance with guidance issued by the American Institute of Certified Public Accountants, states: “This report, including the opinion, has been prepared for and only for Lynden Keys and Wendy Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.” Investors should understand these statements are intended to disclaim any liability to parties (such as the purchasers of the notes) other than Lynden Keys and Wendy Keys with respect to such report. In the context of the offering of the notes, PricewaterhouseCoopers LLP has reconfirmed to us that it does not intend their duty of care to extend to any party other than those to whom their report was originally addressed.

The independent auditor’s reports for Euro Auctions Pillar, Equipment & Plant Services Pillar and Equipment Sales Pillar for the year ended December 31, 2020, are included on pages F-3, F-53 and F-85, respectively, of this offering circular.

The SEC would not permit the language quoted in the above paragraphs to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. The effect of such language is untested by a U.S. court (or any other court) and thus may or may not be effective to limit the direct liability of the auditors under U.S. law or under any other law to persons such as investors in the notes.

NON-GAAP FINANCIAL MEASURES

United States generally accepted accounting principles (“GAAP”) is the term used to refer to the standard framework of guidelines for financial accounting. GAAP includes the standards, conventions and rules accountants follow in recording and summarizing transactions and in the preparation of financial statements. In addition to presenting financial results prepared in accordance with GAAP in this offering circular, we also have included certain non-GAAP financial measures, including both non-GAAP adjusted EBITDA of Ritchie Bros. and pro forma non-GAAP adjusted EBITDA, operating free cash flow (“OFCF”), pro forma net debt, pro forma net secured debt and ratios utilizing one or more of such measures, which we believe are useful to help investors better understand our financial performance, competitive position and prospects for the future.

Beginning in the third quarter of 2021, we updated the calculation of non-GAAP adjusted EBITDA to add back share-based payments expense, all acquisition-related costs (including any share based continuing employment costs recognized in acquisition-related costs), and gain or loss on disposition of property, plant and equipment. These adjustments have been applied retrospectively to all periods presented.

Non-GAAP adjusted EBITDA is calculated by adding back depreciation and amortization expenses, interest expense, income tax expense, and subtracting interest income from net income, as well as adding back share-based payments expense, acquisition-related costs, gain or loss on disposition of property, plant and equipment and excluding the effects of any non-recurring or unusual adjusting items. Pro forma non-GAAP adjusted EBITDA is calculated on a pro forma basis as described in footnote 1 under Summary—Summary Unaudited Pro Forma Condensed Combined Financial Information and Other Data.”

We believe both non-GAAP adjusted EBITDA of Ritchie Bros. and pro forma non-GAAP adjusted EBITDA provide useful information to investors about us and our financial condition and results of operations for the following reasons: (i) they are among the measures used by our management team to evaluate our operating performance; (ii) they are among the measures used by our management team to make day-to-day operating decisions and (iii) they are frequently used by investors and other interested parties as a common performance measure to compare results across companies in our industry.

Both non-GAAP adjusted EBITDA of Ritchie Bros. and pro forma non-GAAP adjusted EBITDA have limitations as analytical tools, and you should not consider such measures either in isolation or as a substitute for net income, cash flow or other methods of analyzing our results as reported under GAAP. Some of these limitations are:

- both non-GAAP adjusted EBITDA of Ritchie Bros. and pro forma non-GAAP adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- both non-GAAP adjusted EBITDA of Ritchie Bros. and pro forma non-GAAP adjusted EBITDA do not reflect our interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;
- both non-GAAP adjusted EBITDA of Ritchie Bros. and pro forma non-GAAP adjusted EBITDA do not reflect our tax expense or the cash requirements to pay our taxes;
- both non-GAAP adjusted EBITDA of Ritchie Bros. and pro forma non-GAAP adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- both non-GAAP adjusted EBITDA of Ritchie Bros. and pro forma non-GAAP adjusted EBITDA do not reflect the impact on earnings or changes resulting from matters that we consider not to be indicative of our future operations;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized with the exception of certain intangible assets will often have to be replaced in the future and both non-GAAP adjusted EBITDA of Ritchie Bros. and pro forma non-GAAP adjusted EBITDA do not reflect any cash requirements for such replacements;

- we may use terms similar to “non-GAAP adjusted EBITDA” in certain debt agreements, including those governing the Credit Agreement and the notes, where the definitions of such terms used in such agreements may not be the same as the definitions used in this offering circular; and
- other companies in our industry may calculate non-GAAP adjusted EBITDA and pro forma non-GAAP adjusted EBITDA differently, limiting their usefulness as comparative measures.

We provide a reconciliation of non-GAAP adjusted EBITDA and pro forma non-GAAP adjusted EBITDA to our net income or pro forma net income, as applicable, which, in each case, is the most directly comparable GAAP financial measure. See the notes to the tables under the heading “Summary—Summary Unaudited Pro Forma Condensed Combined Financial Information and Other Data” and “Summary—Summary Historical Consolidated Financial and Other Data of Ritchie Bros.”

We also use the non-GAAP financial measures: pro forma net debt, pro forma net secured debt and ratios utilizing one or more of such measures. Refer to footnote 2 under “Summary—Summary Unaudited Pro Forma Condensed Combined Financial Information and Other Data” for a description of the calculation and usefulness of these non-GAAP financial measures.

We believe that comparing OFCF on a trailing twelve-month basis to different financial periods provides an effective measure of the cash generated by our business and provides useful information regarding cash flows remaining for discretionary return to stockholders, mergers and acquisitions, or debt reduction. We calculate OFCF by subtracting net capital spending from cash provided by operating activities. We calculate net capital spending as property, plant and equipment additions plus intangible asset additions less proceeds on disposition of property, plant and equipment.

These non-GAAP financial measures should be considered in addition to, but not as a substitute for or superior to, operating income, net income, operating cash flows and other measures of financial performance prepared in accordance with GAAP, and should not be considered as discretionary cash available to us to reinvest in the growth of our business or as measures of cash that will be available to us to meet our obligations. We provide a reconciliation of these non-GAAP measures in this offering circular under “Summary—Summary Unaudited Pro Forma Condensed Combined Financial Information and Other Data” and “Summary—Summary Historical Consolidated Financial and Other Data of Ritchie Bros.”

INDUSTRY AND MARKET DATA

This offering circular includes estimates of industry data and market share and forecasts that we or the Target Companies, as the case may be, obtained from industry research and internal company sources. Such industry research has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the included information. We have not independently verified any of such information or any other data from third-party sources nor have we ascertained the underlying economic assumptions relied upon with respect to such information or data. Statements as to the Acquired Businesses’ (as defined below) market position and market size are based on the Target Companies’ internal company estimates. Statements as to our market position and market size are based on internal company estimates utilizing historical financial and other operating data from auctions and market surveys currently available to us and that we believe are reasonable although such statements have not been verified by independent sources, and, except as required by law, we undertake no obligation to update such information or data. Our and the Target Companies’ estimates involve risks and uncertainties, and are subject to change based on various factors, including those discussed under the headings “Cautionary Statement Regarding Forward-Looking Statements” and “Risk Factors” in this offering circular.

TRADEMARKS

We own or have rights to trademarks or trade names that we use in conjunction with the operation of our business. In addition, our name, logo and website name and address are our service marks or trademarks. Additionally, the Target Companies own or have rights to trademarks or trade names that they use in conjunction with the operation of the Acquired Businesses. Each trademark, trade name or service mark by any other company appearing in this offering circular, including the Target Companies, belongs to its holder. The offering circular may include trademarks, service marks or trade names of other companies. Our use or display of other parties’ trademarks, service marks, trade names

or products is not intended to, and does not imply a relationship with, or endorsement or sponsorship of us or the Target Companies by, the trademark, service mark or trade name owners or licensees. Solely for convenience, the trademarks, service marks and tradenames referred to in this offering circular are without the “®” and “™” symbols, but such references are not intended to indicate, in any way, that the applicable owner will not assert, to the fullest extent under applicable law, its rights or the rights of the applicable licensors to these trademarks, service marks and tradenames.

NO SEC REVIEW

The information included in this offering circular does not conform to information that would be required if this offering was made pursuant to a registration statement filed with the SEC. This offering circular, as well as other documents in connection with this offering, will not be reviewed by the SEC. There are no registration rights associated with the notes, and we have no intention to offer notes registered under the Securities Act in exchange for the notes offered in this offering or to file a registration statement with respect to the notes. The indentures governing the notes will not be qualified under the Trust Indenture Act of 1939, as amended (the “TIA”), or subject to the terms of, or incorporate any provision of, the TIA.

We believe that the financial statements and the other financial data included in this offering circular have been prepared in a manner that complies, in all material respects, with U.S. GAAP and the regulations published by the SEC and are consistent with current practice, except that, among other things: (i) the notes to our consolidated financial statements do not include any consolidating balance sheets, statements of operations and comprehensive income and statements of cash flows for the Issuers, the guarantors and the non-guarantors, as may be required by Rule 3-10 of Regulation S-X and (ii) certain financial measures not recognized under U.S. GAAP are presented. In lieu of the information that would be required by Rule 3-10, we have included elsewhere certain quantitative data in respect of our subsidiaries which will not guarantee the notes, and also in respect of the assets of such non-guarantor subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering circular includes statements that are, or may be deemed, “forward-looking information” and “forward looking statements” within the meaning of applicable Canadian and United States securities legislation (collectively herein referred to as “forward-looking statements”). Forward-looking statements are typically identified by such words as “aim”, “anticipate”, “believe”, “could”, “continue”, “estimate”, “expect”, “intend”, “may”, “ongoing”, “plan”, “potential”, “predict”, “will”, “should”, “would”, “could”, “likely”, “generally”, “future”, “long-term”, or the negative of these terms, and similar expressions intended to identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this offering circular and include statements regarding our intentions, beliefs, projections, forecasts, estimates, outlook, analyses or current expectations concerning, among other things, this offering and the terms and timing thereof, the cost savings, synergies and other benefits we expect to achieve (and the timing thereof) from the Acquisition and the other Transactions, our results of operations, financial condition, liquidity, prospects and growth strategies and the trends that may affect our industry and the Target Companies’ industry.

By their nature, forward-looking statements involve risks and uncertainties and are subject to assumptions because they relate to events, competitive dynamics, customer and industry change and depend on the economic or technological circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we or the Target Companies operate may differ materially from those made in or suggested by the forward-looking statements contained in this offering circular. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we or the Target Companies operate, are consistent with the forward-looking statements contained in this offering circular, such statements may not be predictive of results or developments in future periods.

The following list represents some, but not necessarily all, of the factors that may cause actual results to differ from those anticipated or predicted:

- our ability to consummate this offering and the Acquisition and to satisfy the conditions to releasing the proceeds of this offering from escrow;
- the severity, magnitude and duration of the COVID-19 pandemic and the direct and indirect impact of such pandemic, as well as responses to the pandemic by the government, business and consumers, on our operations and personnel, commercial activity and demand across our business and our customers’ businesses;
- our future strategy, objectives, targets, projections, performance, and key enablers;
- our ability to drive shareholder value;
- market opportunities;
- our internet initiatives and the level of participation in our auctions by internet bidders, and the success of IronPlanet, Marketplace-E, and our other online marketplaces;
- our ability to grow our businesses, acquire new customers, enhance our sector reach, drive geographic depth, and scale our operations;
- the impact of our initiatives, services, investments, and acquisitions on us and our customers;
- the acquisition or disposition of properties;
- our ability to integrate our acquisitions, including the Acquisition;

- our ability to add new business and information solutions, including, among others, our ability to maximize and integrate technology to enhance our existing services and support additional value-added service offerings;
- the supply trend of equipment in the market and the anticipated price environment for late model equipment, as well as the resulting effect on our business and Gross Transaction Value (“GTV”) (defined under “Part I, Item 1: Business” of our Annual Report on Form 10-K);
- fluctuations in our quarterly revenues and operating performance resulting from the seasonality of our business;
- our compliance with all laws, rules, regulations, and requirements that affect our business;
- changes in tax laws and regulations;
- effects of various economic, financial, industry, and market conditions or policies, including the supply and demand for property, equipment, or natural resources;
- the behavior of equipment pricing;
- the relative percentage of GTV represented by straight commission or underwritten (guarantee and inventory) contracts, and its impact on revenues and profitability;
- the projected increase to our fee revenues as a result of the harmonization of our fee structure;
- our future capital expenditures and returns on those expenditures;
- the effect of any currency exchange and interest rate fluctuations on our results of operations;
- the grant and satisfaction of equity awards pursuant to our compensation plans;
- any future declaration and payment of dividends, including the tax treatment of any such dividends;
- financing available to us, our ability to refinance borrowings, and the sufficiency of our working capital to meet our financial needs; and
- our ability to satisfy our present operating requirements and fund future growth through existing working capital and credit facilities.
- our failure to realize the anticipated benefits of the Transactions in the expected time frame or at all;
- our expectations with respect to the integration and results of operations of the Target Companies and the impact of the Acquisition and the other Transactions; and
- the other risk factors described under “Risk Factors” in this offering circular and the risk factors contained in our latest Annual Report on Form 10-K and subsequent SEC filings.

Any forward-looking statements that we make in this offering circular speak only as of the date of such statement, and, except as required by law, we undertake no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

SUMMARY

This summary highlights certain information contained elsewhere in, or incorporated by reference in, this offering circular and is not complete and does not contain all of the information that may be important to you. For a more complete understanding of our business and this offering, you should read this entire offering circular, including the information incorporated by reference herein and the sections entitled “Risk Factors,” Ritchie Bros.’ historical consolidated financial statements and related notes thereto, which is incorporated by reference into this offering circular, and the Acquired Businesses’ historical carve-out combined financial statements and related notes thereto, which is included elsewhere in this offering circular, as well as the “Unaudited Pro Forma Condensed Combined Financial Information” and related notes thereto, which gives effect to the Acquisition, the other Transactions and the other adjustments described therein.

In this offering circular, unless otherwise stated or unless the context otherwise requires, we use the terms (i) “Ritchie Bros.,” the “Company,” “we,” “us” and “our” to refer to Ritchie Bros. Auctioneers Incorporated and, where appropriate, its subsidiaries (including the Issuers) prior to the consummation of the Transactions, and, thereafter, also to the Target Companies and, as appropriate, their subsidiaries, (ii) the “Target Companies” to refer to, collectively, Euro Auctions, WKS Holdings, EPSL and ESL and, where appropriate, their respective subsidiaries, and (iii) the “Acquired Businesses” to refer to, collectively, the Euro Auctions Pillar, the Equipment & Plant Services Pillar and the Equipment Sales Pillar, in each case, before giving effect to the consummation of the Transactions. With respect to the terms of the notes, “Issuer” refers only to the applicable Issuer and not any of their respective subsidiaries. As used in this offering circular, references to “pro forma” refer to giving pro forma effect to the Acquisition and the other Transactions and the other adjustments described under “—The Transactions” and “Unaudited Pro Forma Condensed Combined Financial Information” and references to “combined” refer to Ritchie Bros. and the Acquired Businesses on an aggregate basis after giving effect to the Transactions. The twelve-month period ended September 30, 2021 is referred to as the “LTM Period.”

In this offering circular, references to (i) “\$” and “U.S. \$” are to U.S. dollars, (ii) references to “£” and “Pounds Sterling” are to Pounds Sterling and (iii) references to “C\$” and “Canadian dollars” are to Canadian dollars. Unless otherwise indicated or the context otherwise requires, where we give the U.S. dollar value of a Canadian Dollar- or Pound Sterling-based amount, we are using an exchange rate of C\$1.2680 to \$1.00 and £0.7419 to \$1.00, respectively, as the case may be.

Ritchie Bros.

Company Overview







Ritchie Bros. Auctioneers Incorporated is a world leader in asset management technologies and disposition of commercial assets, and for the twelve months ended September 30, 2021, on a pro forma basis for the acquisition of the Acquired Businesses, generated \$1,690.4 million in total revenue, earned \$147.2 million in net income and earned \$449.8 million of non-GAAP adjusted EBITDA. See “—Summary Unaudited Pro Forma Condensed Combined Financial Information and Other Data” for an explanation of our definition of non-GAAP adjusted EBITDA. We believe our expertise, global reach, market insight, and trusted portfolio of brands provide us with a unique position in the used equipment market. We sell used equipment for our customers through our unreserved auctions at over 40 auction sites worldwide, which are also simulcast online to reach a global bidding audience and through our online marketplaces. Through our unreserved auctions, online marketplaces, and private brokerage services, we sell a broad range of used and unused commercial assets, including earthmoving equipment, truck tractors, truck trailers, government surplus, oil and gas equipment and other industrial assets. Construction and heavy machinery comprise the majority of the equipment sold. Customers selling equipment through our sales channels include end users (such as construction companies), equipment dealers, original equipment manufacturers (“OEMs”) and other equipment owners (such as rental companies). Our customers participate in a variety of sectors, including heavy construction, transportation, agriculture, energy, and mining.

We also provide our customers with a wide array of other services aligned with our growth strategy to create a global marketplace for used equipment services and solutions. Our other services include equipment financing, asset appraisals and inspections, online equipment listing, logistical services, and ancillary services such as equipment refurbishment. Additionally, we offer our customers asset technology solutions to manage the end-to-end disposition process of their assets and provide market data intelligence to make more accurate and reliable business decisions.


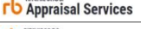
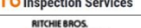
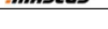



We operate globally with locations in more than 12 countries, including the United States, Canada, Australia, the United Arab Emirates, and the Netherlands, and employ approximately 2,600 full-time employees worldwide.

Our operations are comprised of one reportable segment and other business activities that are not reportable as follows:

- **Auctions and Marketplaces** – This is our only reportable segment, which consists of our live on-site auctions, our online auctions and marketplaces, and our brokerage service. The table below illustrates the various channels and brand solutions available under our Auctions and Marketplaces (“A&M”) segment.

Channels	Brand Solutions	Description of Offering
Live On Site Auctions	 RITCHIE BROS.	■ Live unreserved on site auctions, with live online simulcast, where we have care, custody and control of consignors' assets
	 RITCHIE BROS. KRUSE ENERGY	■ Event-based sales of used energy equipment
Online Auctions and Marketplaces	 RITCHIE BROS. IRON PLANET	■ Online marketplace for selling and buying used equipment
	 RITCHIE BROS. Marketplace	■ Online marketplace offering multiple price and timing options
Brokerage Service	 RITCHIE BROS. GOV PLANET	■ Online marketplace for the sale of government and military assets
	 RITCHIE BROS. PRIVATE TREATY	■ Confidential, negotiated sale of large equipment

- **Other** – This includes the results of Rouse, Ritchie Bros. Financial Services, Mascus online services, and the results from various value-added services and make-ready activities, including our equipment refurbishment services, Asset Appraisal Services, and Ritchie Bros. Logistical Services. The table below illustrates the various channels and brand solutions available under our other services segment.

Channels	Brand Solutions	Description of Offering
Financial Service	 RITCHIE BROS. Financial Services	■ Loan origination service that uses a brokerage model to match loan applicants with appropriate financial lending institutions
Appraisal Service	 RITCHIE BROS. Appraisal Services	■ Unbiased, certified appraisal services
Inspection Service	 RITCHIE BROS. Inspection Services	■ Truck and lease return inspection services
Online Listing Service	 RITCHIE BROS. MASCUS	■ Online equipment listing service and B2B dealer portal
Ancillary Services		■ Repair, paint, and other make-ready services
Logistical Service	 RITCHIE BROS. Logistics Services	■ End-to-end transportation and customs clearance solution for sellers and buyers with shipping needs
Software Service	 RITCHIE BROS. Asset Solutions	■ Cloud-based platform to manage end-to-end disposition
Data Service	 ROUSE	■ A leading provider of construction equipment market intelligence

Revenue Model

Revenues are comprised of:

- Service revenue, including the following:
 - Revenue from A&M activities, including commissions earned at our live and online bidding auctions, online marketplaces, and private brokerage services where we act as an agent for consignors of equipment and other assets, and various auction-related fees, including listing and buyer transaction fees; and
 - Other services revenue, including revenue from listing services, refurbishment, logistical services, financing, appraisals, data subscriptions, and other ancillary service fees; and
- Inventory sales revenue as part of A&M activities.

Service Revenue Overview

Commissions from sales at our auctions represent the percentage earned by us on the gross proceeds from equipment and other assets sold at auction. The majority of our commissions are earned as a pre-negotiated fixed rate of the gross

selling price. Other commissions from sales at our auctions are earned from underwritten commission contracts, when we guarantee a certain level of proceeds to a consignor.

We accept equipment and other assets on consignment stimulating buyer interest through professional marketing techniques and match sellers (also known as consignors) to buyers through the auction or private sale process. Prior to offering certain items for sale on our online marketplaces, we also perform inspections to evidence for our buyers that one of our inspectors has personally visited the item, taken pictures and conducted an inspection of key systems and components.

Following the sale of the item, we invoice the buyer for the purchase price of the asset, taxes, and, if applicable, the buyer transaction fee, collect payment from the buyer, and remit the proceeds to the seller, net of the seller commissions, applicable taxes, and applicable fees. Commissions are calculated as a percentage of the winning bid price of the property sold at auction. Fees are also charged to sellers for listing and inspecting equipment. Other revenue earned in the process of conducting our auctions include administrative, documentation, and advertising fees.

With the final acceptance of the winning bid, the highest bidder becomes legally obligated to pay the full purchase price, which is the winning bid price of the property purchased and the seller is legally obligated to relinquish the property in exchange for the winning bid price less any seller's commissions. Commission and fee revenue are recognized on the date of the auction sale upon the final acceptance of the winning bid.

Under the standard terms and conditions of our auction sales, we are not obligated to pay a consignor for property that has not been paid for by the buyer, provided the property has not been released to the buyer. If the buyer defaults on its payment obligation, also referred to as a collapsed sale, the sale is cancelled in the period in which the determination is made, and the property is returned to the consignor or placed in a later event-based or online auction. Historically, service revenues on cancelled sales have not been material.

Online marketplace commission revenue is reduced by a provision for disputes, which is an estimate of disputed items that are expected to be settled at a cost by us, related to settlements of discrepancies under our equipment condition certification program. The equipment condition certification refers to a written inspection report provided to potential buyers that reflects the condition of a specific piece of equipment offered for sale, and includes ratings, comments, and photographs of the equipment following inspection by one of our equipment inspectors.

The equipment condition certification provides that a buyer may file a written dispute claim during an eligible dispute period for consideration and resolution at our sole determination if the purchased equipment is not substantially in the condition represented in the inspection report. Typically disputes under the equipment condition certification program are settled with minor repairs or additional services, such as washing or detailing the item; the estimated costs of such items or services are included in the provision for disputes.

Commission revenue is recorded net of commissions owed to third parties, which are principally the result of situations when the commission is shared with a consignor in an auction guarantee risk and reward sharing arrangement.

Underwritten commission contracts can also take the form of guarantee contracts. Guarantee contracts typically include a pre-negotiated percentage of the guaranteed gross proceeds plus a percentage of proceeds in excess of the guaranteed amount. If actual auction proceeds are less than the guaranteed amount, commission is reduced; if proceeds are sufficiently lower, we can incur a loss on the sale. Losses, if any, resulting from guarantee contracts are recorded in the period in which the relevant auction is completed. If a loss relating to a guarantee contract held at the period end to be sold after the period end is known or is probable and estimable at the financial statement reporting date, the loss is accrued in the financial statements for that period. Our exposure from these guarantee contracts fluctuates over time.

Other services revenue also includes fees for refurbishment, logistical services, financing, appraisals, data subscriptions, fees associated with private market transactions and other ancillary service fees. Fees are recognized in the period in which the service is provided or the product is delivered to the customer.

Inventory Sales Revenue

Underwritten commission contracts can take the form of inventory contracts. Revenue related to inventory contracts is recognized in the period in which the sale is completed, title to the property passes to the purchaser and we have fulfilled any other obligations that may be relevant to the transaction. In our role as auctioneer, we auction our inventory to equipment buyers through the auction process. Following the sale of the item, we invoice the buyer for the purchase price of the asset, taxes, and, if applicable, the buyer transaction fee, and collect payment from the buyer.

With the final acceptance of the winning bid, the highest bidder becomes legally obligated to pay the full purchase price, which is the winning bid price of the property purchased. Title to the property is transferred in exchange for the winning bid price, and if applicable, the buyer transaction fee plus applicable taxes.

Our Business Strategy

In August 2020, we formalized a new strategy to address the large and fragmented used equipment marketplace that we operate in today. We believe our new strategy will help us unlock significant growth opportunities by building on our core business and expanding into additional services. We offer a wide range of sales channels and formats to our customers providing a broad variety of resale options, including live auction, online simulcast auction, featured online auctions, marketplaces as well as private contract negotiations. We are building on our position as a trusted advisor to our customers by evolving from transactional selling to meeting the needs of our customers through solution selling.

We see significant growth opportunities ahead by becoming the trusted global marketplace for insights, services, and transaction solutions for commercial assets. This represents not a shift, but an expansion of our former vision and the transaction solutions for which we are already well known. We value our long-tenured relationships with our customers, and the trust they have in our brand and platform. We are leveraging our sales channels to create a global marketplace for services and solutions that help our customers gain the insights they need to make decisions and run their businesses. We also intend to offer complimentary third party services on our platform where it will help our customers.

This strategy is supported by five strategic pillars on which we will build our future success:



- **Customer Experience** – At Ritchie Bros., we have a long history, culture and passion for helping our customers. We continue to find ways to enrich our customers’ experience by making our processes easier, our offerings more complete and our brands simpler.
- **Employee Experience** – We cannot deliver a great customer experience without great employees. We continue to strive to create the best workplace for all employees and to create a place where they want to build a career. We encourage open and honest dialogue and are committed to robust communications from management to employees and creating channels for them to give feedback, as well as fixing processes and technology to improve the work environment for the benefit of both customers and employees.
- **Modern Architecture** – We are transitioning to a modern architecture based in the cloud and comprised of microservices that allow us to create a single presence for our customers across all of our solutions. A modern architecture will allow flexibility and agility to enable scalable growth for us, our customers, and our partners.
- **Inventory Management System** – We see our Inventory Management System, which integrates and tracks inventory data for selected customers, as a gateway for our customers to access our marketplaces and services. With the data, we can offer more timely and proactive advice and solutions to our customers with more ease of use.
- **Accelerate Growth** – We continually seek to identify areas to pilot improved business processes to positively impact the customer experience. We look to accelerate growth by scaling the learnings from these pilots into our global operations.

We believe our new strategy of becoming the global trusted marketplace for commercial assets will allow us to better serve our customers and will facilitate better penetration into non-auction markets and associated services. Building an integrated, easy to use marketplace, and becoming the trusted advisor to our customers opens significant potential for our business. We will start, as always, with our customers and our partners, and make sure we are building what they need.

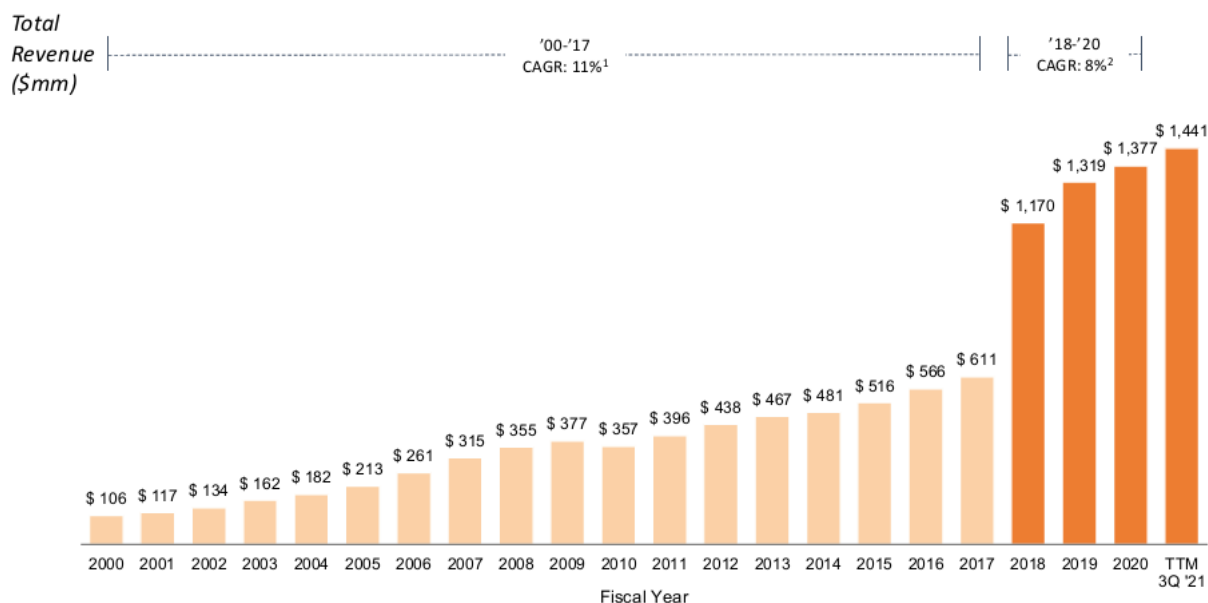
Competitive Strengths

Our key strengths provide distinct competitive advantages and have enabled us to achieve significant and profitable growth over the long term. We believe that we are well-positioned to meet our obligations to customers, grow our business and create shareholder value because of the following factors:

- **Industry Leader in Highly Fragmented Market** – The global used equipment market is highly fragmented with total annual global used equipment transaction volumes estimated at more than \$300 billion per year. We estimate the used equipment auction segment currently represents approximately \$30 billion of GTV per year. Ritchie Bros. is a world leader in live commercial asset auctions and claims approximately a 20% share of the live auction space with \$5.4 billion in GTV volume for the year ended December 31, 2020, \$5.1 billion in GTV volume for the year ended December 31, 2019 and \$5.0 billion in GTV volume for the year ended December 31, 2018. We compete based on breadth, brand reputation, security, technology, and global reach of our services, as well as in the variety of contracts and methods and channels of selling equipment. In addition to the auction business, we also sell used equipment through private sales and brokers as well through retail resales, which includes sales through OEM’s, OEM dealers, rental companies and large strategic accounts. Given the fragmentation in the market, as well as upstream opportunities in private sales and retail, we believe there is significant opportunity for growth.
- **Global Platform** – We pride ourselves on our ability to connect buyers and sellers through our global network of over 40 auction sites in 12 countries, including the United States, Canada, Australia, the United Arab Emirates, and the Netherlands and via multiple online sales channels. Our online bidding technology and Ritchie Bros. website are currently available in 10 and 22 languages, respectively. Our global presence ensures we generate global market pricing for our equipment sellers, as we reach international buyers and equipment demand, helping to deliver strong price realization. This global reach provides us and our selling customers with the ability to transcend local market conditions and provides buyers visibility into equipment availability all over the world.

- **Customer Relationships** – Relationships are the core of Ritchie Bros. – delighting customers and treating them like friends while meeting their business needs. By offering a broad choice of solutions that best suit our customers’ needs, making their lives easier in the process, we develop relationships that can last across generations. We take a long-term approach with our customers and as such we position our sales force to act as trusted advisors to our customers.
- **Breadth of Solutions** – The acquisition of IronPlanet in 2017 provided us with the ability to meet our buyers’ and sellers’ unique needs in a one-stop-shop manner. The event-driven live on-site auction, which has been Ritchie Bros.’ core business for nearly 60 years, is now just one – albeit powerful solution – to meet our customers’ varied needs. By delivering choice, we can work with customers as a trusted advisor to provide them each with a tailored suite of equipment disposition solutions and asset management capabilities to best meet their needs. While Ritchie Bros. has a full suite of solutions, most of its transactions are enabled through three core solutions: (i) the unreserved on-site auction which provides Ritchie Bros. customers with care, custody, and control at its live auction sites, (ii) IronPlanet weekly online auctions for sellers looking to manage the disposition of their assets on a more frequent basis and being able to sell from their yard or location without having to move equipment with auctions held every Thursday in North America and monthly in our international regions, and (iii) Marketplace-E is the reserved online marketplace that affords sellers with control over price and timing, and with solutions such as Make Offer, Buy Now, and Reserve Price selling formats for buyers. In addition to transaction solutions, Ritchie Bros. offers a variety of services related to owning, maintaining and transacting equipment, including inspections, appraisals, transportations, refurbishment and more.
- **Delivering Insights and Services through Data & Analytics** – A core part of our strategy is delivering insights and services through rich data and analytics. Based on the world’s largest used equipment transaction dataset, we provide data products that allow customers to analyze market dynamics and value assets – these tools include Ritchie Bros. Market Trends and Ritchie Bros. Asset Valuator. We continue to invest in Data Science to deliver asset value predictions, generate user leads, prioritize marketing investments, interpret price trends and more. Proprietary algorithmic asset pricing is used internally to set target values and optimize marketplace operations and externally to provide users of Ritchie Bros. Asset Solutions with instant asset values on inventory. The monthly Ritchie Bros. Used Equipment Market Trends Summary report features our proprietary use of Machine Learning to provide Mix-Adjusted Price Indexes for core asset groups around the globe. Correlated with other leading economic indicators, these price indexes have been quickly adopted by customers, analysts, and manufacturers as a key insight into pricing trends. Machine Learning also supports important strategic and operational decisions such as site expansion, testing marketplace performance, and experimentation with improved formats. The acquisition of Rouse in 2020 greatly expands our data and service offerings. Rouse Appraisals, Rouse Sales and Rouse Analytics are leaders in providing benchmarking and valuation services to lenders, rental companies, contractors and dealers. Rouse’s business model is built upon an extensive data ecosystem, proprietary analytics and Data Science techniques, and trusted customer relationships rooted in service and confidentiality.
- **Track Record of Revenue Growth** – We have a demonstrated ability to grow our business through economic cycles as evidenced by our approximately 8% to 11% revenue compound annual growth rate (“CAGR”) over the last 20 years. During times of economic distress, equipment owners are forced to dispose of assets to generate incremental liquidity. This increased supply is met by increased demand from buyers who are searching for cost-effective solutions to their equipment needs and typically lower inventory stocks of new equipment as OEMs reduce production volumes. During strong economic conditions we benefit from our customers upgrading or changing the composition of their equipment fleets, supported by a strong equipment pricing environment.

Ritchie Brothers Total Revenue (2000 – LTM Q3 2021)



1) Reflects 2000-2017, prior to Topic 606 adoption.
 2) Reflects 2018-2020, following Topic 606 adoption.

- Strong Free Cash Flow Characteristics** – We have historically generated significant OFCF, which we define as cash provided by operating activities less net capital spending. Over the last three fiscal years, we have generated over \$640 million of OFCF, increasing from \$112 million in fiscal 2018 to \$231 million in fiscal 2020 (without giving effect to the Acquisition). Furthermore, we have relatively low capital spending requirements. For a reconciliation of OFCF to the most comparable GAAP measure, please see “—Summary Historical Consolidated Financial and Other Data of Ritchie Bros.”
- Highly Experienced Management Team** – Our executive management team has extensive operational experience and deep industry knowledge, as well as significant prior experience executing and successfully integrating strategic acquisitions. Likewise, the management team of the Target Companies, which will continue to manage and operate their business following the Acquisition, has many decades of industry and operating expertise.

The Transactions

On August 9, 2021, Ritchie Bros. UK Holdings plc (formerly known as Ritchie Bros. UK Holdings Ltd), a company incorporated in England and Wales (the “Purchaser”) and an indirect wholly-owned subsidiary of Ritchie Bros., entered into a Sale and Purchase Agreement (the “SPA”) pursuant to which it has agreed to purchase the Target Companies.

The Target Companies and the Acquired Businesses

The Target Companies operate two complementary businesses that are closely integrated with one another. The auctions business primarily conducts unreserved auctions of heavy equipment consigned on a straight commission basis by third parties. The auctions business operates under the Euro Auctions brand globally and the Yoder & Frey brand in the United States. The sourcing business primarily focuses on the sourcing of plant and heavy equipment assets, which are mainly sold by the auction business. With the support of the sourcing business, the mix of auction and sourcing operations provide a dual profit opportunity and resilience against economic cycles. The sourcing business operates under the WKS Holdings, EPSL and ESL brands. The Target Companies have undergone strong growth, with revenue increasing from £120 million for the year ended December 31, 2016 to £221 million for the year

ended December 31, 2020. The financial information relating to the auctions business and the sourcing business included in this section have not been audited and have been derived from management information based on the operations of the Target Companies.

The Auctions Business

Founded in 1998, the Euro Auctions brand is a leading provider of plant and heavy machinery auctions. For the year ended December 31, 2020, the Euro Auctions and Yoder & Frey auctions businesses conducted 60 auctions, selling close to 90,000 items for £484 million across its nine locations in Germany, Spain, Northern Ireland, the United Kingdom, the United Arab Emirates, Australia, and the United States and through its online bidding platform. For the years ended December 31, 2019 and December 31, 2018, the auctions business generated a winning bid value of £510 million and £412 million, respectively. For the year ended December 31, 2020, the auctions business had revenues of £42 million.

The auctions business supports vendors by providing the physical location, organizing the marketing campaign, running the auction process and processing payments. The Target Companies' auctions business has a large network of vendors across Europe, which in turn increases the volume and range of products sold, creating a genuine marketplace with high connectivity between buyers and sellers.

The auctions business has a highly diversified range of multi-sector buyers and vendors across its global platform with no individual third-party buyer or vendor exceeding 3% of aggregate winning bid value for the year ended December 31, 2020.

The dedicated employee team provides a positive customer experience. These customer relationships provide the auctions business with a continuous stream of new customers and vendors, driving strong repeating revenues. With full transparency and no hidden costs, the auctions business charges a negotiated fee with vendors and charges buyers a set fee. At no time does the auction company have beneficial ownership of the plant and heavy machinery assets, reducing risk to vendors and buyers and increasing customer relationships.

The parallel use of live auctions and online bidding platforms facilitate broad buyer and vendor engagement. The auctions business online platform drives growth in the buyer customer base due to the increased adoption of online viewing, searching, watching and bidding activity and ensures every action is a global experience. Through the 24/7 daily marketplace, buyers have instant access to equipment available to purchase at "Buy Now" prices or negotiate with "Make an Offer" options while vendors have increased control over price, location and timing. Heavy investment in the online platform allowed for a seamless transition to a fully digital online-only platform at the onset of the COVID-19 pandemic.

The Sourcing Business

The Target Companies' sourcing business helps to support the auctions business and operates under the EPSL and ESL brands primarily in the United Kingdom, while the WKS Holdings brand has a global footprint. For the year ended December 31, 2020, the sourcing business had revenues of £179 million.

The sourcing business operates on a global basis to purchase and move plant and heavy machinery to any country in the world, providing the auctions business with the appropriate plant and heavy machinery for increased flexibility and optionality to stimulate more buyers and vendors. Acquired used plant and heavy machinery is then shipped and prepared for sale at a Euro Auctions auction site. The ability to transport plant and heavy machinery to any site globally based on demand creates location arbitrage opportunity while plant and heavy machinery restoration capabilities provide an opportunity to increase potential sale value.

Internally-sourced plant and heavy machinery that are not sold via the Euro Auctions' auction platform are made direct to customers off-market on special request in between auction cycles. Unlike the auctions business, the sourcing business acquires beneficial ownership of the plant and heavy machinery assets until they are sold.

Sourcing operations provide price arbitrage opportunities and provide supply to the auctions business with the appropriate plant and heavy machinery to stimulate returning buyers.

Strategic Rationale

We believe the Acquisition will be synergistic given our position in the commercial asset management industry. Our business and the Target Companies' businesses are highly complementary across geographies and equipment types and will also tap into new revenue streams with service offerings to the Target Companies' customers, including inventory management services, data solutions, financing, warranty, insurance, inspections, refurbishing, shipping, and more. We believe that our deep knowledge of the industry, the Target Companies and our experience executing other acquisitions position us well to successfully integrate the Target Companies into our existing portfolio.

We believe that the Acquisition could strengthen and accelerate our financial profile, capabilities, footprint and customer base in the following ways:

- **Accelerates our Journey** – This Acquisition will accelerate our journey, strengthen our strategic pillars and further establish us as a trusted global marketplace for insights, service, and transaction solutions for commercial assets. Euro Auctions is an ideal and complementary brand to expand our global footprint. This combination will bring broad and diversified choice to customers around the world, facilitating better price discovery and more equipment selection. The Target Companies have considerable presence across Europe and the Middle East, particularly in the United Kingdom and Germany and will serve as a platform to accelerate international growth.
- **Accelerates Inventory Management System Adoption** – Our suite of tools and digital services will unlock value for the Target Companies' customers post acquisition, providing a more robust offering for customers. Tools and services include a free business inventory management system from RB Asset Solutions, data analytics tools like Market Trends and RB Asset Valuator, financing from Ritchie Bros. Financial Services, as well as shipping, insurance, warranties, refurb, and inspection services.
- **Global Platform for Underwritten Deals** – The combined entity will be able to leverage industry best practices and decades of equipment expertise, while providing access to more capital to quickly offer robust underwritten consignment options for customers globally, regardless of transaction size.
- **Synergies Opportunities** – Based on our diligence, we believe we have identified numerous specific and achievable cost savings opportunities. We currently estimate that we will be able to realize approximately \$13 million of run-rate annual cost savings and synergies within 24 months after consummation of the Transactions. Such cost savings and synergies consist of the elimination of duplicate corporate administrative costs, the rationalization of auction sites as a result of a larger digital footprint, cross-selling opportunities and the integration of operations and systems.

The Acquisition

Under the terms of the SPA, the Purchaser will acquire all of the outstanding shares of the Target Companies from their existing shareholders, being Gardrum Holdings Limited, Lynden Keys, Wendy Keys, Trevor Keys and Jolene Keys (collectively, and together with Derek Keys and Euro Auctions FZE who are also a party to the SPA for the purposes of giving certain covenants and undertakings, the "Vendors"), for an enterprise value of £775 million (approximately US\$1.04 billion) (the "Purchase Price").

Ritchie Bros. currently expects the Acquisition to be completed by the end of the first fiscal quarter of 2022. Consummation of the Acquisition is, however, subject to the satisfaction, or written waiver by the Purchaser, of certain customary conditions, including (i) obtaining antitrust clearance in the United Kingdom, (ii) the Vendors providing certain assistance and financial and other information in connection with Ritchie Bros.' financing for the Acquisition (including this offering), and (iii) other customary closing conditions. There is no guarantee that the Acquisition will close within the anticipated timeframe or at all.

The SPA also contains customary warranties given by certain of the Vendors, the Purchaser and Ritchie Bros., covenants regarding the operation of the Target Companies' businesses prior to the closing of the Acquisition, post-closing covenants restricting the Vendors from engaging in certain actions that are competitive with, or harmful to, the Target Companies' businesses for a period of 36 months after the closing of the Acquisition, and provisions regarding indemnification in favor of the Purchaser.

Ritchie Bros., the Purchaser and each Vendor have agreed to use their respective reasonable efforts to ensure that the conditions to closing the Acquisition are satisfied as soon as practicable and in any event by February 28, 2022 (the “Longstop Date”). The parties may, in certain circumstances, extend the Longstop Date once by a maximum of 80 business days. If any condition is not satisfied or waived by the Purchaser by the Longstop Date (including as extended), the SPA will terminate, unless the parties agree to extend the SPA. The SPA also contains rights of the Purchaser to terminate the SPA upon the occurrence of a termination event, including (i) Derek Keys not performing his role in respect of the Target Companies as it was carried on prior to the date of the SPA (other than in certain limited circumstances outside of his control), (ii) a breach of certain fundamental warranties of the Vendors, (iii) a breach of other warranties or covenants of the Vendors which have or are reasonably likely to have a material adverse effect, as such term is defined in the SPA, (iv) certain insolvency events with respect to any Target Company, or (v) the existence of certain legal restraints or orders restraining the consummation of the Acquisition.

This offering is not conditioned on the consummation of the Acquisition, but in certain circumstances we may be required to redeem the notes. See “Description of Notes—Redemption—Special Mandatory Redemption.”

Financing of the Acquisition

In addition to this offering, we have obtained, expect to obtain or otherwise incur additional financing for the Acquisition as described below.

New Credit Facilities, the Credit Agreement and Bridge Facility Commitment

In connection with the execution of the SPA, we obtained a financing commitment (as amended, supplemented or otherwise modified, the “Commitment Letter”), dated August 8, 2021, from Goldman Sachs Bank USA (“GS Bank”) pursuant to which GS Bank and certain other financial institutions committed to provide (i) a senior secured revolving credit facility in an aggregate principal amount of \$530 million (the “New Revolving Facility”), (ii) a senior secured term loan facility in an aggregate principal amount of \$100 million (together with the New Revolving Facility, the “New Credit Facilities”) and (iii) a senior unsecured bridge loan facility in an aggregate principal amount of up to \$1,150 million (the “Bridge Loan Facility” and, together with the New Credit Facilities, the “Facilities”). To replace the commitments in respect of the New Credit Facilities and \$200 million of the commitments in respect of the Bridge Loan Facility, reducing the commitments in respect of the Bridge Loan Facility to \$950 million, we obtained an amendment, dated September 21, 2021 (the “Amendment”), to our existing credit agreement dated October 27, 2016 (as amended, amended and restated, supplemented and otherwise modified prior to September 21, 2021, the “Existing Credit Agreement”; the Existing Credit Agreement as amended by the Amendment, the “Credit Agreement”). We will seek to replace all or a portion of the remaining commitments in respect of the Bridge Loan Facility with senior unsecured debt securities (including the notes offered hereby). For additional information about our Credit Agreement, see “Description of Certain Other Indebtedness.”

The Commitment Letter provides that we may use the proceeds of the Bridge Loan Facility to finance the Acquisition and pay certain transaction costs and expenses. The commitments of GS Bank and the other financial institutions under the Commitment Letter are subject to conditions, including the concurrent closing of the Acquisition, the discharge of certain indebtedness of the Target Companies, us having engaged one or more investment banks to sell or place and such investment banks having been afforded a customary period to market up to \$950 million of senior unsecured notes (which includes the notes offered hereby), the delivery of certain customary information, the accuracy of certain representations and other customary conditions.

The agreement or agreements for the Bridge Loan Facility would contain affirmative covenants, negative covenants and events of default to be negotiated by the parties.

The final termination date for the Commitment Letter shall occur upon the earliest of: (i) the date that is five business days after the Longstop Date (as such date may be extended by the parties to the SPA), (ii) the termination of the SPA in accordance with its terms in the event the Acquisition is not consummated or (iii) the consummation of the Acquisition with or without the Facilities being funded.

The proceeds of this offering will reduce the remaining commitments under the Bridge Loan Facility.

We refer to (i) the Acquisition, (ii) this offering of the notes, (iii) the entrance into the Amendment and (iv) entering into, and borrowing under, the Credit Agreement, collectively, as the “Transactions.”

The Issuers

The USD Issuer

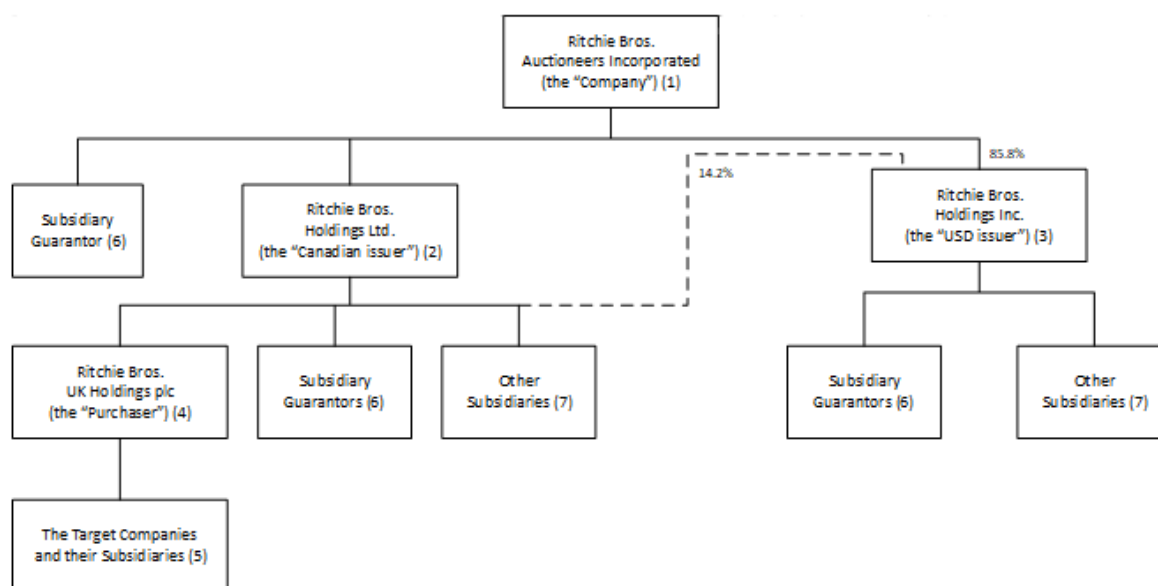
The USD issuer is a holding company for our American operations and substantially all of its operations are carried on through its subsidiaries. No separate information has been provided in this offering circular for the USD issuer because it does not conduct any operations and, after consummation of the Acquisition, the USD notes will be guaranteed by its parent, Ritchie Bros. Auctioneers Incorporated, as well as the other guarantors.

The Canadian Issuer

The Canadian issuer is a holding company for our Canadian operations and substantially all of its operations are carried on through its subsidiaries. No separate information has been provided in this offering circular for the Canadian issuer because it does not conduct any operations and, after consummation of the Acquisition, the Canadian notes will be guaranteed by its parent, Ritchie Bros. Auctioneers Incorporated, as well as the other guarantors.

Corporate Structure following the Transactions

The following chart sets forth our corporate structure and principal indebtedness immediately following the Transactions.



- (1) The Company is (i) a borrower under the Credit Facilities, (ii) the issuer of the 2025 Notes and (iii) expected to be a guarantor of the notes following the consummation of the Acquisition.
- (2) The Canadian issuer is (i) a borrower under the Credit Facilities, (ii) a guarantor of the 2025 Notes, (iii) the issuer of the Canadian notes and (iv) expected to be a guarantor of the USD notes following the consummation of the Acquisition.
- (3) The USD issuer is (i) a borrower under the Credit Facilities, (ii) a guarantor of the 2025 Notes, (iii) the issuer of the USD notes and (iv) expected to be a guarantor of the Canadian notes following the consummation of

the Acquisition. The USD issuer is a direct subsidiary of the Company and an indirect subsidiary of the Canadian issuer.

- (4) The Purchaser is (i) a borrower under the Credit Facilities, (ii) a guarantor of the 2025 Notes and (iii) expected to be a guarantor of the USD notes and the Canadian notes following the consummation of the Acquisition. The Purchaser is an indirect wholly-owned subsidiary of the Canadian issuer.
- (5) Each of the Target Companies and their respective subsidiaries that becomes a borrower or guarantor under the Credit Agreement are expected to be guarantors following the consummation of the Acquisition.
- (6) Certain of our subsidiaries that are a borrower or guarantor under the Credit Agreement are expected to be guarantors following the consummation of the Acquisition.
- (7) Certain of our subsidiaries that are not a borrower or guarantor under the Credit Agreement will not guarantee the notes.

Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the Transactions, assuming they occurred on September 30, 2021. The actual sources and uses of funds may vary from the estimated sources and uses of funds in the table and accompanying footnotes set forth below.

Sources		Uses	
(in millions)			
Notes offered hereby ⁽¹⁾	935.2	Net Purchase Price ⁽²⁾	\$ 1,015.5
Delayed-Draw Term Facility	205.0	Transaction fees and expenses ⁽³⁾	55.6
		Cash to balance sheet	69.1
Total Sources	\$ 1,140.2	Total Uses	\$ 1,140.2

- (1) Represents estimated gross proceeds of this offering, without deduction for initial purchasers' discounts and other estimated fees and expenses.
- (2) Represents \$1,116.8 million for the Purchase Price, which is subject to adjustments as set forth in the SPA, less acquired cash and cash equivalents and restricted cash of \$113.3 million, plus amounts paid as a result of the settlement of \$30.4 million of short-term debt, less \$18.4 million received on settlement of related party balances on completion of the Acquisition.
- (3) Includes fees and expenses related to this offering, the Acquisition and the other Transactions.

Other Recent Developments

SmartEquip Acquisition

On November 2, 2021 (the "Closing Date"), we completed the previously announced acquisition of SmartEquip, Inc., a Delaware corporation ("SmartEquip"), pursuant to an Agreement and Plan of Merger, as amended (the "Merger Agreement") by and among Ritchie Bros., the USD issuer, Lego Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of the USD issuer ("Merger Sub"), Bryan Rich, Alexander Schuessler, Fernando Pinera, Theresa Jones and Ron Piccolo (each, a "Key Securityholder" and collectively, the "Key Securityholders"), Bryan Rich, Alexander Schuessler and Fernando Pinera (each, a "Rollover Member" and collectively, the "Rollover Members"), Fortis Advisors LLC, in its capacity as seller representative, and SmartEquip, whereby Merger Sub merged with and into SmartEquip, with SmartEquip continuing as the surviving corporation and our indirect wholly owned subsidiary (the "SmartEquip Merger").

Under the terms of the Merger Agreement, all of the issued and outstanding common shares of SmartEquip and in-the-money outstanding options and warrants were converted into the right to receive from the USD issuer the Merger Consideration, consisting of \$175,000,000 (the "SmartEquip Purchase Price"), subject to certain adjustments, including for working capital, indebtedness, and SmartEquip's transaction expenses. The SmartEquip Purchase Price was paid in cash, with the exception of a portion of the consideration payable to each of the Rollover Members who entered into employment agreements with one of our affiliates, which was paid by the issuance of

63,971 common shares of Ritchie Bros. (the “Consideration Shares”), at a price of \$64.09 per Consideration Share. The price of the Consideration Shares was based on a 30-day volume-weighted average price for the period ending three business days before the Closing Date. The Consideration Shares are subject to transfer and forfeiture restrictions that will lapse, with certain exceptions for each Rollover Member in one-third increments on each of the first three anniversary dates of the Closing Date if the Rollover Member is still employed by the Company or any of its affiliates, with all forfeiture restrictions to lapse by the third anniversary of the Closing Date for each Rollover Member if the Rollover Member is still employed by us or any of our affiliates as of that date.

The USD issuer has obtained a representation and warranty insurance policy with respect to the SmartEquip Merger, and has deposited into escrow specified portions of the total consideration otherwise payable in connection with the SmartEquip Merger, to be held in escrow for, among other purposes, indemnification claims for a period of 12 months following the Closing Date, and purchase price adjustments, if any, under the Merger Agreement.

Corporate Information

We were founded in 1958 in Kelowna, British Columbia, Canada. Our corporate headquarters are located at 9500 Glenlyon Parkway, Burnaby, British Columbia, Canada V5J 0C6, and our telephone number is (778) 331-5500. Our website addresses include rbauction.com and investor.ritchiebros.com. The information contained on or that can be accessed through any of our websites is not incorporated by reference in, and is not part of, this offering circular, and you should not rely on any such information in connection with your investment decision to purchase notes.

The USD issuer is our wholly-owned subsidiary that was incorporated in the State of Washington on April 24, 1987. Its corporate headquarters are located at 4000 Pine Lake Rd, Lincoln NE 68516 USA. The Canadian issuer is our wholly-owned subsidiary that was incorporated in Alberta on December 22, 1975 and continued under the Canada Business Corporations Act on September 22, 1997. Its corporate headquarters are located at 9500 Glenlyon Parkway, Burnaby, British Columbia, V5J0C6 Canada.

THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of Notes” section of this offering circular contains a more detailed description of the terms and conditions of the notes.

Issuers.....	<p>The USD notes: Ritchie Bros. Holdings Inc.</p> <p>The Canadian notes: Ritchie Bros. Holdings Ltd.</p>
Notes Offered.....	<p>The USD notes: \$ aggregate principal amount of % senior notes due 2031.</p> <p>The Canadian notes: C\$ aggregate principal amount of % senior notes due 2029.</p>
Maturity Dates	<p>The USD notes: , 2031.</p> <p>The Canadian notes: , 2029.</p>
Interest.....	<p>The USD notes: Interest on the USD notes will accrue at a rate of % per annum, payable in cash semi-annually in arrears on and of each year, commencing , 2022.</p> <p>The Canadian notes: Interest on the Canadian notes will accrue at a rate of % per annum, payable in cash semi-annually in arrears on and of each year, commencing , 2022.</p>
Guarantees	<p>Each series of notes will initially not be guaranteed by the Company, the other Issuers, the Target Companies or any of their respective subsidiaries. Upon consummation of the Acquisition, each series of notes will be, jointly and severally, fully and unconditionally guaranteed, on a senior unsecured basis, by the Company, each of the other Issuers and each of the Company’s other subsidiaries that is a borrower, or guarantees indebtedness, under the Credit Agreement or certain capital markets indebtedness, including each of the other series of notes. Each of the Target Companies and their respective subsidiaries that becomes a borrower or guarantor under the Credit Agreement are expected to become guarantors following the consummation of the Acquisition. See “Description of Notes—Guarantees.” While we expect each of these entities to become guarantors of the notes upon or shortly after the consummation of the Acquisition, if any such entity is (a) a CFC (as defined in the indentures governing the notes), (b) a U.S. subsidiary all or substantially all of the assets of which consist of the equity interests of one or more CFCs or (c) a U.S. subsidiary that is a subsidiary of a CFC, that entity will not provide a guarantee. We do not expect such entities to constitute a material portion of the combined company’s assets, revenues or pro forma non-GAAP adjusted EBITDA. “Risk Factors — Risks Related to the Notes and Our Indebtedness—The notes will be structurally subordinated to the existing and future liabilities of certain of our subsidiaries which are not guaranteeing the notes.”</p> <p>We expect that, following consummation of the Acquisition, each of the Target Companies and their respective subsidiaries that becomes a borrower or guarantor under the Credit Agreement will also become a Guarantor of the notes. As of September 30, 2021, on a historical basis (without giving effect to the Acquisition), our existing subsidiaries that will not be Guarantors of the notes following the consummation of the Acquisition had \$99.0 million of liabilities (to which the notes</p>

	would have been structurally subordinated) and \$298.6 million of assets, excluding intercompany balances.
Priority.....	<p>Upon consummation of the Acquisition, each series of notes and the related guarantees will constitute senior unsecured obligations of the applicable Issuer and the guarantors, respectively. The notes and the guarantees, respectively, will be:</p> <ul style="list-style-type: none"> • equal in right of payment with all of the applicable Issuer's and the guarantors' senior debt (including borrowings under the Credit Agreement), without giving effect to collateral arrangements; • senior in right of payment to all of the applicable Issuer's and the guarantors' future subordinated debt, if any; • effectively subordinated in right of payment to all of the applicable Issuer's and the guarantors' debt and obligations that are secured, including borrowings under the Credit Agreement, for so long as such indebtedness are secured, to the extent of the value of the assets securing such liens; and • structurally subordinated in right of payment to all liabilities (including trade payables) of the applicable Issuer's and the guarantors' subsidiaries that do not guarantee the notes. <p>As of September 30, 2021, on a pro forma basis, we would have had approximately \$1,798.9 million of total debt (excluding debt issuance costs and capital lease obligations), consisting of \$363.7 million under the Credit Agreement and \$1,435.2 million of notes including those offered hereby, and we would have had \$676.3 million of availability under the Credit Agreement after giving effect to the \$8.8 million of letters of credit outstanding.</p>
Optional Redemption	<p>On or after _____, 2026 and _____, 2024 (with respect to the USD notes and the Canadian notes, respectively), each Issuer may redeem its respective series of notes, in whole or in part, at any time and from time to time at the redemption prices described in the section "Description of Notes—Redemption—Optional Redemption," plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Each Issuer may also redeem its respective series of notes, in whole or in part, at any time and from time to time before _____, 2026 and _____, 2024 (with respect to the USD notes and the Canadian notes, respectively), at a redemption price of 100% of the principal amount plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus a "make-whole" premium.</p> <p>In addition, each Issuer may redeem up to 40% of the aggregate principal amount of its respective series of notes at any time and from time to time before _____, 2024, with an amount up to the net proceeds of certain equity offerings at a redemption price of _____ % and _____ % of the principal amount plus accrued and unpaid interest, if any, to, but excluding, the redemption date.</p>
Change of Control	<p>If we experience certain kinds of changes of control following the consummation of the Acquisition, the Issuers may be required to repurchase each series of notes at a price equal to 101% of the principal amount of each series of notes, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. For more details, see "Description of Notes—Change of Control."</p>
Additional Amounts; Tax Redemption	<p>All payments in respect of the notes and the guarantees will be made without withholding or deduction for any taxes except to the extent required by law. If withholding or deduction is required by law in a relevant tax jurisdiction, subject to</p>

certain exceptions, an additional amount will be paid so that the net amount received by a holder or beneficial holder is no less than the amount that such holder or beneficial holder would have received in the absence of such withholding or deduction, *provided* that no additional amount will be paid for United States withholding taxes imposed, withheld or deducted on any payment on or with respect to the USD notes. See “Description of Notes—Additional Amounts.”

If certain changes in tax law or treaties (or any regulations or rulings promulgated thereunder) in a relevant tax jurisdiction become effective that would require an additional amount to be paid or certain tax indemnification payments be made with respect to a series of notes or the guarantees, we may redeem such series of notes in whole, but not in part, at any time, at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but excluding, the redemption date. See “Description of Notes—Redemption—Optional Redemption—Optional Redemption for Changes in Withholding Tax.”

Escrow of Proceeds; Special
Mandatory Redemption.....

The completion of this offering will occur prior to, and is not conditioned upon, the consummation of the Acquisition. Upon the closing of this offering, each Issuer will deposit the gross proceeds from this offering, together with certain additional amounts, into an escrow account. If the Acquisition is not consummated on or before September 30, 2022 or the SPA is terminated prior to such date, we will be required to redeem all of the outstanding notes at a redemption price equal to 100% of the original offering price of the notes, plus accrued and unpaid interest to, but excluding, the date of such mandatory redemption. In such event, the escrowed proceeds will be applied to fund a portion of such redemption price. See “Use of Proceeds” and “Description of Notes—Redemption—Special Mandatory Redemption.”

Mandatory Offer to
Repurchase Following
Certain Assets Sales.....

If we make certain asset sales and do not use the net proceeds for specified purposes, the Issuers may be required to offer to repurchase each series of notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. For more details, see “Description of Notes—Certain Covenants—Limitation on Asset Sales.”

Certain Covenants

The indentures governing the notes will contain covenants that will, after consummation of the Acquisition, limit, among other things, our ability and the ability of our restricted subsidiaries (including the Issuers) ability to:

- incur additional indebtedness (including guarantees thereof);
- incur or create liens on their assets securing indebtedness;
- make certain restricted payments;
- make certain investments;
- dispose of certain assets;
- allow to exist certain restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us or any Issuer;
- engage in certain transactions with affiliates; and
- consolidate, amalgamate or merge with or into other companies.

These covenants are subject to a number of important limitations and exceptions. See “Description of Notes—Certain Covenants.”

If on any date after consummation of the Acquisition, the notes have an investment grade rating from both of Standard & Poor’s Ratings Services (“S&P”) and Moody’s Investors Service, Inc. (“Moody’s”), subject to certain conditions, we and our restricted subsidiaries (including the Issuers) will no longer be subject to certain of these covenants until such date, if any, that the notes lose their investment grade rating from either or both of S&P or Moody’s, after which the suspended covenants will be reinstated. See “Description of Notes—Certain Covenants—Changes in Covenants When Notes Rated Investment Grade.”

Form and Denomination The USD notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will be issued in book-entry form and will be represented by global certificates deposited with, or on behalf of DTC (as defined below), and registered in the name of Cede & Co., DTC’s nominee. Beneficial interests in the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee; and these interests may not be exchanged for certificated notes, except in limited circumstances.

The Canadian notes will be issued in minimum denominations of C\$2,000 and integral multiples of C\$1,000 in excess thereof. The Canadian notes will be issued in book-entry form and will be represented by global certificates deposited with CDS, and registered in the name of CDS & Co., CDS’s nominee. Beneficial interests in the notes will be shown on, and transfers will be effected only through, records maintained by CDS or its nominee; and these interests may not be exchanged for certificated notes, except in limited circumstances.

Transfer Restrictions The notes have not been registered under the Securities Act or the securities law of any other jurisdiction and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with other applicable securities law. Neither we nor the Issuers intend to list any series of notes on any securities exchange.

No Registration Rights Neither we nor the Issuers are required to exchange any series of notes for a new issue of substantially identical notes registered under the Securities Act.

Use of Proceeds We intend to use the net proceeds from this offering, together with proceeds from the Delayed-Draw Term Loan, to fund the Purchase Price and to pay related fees and expenses. We expect to use any remaining net proceeds from this offering and future borrowings under the Revolving Facilities (as defined below) for general corporate purposes.

This offering is not conditioned on the consummation of the Acquisition. However, upon the closing of this offering, each Issuer will deposit the gross proceeds from this offering, together with certain additional amounts, into an escrow account. If the Acquisition is not consummated on or before September 30, 2022 or the SPA is terminated prior to such date, we will be required to redeem all of the outstanding notes at a redemption price equal to 100% of the original offering price of the notes, plus accrued and unpaid interest to, but excluding, the date of such mandatory redemption. See “Description of Notes—Redemption—Special Mandatory Redemption” and See “Use of Proceeds.” There can be no assurance that the Acquisition will be consummated on the terms described herein or at all.

Absence of Established Market
for the Notes Each series of notes will be a new class of securities for which there is currently no market. Although certain of the initial purchasers have informed us that they intend

to make a market in the notes, such initial purchasers are not obligated to do so, and may discontinue market-making activities at any time without notice. Accordingly, we and the Issuers cannot assure you that a liquid market for any series of notes will develop or be maintained.

Trustee	U.S. Bank, National Association along with TSX Trust Company as Canadian co-trustee in respect of the Canadian notes.
Escrow Agent.....	U.S. Bank, National Association.
Risk Factors	Investing in the notes involves substantial risks. See “Risk Factors” and the other information in this offering circular and the documents incorporated by reference herein for a discussion of some factors you should carefully consider before deciding to invest in the notes.
Listing and Trading	No public market currently exists for the notes. Neither we nor the Issuers intend to apply for listing of the USD notes or the Canadian notes on any securities exchange or for inclusion of any series of notes in any automated quotation system.

SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION AND OTHER DATA

The following summary unaudited pro forma condensed combined financial information and other data of the Company are presented to illustrate the pro forma effects of the Pro Forma Adjustments (as defined in “Unaudited Pro Forma Condensed Combined Financial Information”).

The unaudited pro forma condensed combined balance sheet as of September 30, 2021 combines the historical consolidated balance sheet of Ritchie Bros. and the historical carve-out combined balance sheets of the Acquired Businesses as of September 30, 2021, giving effect to the Acquisition and Financing as if they had occurred on September 30, 2021. The unaudited pro forma condensed combined income statements for the nine months ended September 30, 2021 and 2020, the twelve months ended September 30, 2021, and the year ended December 31, 2020, combines the historical condensed consolidated income statements of Ritchie Bros. and the historical carve-out combined income statements of the Acquired Businesses for the respective periods giving effect to the Acquisition and Financing as if they had occurred on January 1, 2020, the first day of our 2020 fiscal year. The unaudited pro forma condensed combined income statement for the twelve months ended September 30, 2021 is mathematically derived from the unaudited pro forma condensed combined income statement for the year ended December 31, 2020, plus the unaudited pro forma condensed combined income statement for the nine months ended September 30, 2021, and less the unaudited pro forma condensed combined income statement for the nine months ended September 30, 2020, each of which is included elsewhere in this offering circular. The unaudited pro forma financial information assumed the following as it relates to the notes offered hereby: (i) an interest rate of 5.00% per annum and a principal amount of \$600 million for the USD notes and (ii) an interest rate of 5.00% per annum and a principal amount of C\$425 million for the Canadian notes. If the pro forma financial information assumed an interest rate on the notes offered hereby of 5.125% per annum for the USD notes and 5.125% per annum for the Canadian notes, then interest expense, on a pro forma basis for the twelve months ended September 30, 2021, the nine months ended September 30, 2021, the year ended December 31, 2020 and the nine months ended September 30, 2020, would have been \$53.5 million, \$40.3 million, \$52.2 million and \$39.0 million, respectively, net income would have been \$146.4 million, \$100.8 million, \$106.5 million and \$61.0 million, respectively, and tax expense would have been \$49.3 million, \$35.1 million, \$45.2 million and \$31.0 million, respectively.

The summary unaudited pro forma condensed combined financial information and other data set forth below give effect to the Pro Forma Adjustments (as defined in “Unaudited Pro Forma Condensed Combined Financial Information”) as well as, in the case of pro forma non-GAAP adjusted EBITDA, certain other adjustments as described below. The Acquisition will be treated as a business combination using the acquisition method of accounting under the provisions of Accounting Standards Codification 805, “Business Combinations” (“ASC 805”).

The summary unaudited pro forma condensed combined financial information and other data should be read in conjunction with the information included under the headings “—Summary Historical Consolidated Financial and Other Data of Ritchie Bros.,” “The Transactions,” “Unaudited Pro Forma Condensed Combined Financial Information,” the historical consolidated financial statements of Ritchie Bros. and related notes, which are incorporated by reference into this offering circular, and the historical carve-out combined financial statements of the Acquired Businesses and related notes, which are included elsewhere in this offering circular.

The following information, including the pro forma non-GAAP adjusted EBITDA, does not give effect to any estimated synergies, cost savings and other benefits that may be related to the Transactions. These synergies, cost savings and other benefits are inherently uncertain and subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond our control. Even if we are able to integrate the operations of Ritchie Bros. and the Target Companies, we may not realize the full benefits that we anticipate. If we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the synergies and other benefits from the Transactions may be offset by costs incurred in integrating Ritchie Bros. and the Target Companies, increases in other expenses, operating losses or problems in the business unrelated to the Transactions. As a result, there can be no assurance that such synergies or other benefits will be achieved on a timely basis or at all or in currently expected amounts.

	Pro Forma Year Ended December 31, 2020	Pro Forma Nine Months Ended September 30, 2020	Pro Forma Nine Months Ended September 30, 2021	Pro Forma Twelve Months Ended September 30, 2021
	(in thousands, except ratios)			
Unaudited Pro Forma Combined Income Statements Data				
Total revenue	\$ 1,658,370	\$ 1,216,038	\$ 1,248,035	\$ 1,690,367
Cost of services	167,156	126,196	115,792	156,752
Cost of inventory sold.....	661,564	482,950	474,707	653,321
Selling, general and administrative expenses	435,512	323,258	351,190	463,444
Acquisition-related costs	45,751	39,737	16,226	22,240
Depreciation and amortization expenses	109,852	81,394	93,189	121,647
Gain on disposition of property, plant and equipment.....	(1,573)	(1,536)	(1,346)	(1,383)
Foreign exchange (gain) loss.....	1,310	(1)	289	1,600
Operating income	238,798	164,040	197,988	272,746
Interest expense	(89,394)	(67,089)	(67,966)	(90,271)
Other income (expense), net.....	3,443	(4,142)	6,748	14,333
Income before income taxes.....	152,847	92,809	136,770	196,808
Income tax expense.....	45,446	31,191	35,323	49,578
Net income.....	\$ 107,401	\$ 61,618	\$ 101,447	\$ 147,230

Balance Sheet Data

Cash and cash equivalents	\$ 431,321
Total assets	\$ 3,795,100
Secured debt	\$ 361,283
Unsecured debt	\$ 1,414,291
Total debt	\$ 1,775,574
Total liabilities	\$ 2,763,604
Stockholders' equity	\$ 1,031,080

Other Financial and Operating Data

Pro forma non-GAAP adjusted EBITDA (1)	\$ 419,945	\$ 299,206	\$ 329,027	\$ 449,766
Pro forma gross leverage (2)				3.9x
Pro forma net leverage (2)				3.0x
Pro forma net secured leverage (2)				(0.2)x

- (1) Pro forma non-GAAP adjusted EBITDA is derived from financial information contained elsewhere in this offering circular. See “— Summary Historical Consolidated Financial and Other Data of Ritchie Bros.,” “Unaudited Pro Forma Condensed Combined Financial Information,” and the historical carve-out combined financial statements of the Acquired Businesses and related notes. Pro forma non-GAAP adjusted EBITDA represents pro forma EBITDA adjusted to add back share-based payments expense, acquisition-related costs, gain or loss on disposition of property, plant and equipment and excluding the effects of any non-recurring or unusual adjusting items. Pro forma EBITDA is calculated by adding back depreciation and amortization expenses, interest expense, and income tax expense, and subtracting interest income from pro forma net income. Pro forma EBITDA and pro forma non-GAAP adjusted EBITDA are calculated by giving pro forma effect to the Pro Forma Adjustments as if they had occurred at the beginning of the applicable period. Pro forma EBITDA and pro forma non-GAAP adjusted EBITDA are not the mathematical addition of Ritchie Bros.’ and the Acquired Businesses’ EBITDA and non-GAAP adjusted EBITDA, respectively. See “Non-GAAP Financial Measures” for a discussion of the reasons why management believes pro forma non-GAAP adjusted EBITDA is useful in evaluating our business and also for a discussion of the analytical limitations of these measures.

The following table provides a reconciliation of pro forma EBITDA and pro forma non-GAAP adjusted EBITDA to pro forma net income:

	Pro Forma Year Ended December 31, 2020	Pro Forma Nine Months Ended September 30, 2020	Pro Forma Nine Months Ended September 30, 2021	Pro Forma Twelve Months Ended September 30, 2021
	(in thousands)			
Pro forma net income	\$ 107,401	\$ 61,618	\$ 101,447	\$ 147,230
Depreciation and amortization	109,852	81,394	93,189	121,647
Interest income	89,394	67,089	67,966	90,271
Interest expense	(2,599)	(1,889)	(1,306)	(2,016)
Income tax expense	45,446	31,191	35,323	49,578
Pro forma EBITDA	349,494	239,403	296,619	406,710
Share-based payments expense	22,354	17,683	17,528	22,199
Acquisition-related costs	45,751	39,737	16,226	22,240
Gain on disposition of property, plant and equipment	(1,573)	(1,536)	(1,346)	(1,383)

Severance.....	3,919	3,919	-	-
Pro forma non-GAAP adjusted EBITDA.....	419,945	299,206	329,027	449,766

- (2) Pro forma gross leverage is calculated by dividing total pro forma debt by pro forma non-GAAP adjusted EBITDA. Pro forma net leverage is calculated by dividing pro forma net debt by pro forma non-GAAP adjusted EBITDA. Pro forma net secured leverage is calculated by dividing pro forma net secured debt by pro forma non-GAAP adjusted EBITDA. We believe that these measures provide useful information about the performance of our operations as an indication of the amount of time it would take us to settle both our short and long-term debt.

The following table provides a reconciliation of pro forma gross leverage, pro forma net leverage and pro forma net secured leverage as of September 30, 2021 and a reconciliation of pro forma non-GAAP adjusted EBITDA to pro forma net income for the twelve months ended September 30, 2021:

	Pro Forma as at and for the Twelve Months Ended September 30, 2021
<i>(in thousands, except ratios)</i>	
Short-term debt	\$ 18,481
Long-term debt	1,757,093
Pro forma total debt	1,775,574
Less: Cash and cash equivalents	(431,321)
Pro forma net debt	1,344,253
Less: net unsecured debt:	(1,414,291)
Pro forma net secured debt.....	(70,038)
Pro forma net income	\$ 147,230
Add: depreciation and amortization expenses	121,647
Add: interest expense	90,271
Less: interest income	(2,016)
Add: income tax expense	49,578
Pro forma EBITDA	406,710
Share-based payments expense	22,199
Acquisition-related costs	22,240
Gain on disposition of property, plant and equipment	(1,383)
Severance	—
Pro forma non-GAAP adjusted EBITDA	\$ 449,766
Pro forma gross leverage.....	3.9 x
Pro forma net leverage	3.0 x
Pro forma net secured leverage.....	(0.2)x

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF RITCHIE BROS.

The following table sets forth the summary historical consolidated financial and other data of Ritchie Bros. as of December 31, 2018, 2019 and 2020 and for the years ended December 31, 2018, 2019 and 2020, as of September 30, 2020 and 2021 and for the nine months ended September 30, 2020 and 2021, and for the LTM Period. Certain of the summary historical consolidated financial data as of December 31, 2018, 2019 and 2020 and for the years ended December 31, 2018, 2019 and 2020 have been derived from Ritchie Bros.' audited historical consolidated financial statements and related notes as of such dates and for such periods, which are incorporated by reference into this offering circular. Certain of the summary historical consolidated financial and other data as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021 have been derived from Ritchie Bros.' unaudited historical condensed consolidated financial statements and related notes as of such dates and for such periods, which are incorporated by reference into this offering circular. The unaudited historical financial data for the LTM Period has been prepared by adding Ritchie Bros.' historical financial data for the year ended December 31, 2020 to Ritchie Bros.' historical financial data for the nine months ended September 30, 2021 and subtracting Ritchie Bros.' historical financial data for the nine months ended September 30, 2020. Results for the nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the full year or for any other period. The historical consolidated financial data as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021 reflect all adjustments, consisting only of normal and recurring adjustments, which are, in the opinion of management, necessary to present fairly the financial data for the interim periods.

The summary historical consolidated financial and other data set forth below are not necessarily indicative of results of future operations and should be read in conjunction with the discussion under the headings "Use of Proceeds," "Capitalization," and Ritchie Bros.' financial statements and related notes incorporated by reference into this offering circular.

	Year Ended December 31,		Nine Months Ended September 30, (unaudited)		Twelve Months Ended September 30, (unaudited)	
	2018	2019	2020	2020	2021	2021
(in thousands)						
Consolidated Income Statements Data						
Total revenue	\$ 1,170,026	\$ 1,318,641	\$ 1,377,260	\$ 993,847	\$ 1,057,598	\$ 1,441,011
Costs of services(1)	159,058	164,977	157,296	118,026	108,107	147,377
Cost of inventory sold	374,339	480,839	458,293	320,972	344,763	482,084
Selling, general and administrative expenses	382,676	382,389	417,523	309,203	336,475	444,795
Acquisition-related costs	5,093	777	6,014	—	16,226	22,240
Depreciation and amortization expenses	66,614	70,501	74,921	55,586	64,912	84,247
Gain on disposition of property, plant and equipment	(2,731)	(1,107)	(1,559)	(1,536)	(1,311)	(1,334)
Foreign exchange (gain) loss	(212)	(2,937)	1,612	1,330	788	1,070
Operating income	185,189	223,202	263,160	190,266	187,638	260,532
Interest expense	(44,527)	(41,277)	(35,568)	(26,801)	(26,620)	(35,387)
Other income, net	11,850	8,838	8,296	6,714	2,800	4,382
Income before income taxes	152,512	190,763	235,888	170,179	163,818	229,527
Income tax expense	31,006	41,623	65,530	48,741	42,541	59,330
Net income	\$ 121,506	\$ 149,140	\$ 170,358	\$ 121,438	\$ 121,277	\$ 170,197
Balance Sheet Data						
Cash and cash equivalents	\$ 237,744	\$ 359,671	\$ 278,766	\$ 470,285	\$ 362,612	\$ 362,612
Total assets	2,052,396	2,229,430	2,351,529	2,537,989	2,576,349	2,576,349
Total debt	731,194	650,186	665,793	652,846	652,173	652,173
Finance lease obligations	16,208	23,922	26,302	25,624	23,965	23,965
Total debt and finance lease obligations	747,402	674,108	692,095	678,470	676,138	676,138
Stockholders' equity	830,643	901,833	1,007,245	959,484	1,061,941	1,061,941
Cash Flow Data						
Net cash provided by operating activities	\$ 144,280	\$ 332,793	\$ 257,872	\$ 265,551	\$ 304,118	\$ 296,439
Net cash used in investing activities	(30,953)	(36,057)	(276,722)	(10,192)	(32,376)	(298,906)
Net cash used in financing activities	(134,107)	(187,218)	(111,461)	(91,142)	(103,256)	(123,575)

	Year Ended December 31,			Nine Months Ended September 30, (unaudited)		Twelve Months Ended September 30, (unaudited)
	2018	2019	2020	2020	2021	2021
Effects of changes in foreign currency rates on cash and cash equivalents	(4,769)	5,171	16,950	5,826	(7,027)	4,097
Net increase (decrease) in cash and cash equivalents	<u>\$ (25,549)</u>	<u>\$ 114,689</u>	<u>\$ (113,361)</u>	<u>\$ 170,043</u>	<u>\$ 161,459</u>	<u>\$ (121,945)</u>

Other Financial and Operating Data

Net capital spending (2)	\$ 32,426	\$ 35,075	\$ 26,751	\$ 13,474	\$ 30,918	\$ 44,195
EBITDA (3)	\$ 260,765	\$ 298,739	\$ 344,039	\$ 250,791	\$ 254,341	\$ 347,589
Non-GAAP adjusted EBITDA (3)	\$ 282,782	\$ 314,814	\$ 374,295	\$ 270,503	\$ 286,201	\$ 389,993
OCF (4)	\$ 111,854	\$ 297,718	\$ 231,121			\$ 252,244

- (1) Costs of services includes expenses incurred in direct relation to conducting auctions. Certain expenses for prior quarters and years have been reclassified to conform with current year presentation
- (2) We calculate net capital spending by adding property, plant and equipment additions to intangible asset additions, and subtracting proceeds on disposition of property, plant and equipment.
- (3) EBITDA is calculated by adding back depreciation and amortization expenses, interest expense, and income tax expense, and subtracting interest income from net income. Non-GAAP adjusted EBITDA represents EBITDA adjusted to add back share-based payments expense, acquisition-related costs, gain or loss on disposition of property, plant and equipment and excluding the effects of any non-recurring or unusual adjusting items. See "Non-GAAP Financial Measures" for a discussion of the reasons why management believes non-GAAP adjusted EBITDA is useful in evaluating our business and also for a discussion of the analytical limitations of these measures.

Beginning in the third quarter of 2021, we updated the calculation of non-GAAP adjusted EBITDA to add back share-based payments expense and all acquisition-related costs (including any share based continuing employment costs recognized in acquisition-related costs), and gain or loss on disposition of property, plant and equipment. These adjustments have been applied retrospectively to all periods presented. The following table provides a reconciliation of EBITDA and non-GAAP adjusted EBITDA to net income:

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2018	2019	2020	2020	2021	2021
	(in thousands)					
Net Income	\$ 121,506	\$ 149,140	\$ 170,358	\$ 121,438	\$ 121,277	\$ 170,197
Depreciation and amortization	66,614	70,501	74,921	55,586	64,912	84,247
Interest income	(2,888)	(3,802)	(2,338)	(1,775)	(1,009)	(1,572)
Interest expense	44,527	41,277	35,568	26,801	26,620	35,387
Total income tax expense (including deferred income tax)	31,006	41,623	65,530	48,741	42,541	59,330
EBITDA	<u>\$ 260,765</u>	<u>\$ 298,739</u>	<u>\$ 344,039</u>	<u>\$ 250,791</u>	<u>\$ 254,341</u>	<u>\$ 347,589</u>
Share-based payments expense	23,089	16,405	21,882	17,329	16,945	21,498
Acquisition-related costs	5,093	777	6,014	—	16,226	22,240
Severance	—	—	3,919	3,919	—	—
IronPlanet reorganization costs	1,501	—	—	—	—	—
Gain on sale of equity accounted for investment	(4,935)	—	—	—	—	—
Gain on disposition of property, plant and equipment	(2,731)	(1,107)	(1,559)	(1,536)	(1,311)	(1,334)
Non-GAAP adjusted EBITDA	<u>\$ 282,782</u>	<u>\$ 314,814</u>	<u>\$ 374,295</u>	<u>\$ 270,503</u>	<u>\$ 286,201</u>	<u>\$ 389,993</u>

- (4) OCF is calculated on a trailing twelve-month basis by subtracting net capital spending from cash provided by operating activities. See "Non-GAAP Financial Measures" for a discussion of the reasons why management believes OCF is useful in evaluating our business.

The following table provides a reconciliation of OFCF to net cash provided by operating activities:

	Year Ended December 31,			Twelve Months Ended September 30,
	2018	2019	2020	2021
	(in thousands)			
Net cash provided by operating activities	\$ 144,280	\$ 332,793	\$ 257,872	\$ 296,439
Property, plant and equipment additions	16,860	13,589	14,263	11,382
Intangible asset additions	26,152	27,415	28,873	34,588
Proceeds on disposition of property plant and equipment	(10,586)	(5,929)	(16,385)	(1,775)
Net capital spending	32,426	35,075	26,751	44,195
OCF	<u>\$111,854</u>	<u>\$ 297,718</u>	<u>\$231,121</u>	<u>\$ 252,244</u>

RISK FACTORS

You should carefully consider each of the risks described below, together with all of the other information contained in this offering circular, including Ritchie Bros.' consolidated financial statements and related notes, the Acquired Businesses' carve-out combined financial statements and related notes and the unaudited pro forma financial statements and related notes, each of which is included elsewhere in, or incorporated by reference into, this offering circular, before deciding to invest in the notes. The risks described below are not the only risks facing us or that may materially adversely affect our business. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business. If any of the following risks develop into actual events, our business, financial condition or operating results could be adversely affected and you may lose all or part of your investment.

Risks Related to the Notes and Our Indebtedness

If the Acquisition is not completed, we will be required to redeem the notes of each series. If this occurs, you may realize a lower return on your investment than if the notes had been held through maturity.

The Issuers will be required to redeem the notes of each series at a redemption price equal to 100% of the original offering price of the notes of each series, plus accrued and unpaid interest to, but excluding, the special mandatory redemption date of such series, if (x) by September 30, 2022 the escrow agent and trustees for the notes have not received an officer's certificate from the Issuers requesting the release of the proceeds in each escrow account (the "Escrow Release") and certifying that the conditions to the Escrow Release will be satisfied substantially concurrently with the Escrow Release or (y) at any time prior to the Escrow Release, the Issuers notify the escrow agent and trustee in writing that we will not pursue the Acquisition or that the SPA has been terminated in accordance with its terms. Upon such redemption, you may not be able to reinvest the proceeds from the redemption in an investment that yields comparable returns. In addition, if you purchase the notes at a price greater than the price at which the notes are redeemed, you may suffer a loss on your investment.

We are incurring substantial indebtedness in connection with the Transactions, and the degree to which we will be leveraged following the completion of the Transactions may materially and adversely affect our business, financial condition and results of operations.

We are incurring substantial indebtedness in connection with the Transactions. As of September 30, 2021, on a pro forma basis, we would have had approximately \$1,798.9 million of total debt (excluding debt issuance costs and capital lease obligations), consisting of \$363.7 million under the Credit Agreement and \$1,435.2 million of notes including those offered hereby, and we would have had \$676.3 million of availability under the Credit Agreement after giving effect to the \$8.8 million of letters of credit outstanding.

Our ability to make payments on and to refinance our indebtedness, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We may not generate sufficient funds to service our debt and meet our business needs, such as funding working capital or the expansion of our operations. If we are not able to repay or refinance our debt as it becomes due, we may be forced to take certain actions, including reducing spending on marketing, advertising and new product innovation, reducing future financing for working capital, capital expenditures and general corporate purposes, selling assets or dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. In addition, our ability to withstand competitive pressures and to react to changes in our industry, including both the live and online auction industry, could be impaired.

The lenders who hold our debt could also accelerate amounts due in the event that we default, which could potentially trigger a default or acceleration of the maturity of our other debt.

In addition, our leverage could put us at a competitive disadvantage compared to our competitors that are less leveraged. These competitors could have greater financial flexibility to pursue strategic acquisitions and secure additional financing for their operations. Our leverage could also impede our ability to withstand downturns in our industry or the economy in general.

Despite our expected level of indebtedness, we may still incur substantially more indebtedness. This could exacerbate the risks associated with our substantial indebtedness.

We may incur substantial additional indebtedness in the future. The terms of the Credit Agreement and the 2025 Notes Indenture (as defined below) limit, and following consummation of the Transactions, the indentures governing the notes will limit, but not prohibit, us from incurring additional indebtedness. If we incur any additional indebtedness that has the same priority as the notes and the guarantees thereof, the holders of that indebtedness will be entitled to share ratably with the holders of the notes and the guarantees thereof in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. Subject to restrictions in the Credit Agreement and the 2025 Notes Indenture, and following consummation of the Transactions, the indentures governing the notes, we also will have the ability to incur additional secured indebtedness that would be effectively senior to the notes offered hereby, to the extent of the value of the assets securing such obligations. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

Our debt instruments will have restrictive covenants that could limit our financial flexibility.

The terms of the Credit Agreement, the 2025 Notes Indenture and, following the consummation of the Transactions, the indentures governing the notes, contain or will contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our ability to borrow under our Credit Agreement is subject to compliance with a consolidated leverage ratio covenant and a consolidated interest coverage ratio covenant.

The Credit Agreement and the 2025 Notes Indenture include other restrictions that limit our ability and the ability of our restricted subsidiaries (including the Issuers) in certain circumstances to: incur indebtedness; grant liens; engage in mergers, consolidations and liquidations; make asset dispositions, restricted payments and investments; enter into transactions with affiliates; and amend, modify or prepay certain indebtedness. Following the consummation of the Transactions, the indentures governing the notes will also contain covenants that limit our ability and the ability of our restricted subsidiaries (including the Issuers) in certain circumstances to:

- incur additional indebtedness (including guarantees thereof);
- incur or create liens on their assets securing indebtedness;
- make certain restricted payments;
- make certain investments;
- dispose of certain assets;
- allow to exist certain restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us;
- engage in certain transactions with affiliates; and
- consolidate, amalgamate or merge with or into other companies.

See “Description of Notes—Certain Covenants.” Our failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of substantially all of our funded debt. We do not have sufficient working capital to satisfy our debt obligations in the event of an acceleration of all or a significant portion of our outstanding indebtedness.

Uncertainty regarding LIBOR may adversely impact our indebtedness under our credit and loan facilities.

On March 5, 2021, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR, announced the future cessation or loss of representativeness of the 35 LIBOR benchmark settings currently published by ICE Benchmark Administration, immediately after December 31, 2021 for certain Euro settings, and immediately after June 30, 2023

for U.S. dollar LIBOR settings. The Alternative Reference Rates Committee (“ARRC”) has proposed that the Secured Overnight Financing Rate (“SOFR”) is the rate that represents the best alternative to LIBOR. The ARRC has proposed a market transition plan to SOFR from LIBOR. We are evaluating the potential impact of the eventual replacement of the LIBOR benchmark interest rate, including the possibility of SOFR as the dominant replacement. The market transition away from LIBOR towards SOFR is expected to be complicated. There can be no guarantee that SOFR will become a widely accepted benchmark in place of LIBOR. Although the full impact of any transition away from LIBOR, including the potential or actual discontinuance of LIBOR publication, remains unclear, these changes may have a material adverse impact on the availability of financing, including LIBOR-based loans, the terms of our Credit Agreement and on our financing costs.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including the Credit Agreement and the 2025 Notes Indenture that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes. In addition, if we are unable to generate sufficient cash flow or are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants in the instruments governing our indebtedness (including covenants in the Credit Agreement, the 2025 Notes Indenture and, following the consummation of the Transactions, the indentures governing the notes), we could be in default under the terms of the agreements governing this indebtedness. In this event, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest; the lenders under the Credit Agreement could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets; and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may need to obtain waivers from the required lenders under the Credit Agreement, the 2025 Notes Indenture and, following the consummation of the Transactions, the indentures governing the notes, to avoid being in default. If we breach these covenants and seek a waiver from the required lenders, we may not be able to obtain it. If this occurs, we would be in default under the applicable debt agreement, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

Most of the restrictive covenants that will be contained in the indentures governing the notes will be suspended if and for so long as the notes are rated investment grade by Moody’s and S&P and no default has occurred and is continuing.

Most of the covenants in the indentures governing the notes will be suspended if and for so long as the notes are rated investment grade (as defined in the indentures governing the notes) by Moody’s and S&P, provided that at such time no default with respect to the notes has occurred and is continuing. There can be no assurance that the notes will ever be rated investment grade or that if they are rated investment grade, that the notes will maintain such ratings. Suspension of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force and these transactions will not result in an event of default if the covenants are subsequently reinstated. See “Description of Notes—Certain Covenants—Changes in Covenants When Notes Rated Investment Grade.”

After the Escrow Release, the notes offered hereby and the related guarantees will be unsecured and effectively subordinated to ours and the guarantors’ existing and future secured indebtedness.

After consummation of the Transactions, the notes offered hereby and the related guarantees will be general unsecured obligations, which are effectively junior to all of our existing and future secured indebtedness and that of each guarantor, including indebtedness under the Credit Agreement for so long as the Credit Agreement is secured. Additionally, the indentures governing the notes will permit us to incur additional secured indebtedness in the future. In the event that, after the Escrow Release, an Issuer or a guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, any indebtedness that is effectively senior to the applicable series of notes and the related guarantees will be entitled to be paid in full from such Issuer’s assets or the assets of the guarantor, as applicable, securing such indebtedness before any payment may be made with respect to the applicable series of notes or the affected related guarantees. Holders of notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the notes, and potentially with all of our other general creditors, based upon

the respective amounts owed to each holder or creditor, in our remaining assets. As of September 30, 2021, on a pro forma basis giving effect to the Transactions and assuming the consummation of the Escrow Release, the notes would have been effectively subordinated to \$363.7 million of our secured indebtedness, and we would have had approximately \$676.3 million of additional borrowings available under our Credit Agreement (after taking into letters of credit then outstanding).

The notes will be structurally subordinated to the existing and future liabilities of certain of our subsidiaries which are not guaranteeing the notes.

Following the consummation of the Transactions, the notes offered hereby will not be guaranteed by certain of our current and future subsidiaries. As a result, the notes will be structurally subordinated to all existing and future liabilities of such non-guarantor subsidiaries. Our rights and the rights of our creditors to participate in the assets of any non-guarantor subsidiary in the event that such a subsidiary is liquidated or reorganized will be subject to the prior claims of such subsidiary's creditors. As a result, all indebtedness and other liabilities, including trade payables, of our non-guarantor subsidiaries, whether secured or unsecured, must be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us in order for us to meet our obligations with respect to the notes. To the extent that we may be a creditor with recognized claims against any non-guarantor subsidiary, our claims would still be subject to the prior claims of such subsidiary's creditors to the extent that they are secured or senior to those held by us. Subject to restrictions contained in financing arrangements, our non-guarantor subsidiaries may incur additional indebtedness and other liabilities, all of which would be structurally senior to the notes.

Following the consummation of the Transactions, the notes will be, jointly and severally, fully and unconditionally guaranteed, on a senior unsecured basis, by us and each of our subsidiaries (other than the Issuers) that is a borrower, or guarantees indebtedness, under the Credit Agreement or certain capital markets indebtedness. Each of the Target Companies and its respective subsidiaries that will become a borrower or guarantor under the Credit Agreement are expected to be guarantors following the consummation of the Acquisition. See "Description of Notes—Guarantees." While we expect each of these entities to become guarantors of the notes upon or shortly after the consummation of the Acquisition, if any such entity is (a) a CFC, (b) a U.S. subsidiary all or substantially all of the assets of which consist of the equity interests of one or more CFCs or (c) a U.S. subsidiary that is a subsidiary of a CFC, that entity will not provide a guarantee. For this purpose, a "CFC" means any controlled foreign corporation for U.S. federal income tax purposes that is owned (within the meaning of Section 958(a) of the U.S. Internal Revenue Code of 1986, as amended (the "Code")) by the USD issuer, or any affiliate of the USD issuer that is a U.S. Person within the meaning of Section 7701(a)(30) of the Code and a corporation for U.S. federal income tax purposes. We do not expect such entities to constitute a material portion of the combined company's assets, revenues or pro forma non-GAAP adjusted EBITDA.

We expect that, following consummation of the Acquisition, each of the Target Companies and their respective subsidiaries that becomes a borrower or guarantor under the Credit Agreement will also become a Guarantor of the notes. As of September 30, 2021, on a historical basis (without giving effect to the Acquisition), our existing subsidiaries that will not be Guarantors of the notes following the consummation of the Acquisition had \$99.0 million of liabilities (to which the notes would have been structurally subordinated) and \$298.6 million of assets, excluding intercompany balances.

The lenders under the Credit Agreement will have the discretion to release the guarantors under the Credit Agreement in a variety of circumstances, or such guarantors may be automatically released, which will cause those guarantors to be released from their guarantees of the notes.

While any obligations under the Credit Agreement remain outstanding, any guarantee of the notes may be released without action by, or consent of, any holder of the notes or the trustee under the indentures governing the notes, if the related guarantor is no longer a guarantor of obligations under the Credit Agreement. See "Description of Notes." The lenders under the Credit Agreement will have the discretion to release the guarantees under the Credit Agreement in a variety of circumstances and, in some circumstances, such guarantors will be automatically released. You will not have a claim as a creditor against any subsidiary that is no longer a guarantor of the notes, and the indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will effectively be senior to claims of noteholders. See "Description of Notes—Guarantees."

Our ability to repurchase the notes upon a change of control may be limited.

Following the consummation of the Acquisition, upon a change of control, subject to certain conditions, the Issuers will be required to make an offer in cash to repurchase all or any part of each holder's notes at a repurchase price equal to 101% of the principal thereof, plus accrued and unpaid interest thereon, if any, to, but excluding, the date of purchase. The source of funds for any such repurchase would be our available cash or cash generated from operations or other sources, including borrowings, sales of equity or funds provided by a new controlling person or entity. Sufficient funds may not be available to us, however, at the time of any change of control event to repurchase all or a portion of the tendered notes pursuant to this requirement. The Issuers' failure to offer to repurchase notes, or to repurchase notes tendered, following a change of control will result in a default under the indentures governing the notes, which could lead to a cross-default under the Credit Agreement and under the terms of our other indebtedness. In addition, the Credit Agreement restricts our ability to make any such required repurchases. Prior to repurchasing the notes upon a change of control event, we must either repay outstanding indebtedness under the Credit Agreement or obtain the consent of the lenders under the Credit Agreement. If we do not obtain the required consents or repay our outstanding indebtedness under the Credit Agreement, the Issuers would remain effectively prohibited from offering to purchase the notes. See "Description of Notes—Change of Control."

Certain corporate events may not trigger a change of control, in which case we will not be required to redeem the notes.

The indentures governing the notes will permit us to engage in certain important corporate events that would increase indebtedness or alter our business but would not constitute a "change of control" as defined in the indentures governing the notes. As a result of the definition of "change of control," certain extraordinary corporate events could take place without having the "change of control" provision of the notes apply. Accordingly, you should not rely on the "change of control" provision contained in the indentures governing the notes to protect you from us engaging in such a transaction.

In addition, if we effected a leveraged recapitalization or other transactions excluded from the definition of "change of control" that resulted in an increase in indebtedness, adversely affected our credit rating or fundamentally changed our business, our ability to make payments on the notes would be adversely affected. However, the Issuers would not be required to offer to repurchase the notes, despite their decreased ability to meet their obligations under the notes. See "Description of Notes—Change of Control."

Holders of the notes may not be able to determine when a "change of control" giving rise to their right to have the notes repurchased has occurred following a sale of "substantially all" of our assets.

The definition of "change of control" in the indentures governing the notes will include a phrase relating to the sale of "all or substantially all" of our assets. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "substantially all" of our assets. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuers are required to make an offer to repurchase the notes.

Fraudulent transfer and conveyance laws, and similar laws in applicable foreign jurisdictions permit a court, under certain circumstances, to void the notes and the guarantees, and, if that occurs, you may not receive any payments on the notes.

The issuance of the notes and the guarantees may be subject to review under federal and state fraudulent transfer and conveyance statutes if a bankruptcy, insolvency, liquidation or reorganization case or a lawsuit, including under circumstances in which bankruptcy is not involved, were commenced at some future date by an Issuer, by the guarantors or on behalf of an Issuer's unpaid creditors or the unpaid creditors of a guarantor. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes the generally applicable terms and principles, which may be defined differently under the relevant jurisdiction's fraudulent transfer and insolvency statutes.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other insolvency laws, a court could subordinate or void any guarantee provided by a guarantor and, if payment has already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that:

- the guarantee was granted with actual intent to hinder, delay or defraud creditors or shareholders of the guarantor or other person or, in certain jurisdictions, even when the recipient was simply aware that the guarantor was insolvent when it granted the guarantee;
- the guarantee was entered into without a legal obligation to do so, is prejudicial to the interests of the other creditors and both the guarantor and the beneficiary of the guarantee were aware of or should have been aware of the fact that it was prejudicial to the other creditors;
- the guarantor did not receive fair consideration or reasonably equivalent value for the guarantee and/or the guarantor: (i) became insolvent before the granting of the guarantee or was insolvent or rendered insolvent because of the issuance of the guarantee; (ii) was undercapitalized or became undercapitalized because of the issuance of the guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the guarantee was held to exceed the objects of the guarantor or not to be in the best interests or for the corporate benefit of the guarantor;
- the guarantee was entered into within a certain time period prior to the opening date of insolvency proceedings of the guarantor; or
- the amount paid or payable was in excess of the maximum amount permitted under applicable law.

If a court were to find that the issuance of the notes or a guarantee was a fraudulent conveyance or was voidable for another reason, the court could void the payment obligations under the notes or such guarantee or further subordinate the notes or such guarantee to presently existing and future indebtedness of such Issuer or such guarantor or require the holders of the notes to repay any amounts received with respect to the notes or such guarantee. In the event of a finding that a fraudulent conveyance or other voidable transaction occurred, you may not receive any repayment on the notes. In addition, the liability of a guarantor under its guarantee of the notes will be limited to the amount of such guarantee that does not constitute a fraudulent conveyance or improper corporate distribution or otherwise result in such guarantee being set aside or otherwise voided. The amount recoverable from a guarantor may also be limited and there can be no assurance as to what methodology a court would apply in determining the liability of each guarantor. Also, there is a possibility that the entire guarantee may be set aside, in which case, the guarantor's entire liability may be extinguished. Further, the voidance of the notes could result in an event of default with respect to our other debt and that of the guarantors that could result in acceleration of such debt.

The measures of insolvency for purposes of fraudulent conveyance laws vary depending upon the law of the jurisdiction that is being applied, such that we cannot be certain as to: the standards a court would use to determine whether or not the Issuers or the guarantors were solvent at the relevant time, or, regardless of the standard that a court uses, that it would not determine that an Issuer or a guarantor were indeed insolvent on that date; that any payments to the holders of the notes (including under the guarantees) did not constitute preferences, fraudulent transfers or conveyances on other grounds; or that the issuance of the notes and the guarantees would not be subordinated to an Issuer's or any guarantor's other debt.

Generally, however, an entity would be considered insolvent by a U.S. court if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is satisfied. A court would likely find that an Issuer or a guarantor did not receive reasonably equivalent value or fair consideration for the notes or such guarantee if such Issuer or such guarantor did not substantially benefit directly or indirectly from the issuance of the notes or the applicable guarantee. Thus, if the guarantees were legally challenged, any guarantee could be subject to the claim that, since the guarantee was incurred for the Issuer's benefit, and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than reasonably equivalent value or fair consideration. Therefore, a court could void the obligations under the guarantees, subordinate them to the applicable guarantor's other debt or take other action detrimental to the holders of the notes.

To the extent a court avoids any of the guarantees as fraudulent transfers or holds any of the guarantees unenforceable for any other reason, the holders of notes would cease to have any direct claim against the applicable guarantor. If a court were to take this action, the applicable guarantor's assets would be applied first to satisfy the applicable guarantor's other liabilities, if any, and might not be applied to the payment of the guarantee. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from us or the applicable guarantor.

Although each guarantee entered into in connection with the notes will contain a provision intended to limit that guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer law or otherwise, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless.

In addition, as noted above, any payment by an Issuer pursuant to the notes or by a guarantor under a guarantee made at a time such Issuer or such guarantor were found to be insolvent could be voided and required to be returned to such Issuer or such guarantor or to a fund for the benefit of such Issuer's or such guarantor's creditors if such payment is made to an insider within a one-year period prior to a bankruptcy filing or within 90 days for any outside party and such payment would give such insider or outsider party more than such creditors would have received in a distribution under the U.S. Bankruptcy Code in a hypothetical Chapter 7 case. Similar rules exist under the applicable laws of certain foreign jurisdictions. See "Limitations on Validity and Enforceability of the Guarantees."

Finally, as a court of equity, the bankruptcy court may otherwise subordinate the claims in respect of the notes or the guarantees to other claims against the Issuers or the guarantors under the principle of equitable subordination, if the court determines that: (1) the holder of the notes engaged in some type of inequitable conduct; (2) such inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holder of the notes; and (3) equitable subordination is not inconsistent with the provisions of the U.S. Bankruptcy Code.

Any future guarantee may be avoidable in bankruptcy.

Guarantees issued after the issue date of the notes may be treated under bankruptcy law as if they were delivered to guarantee previously existing indebtedness. Any future issuance of a guarantee, including pursuant to guarantees delivered in connection therewith after the date the notes are issued, may be avoidable by the guarantor (as a debtor in possession), by its trustee in bankruptcy, or potentially by other creditors if certain events or circumstances exist or occur, including, among others, if (1) the guarantor is insolvent at the time of the issuance of the guarantee, (2) the issuance of the guarantee permits the holders of the notes to receive a greater recovery in a hypothetical Chapter 7 case than if the guarantee had not been given and (3) a bankruptcy proceeding in respect of the guarantor is commenced within 90 days following the issuance of the guarantee, or, in certain circumstances, a longer period. Accordingly, if the Issuers or any guarantor were to file for bankruptcy protection after the issue date of the notes and any guarantees not issued on the issue date of the notes had been issued, including with respect to the Target Companies and their respective subsidiaries, less than 90 days before commencement of such bankruptcy proceeding, such guarantees are materially more likely to be avoided as a preference by the bankruptcy court than if delivered on the issue date of the notes (even if the other guarantees issued on the issue date of the notes would no longer be subject to such risk). To the extent that the grant of any such guarantee is avoided as a preference or otherwise, you would lose the benefit of the guarantee. See "Insolvency laws of jurisdictions outside the United States may not be as favorable to you as the

U.S. bankruptcy laws and may preclude holders of the notes offered hereby from recovering payments due under the notes offered hereby.”

Insolvency laws of jurisdictions outside the United States may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the notes offered hereby from recovering payments due under the notes offered hereby.

Ritchie Bros., the Issuers and certain of the guarantors of the notes offered hereby are incorporated or organized in more than 12 countries, including Canada, Australia, England and Wales, Japan, Mexico, Ireland, the United States and the Netherlands, and future guarantors may be incorporated or organized in other foreign jurisdictions, which may affect your rights as holders of the notes offered hereby and your ability to recover under the notes offered hereby. The insolvency laws of these jurisdictions may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and the duration of the proceeding. There are a number of factors that are taken into account to ascertain the center of main interests, which should correspond to the place where the relevant debtor conducts the administration of its interests on a regular basis and which is therefore ascertainable by third parties. The point at which this issue will be determined is at the time when the relevant insolvency proceedings are opened. In EU Member States and certain other jurisdictions, the determination of where Ritchie Bros., any Issuer or any of the guarantors has its “center of main interests” would be a question of fact on which the courts of the different EU Member States and other jurisdictions may have and had in the past differing and even conflicting views. Furthermore, “center of main interests” is not a static concept and may change from time to time.

See “Limitations on Validity and Enforceability of the Guarantees” for a description of the insolvency laws in Canada, Australia, England and Wales, Japan, Mexico, Ireland, the Netherlands and the United States, which could limit the enforceability of the guarantees.

In the event that any one or more of Ritchie Bros., the Issuers, the guarantors, any future guarantors, if any, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Guarantees and security provided by entities organized in jurisdictions not discussed in this offering circular are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the guarantees or security after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity’s jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction’s laws should apply, adversely affect the ability of holders of the notes offered hereby to enforce their rights under the guarantees or the security in these jurisdictions and limit any amounts that holders of the notes may receive.

Enforcing your rights as a holder of the notes offered hereby or under the guarantees across multiple jurisdictions may be difficult.

The notes offered hereby will be issued by a U.S. entity and a Canadian entity, and will be guaranteed by Ritchie Bros., which is a Canadian entity, and certain of our subsidiaries that are incorporated or organized under the laws of Australia, Canada, England and Wales, the Netherlands, Japan, Mexico, Ireland and the United States. Future guarantors may be incorporated or organized in other foreign jurisdictions. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions or in the jurisdiction of incorporation or organization of a future guarantor. Your rights under the notes offered hereby and the guarantees will therefore be subject to the laws of multiple jurisdictions, and you may not be able to enforce effectively your rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors’ rights. In addition, the bankruptcy, insolvency, foreign exchange, administration and other laws of the various jurisdictions may be materially different from or in conflict with one another and those of the United States, including in respect of creditor’s rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The consequences of the multiple jurisdictions involved could trigger disputes over which

jurisdiction's law should apply, which could adversely affect your ability to enforce your rights and to collect payment in full under the notes offered hereby and the guarantees. See also "—Insolvency laws of jurisdictions outside the United States may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the notes offered hereby from recovering payments due under the notes offered hereby."

If Ritchie Bros.' subsidiaries do not make sufficient distributions to the Issuers, the Issuers will not be able to make payments on their debt, including the notes.

The Issuers will be dependent to a significant extent on the generation of cash flow by our subsidiaries and their ability to make such cash available to the Issuers, by dividend, debt repayment or otherwise. These subsidiaries may not be able to, or be permitted to, make distributions to enable the Issuers to make payments in respect of the notes. Moreover, to the extent any of these subsidiaries are not wholly-owned, Ritchie Bros. and/or the Issuers will receive only a portion of any distributions made by such subsidiaries. Each of these subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions, as well as the financial condition, operating requirements and other considerations, including local law, of these subsidiaries, may limit the Issuer's ability to obtain cash from our subsidiaries. In the event that the Issuers do not receive distributions or other cash payments from our subsidiaries, the Issuers may be unable to make required payments of principal, premium, if any, and interest on its indebtedness, including the notes.

If a bankruptcy or reorganization case is commenced, bankruptcy laws may prevent the release of funds in the escrow account.

If we commence a bankruptcy or reorganization case, or one is commenced against us, while amounts remain in the escrow accounts described under "Description of Notes—Escrow Related Provisions," applicable bankruptcy laws may prevent the escrow agent from releasing the funds in the escrow accounts or applying those funds to effect the special mandatory redemption, as applicable, of the notes or otherwise applying those funds for the benefit of the holders of the notes. The court adjudicating that case might find that such escrow accounts are the property of the bankruptcy estate. Although the amounts in the escrow accounts will be pledged as collateral for payment, if required, of the special mandatory redemption price, the automatic stay provisions of the federal bankruptcy laws generally prohibit secured creditors from foreclosing upon or disposing of a debtor's property without bankruptcy court approval. As a result, holders of the notes may not be able to have the escrow funds applied at the time or in the manner contemplated by indentures governing the notes and could suffer a loss as a result.

There are significant restrictions on your ability to transfer or resell your notes.

The notes are being offered and sold pursuant to an exemption from, or in transactions not subject to, registration under U.S. federal and applicable state and other securities laws. Therefore, you may transfer or resell the notes in the U.S. only in a transaction registered under or exempt from, or not subject to, the registration requirements of the U.S. federal and applicable state and other securities laws. In addition, neither we nor the Issuers will be obligated to file a registration statement with the SEC covering the resale of the notes or to offer to exchange the notes for notes registered under the Securities Act or file a prospectus in Canada in respect of the resale of the notes. Accordingly, you may be required to bear the risk of your investment for an indefinite period of time. See "Notice to Investors." You will also be required to pay all taxes due on any such transfer or sale.

There is no established public trading market for the notes.

Each series of notes will constitute a new issue of securities with no established trading market. Accordingly, there can be no assurance as to the development or liquidity of any market for any series of notes. Certain of the initial purchasers have advised us that they currently intend to make a market in the notes, but they are not obligated to do so and any market making with respect to the notes may be discontinued at any time without notice. Accordingly, there can be no assurance regarding any future development of a trading market for any series of notes, the ability of holders of notes to sell their notes or the price at which such holders may be able to sell their notes. If a trading market were to develop, the notes may trade at prices that are higher or lower than their initial offering price, depending on many factors, including prevailing interest rates, our combined company's operating results and financial condition and the market for similar securities.

The audit reports prepared by PricewaterhouseCoopers LLP and included in this offering circular include statements purporting to limit the persons that may rely on such report and the opinion contained therein, and accordingly, PricewaterhouseCoopers LLP's liability may be limited to holders of the notes.

PricewaterhouseCoopers LLP's work has been undertaken so that they state to the Euro Auctions Pillar, Equipment & Plant Services Pillar and Equipment Sales Pillar those matters they are required to state to them in an auditor's report and for no other purpose. The report of PricewaterhouseCoopers LLP dated November 9, 2021 with respect to the audited financial statements of the Euro Auctions Pillar states: "This report, including the opinion, has been prepared for and only for Derek Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing." The report of PricewaterhouseCoopers LLP dated November 9, 2021 with respect to the audited financial statements of the Equipment & Plant Services Pillar states: "This report, including the opinion, has been prepared for and only for Trevor Keys and Jolene Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing." The report of PricewaterhouseCoopers LLP dated November 9, 2021 with respect to the audited financial statements of the Equipment Sales Pillar states: "This report, including the opinion, has been prepared for and only for Lynden Keys and Wendy Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing." Investors should understand these statements are intended to disclaim any liability to parties (such as the purchasers of the notes) other than Derek Keys, Trevor Keys and Jolene Keys and Lynden Keys and Wendy Keys with respect to those reports, respectively. In the context of the offering of the notes, PricewaterhouseCoopers LLP have reconfirmed to us that they do not intend their duty of care to extend to any party other than those to whom their reports were originally addressed.

The SEC would not permit the language quoted in the above paragraph to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. The effect of such language is untested by a U.S. court (or any other court) and thus may or may not be effective to limit the direct liability of the auditors under U.S. law or under any other law to persons such as investors in the notes. If a U.S. court (or any other court) were to give effect to the limitation above, the recourse that investors in the notes may have against the independent auditor based on their report or the special purpose financial statements to which they relate could be limited. The extent to which independent auditors have responsibility or liability to third parties is unclear under the laws of many jurisdictions, and the legal effect of these statements in the audit report is untested in the context of an offering of securities. The inclusion of the language referred to above, however, may limit the ability of holders of the notes to bring any action against the independent auditor for damages arising out of an investment in the notes.

Risks Related to Our Business

Our business operations, results of operations, cash flows and financial performance may be affected by the COVID-19 pandemic.

An outbreak of a novel strain of coronavirus ("COVID-19") has occurred, including in all of the countries in which we operate. National, state, provincial and local governments have responded to the COVID-19 pandemic in a variety of ways, including, without limitation, by declaring states of emergency, restricting people from gathering in groups or interacting within a certain physical distance (i.e., social distancing), and in certain cases, ordering businesses to close or limit operations or people to stay at home.

The COVID-19 pandemic has caused certain disruptions to our business and operations and could cause further material disruptions to our business and operations in the future as a result of, among other things, quarantines, worker absenteeism as a result of illness or other factors, social distancing measures and other travel, health-related, business or other restrictions. For similar reasons, the COVID-19 pandemic has also adversely impacted, and may continue to

adversely impact, the businesses and needs of our customers including their ability to secure financing. Depending on the extent and duration of all of the above-described effects on our business and operations and the business and operations of our customers, our costs could increase, including our costs to address the health and safety of personnel, our ability to source assets to sell may be adversely impacted, our ability to transport and/or sell the assets that we source may be adversely impacted, our ability to service certain customers could be adversely impacted, and our ability to transfer ownership to the assets that we do sell could be adversely impacted. As a result of the foregoing, our business operations, results of operations, cash flows and financial performance could be materially adversely affected.

Although we have been permitted to continue to operate our auction sites in most of the jurisdictions in which we operate, including in jurisdictions that have mandated the closure of certain businesses, we have had to either forbid customer access altogether or limit the number of customers that are able to access our auction sites; in each case leading to online-only bidding for our live auctions. There is no assurance that we will be permitted to operate under every future government order or other restriction and in every location. If we were to be subject to government orders or other restrictions on the operation of our business, we may be required to limit our operations at, or close, certain auction sites and office locations in the future. Any limitations on, or closures of, our auction sites or our customers' sites could have a material adverse impact on our ability to carry out auctions or facilitate online sales, allow customers or our inspection teams to inspect assets or allow customers to retrieve purchased assets. Any such limitations or closures could have a material adverse impact on our business operations, results of operations, cash flows and financial performance.

Any sustained disruption in the capital markets from the COVID-19 pandemic could negatively impact our ability to raise capital. As of the end of 2020 we have a strong balance sheet and do not anticipate the need to raise capital. However, we cannot predict when the macro-economic disruption stemming from the COVID-19 pandemic will ebb or when the economy will return to pre-COVID-19 pandemic levels, if at all. If the macro-economic disruption continues for prolonged periods we may need to raise additional capital and it may not be available on acceptable terms, or at all. The impact of the COVID-19 pandemic on economic activity, and its effect on our sales force and our customers are uncertain at this time and could have a material adverse effect on our results, especially to the extent these effects persist or exacerbate over an extended period of time. Additionally, any such impact could also result in financial and/or operational constraints for our service providers, buyers of the assets sold through our sales channel, as well as other counterparties, thereby increasing the risk that such counterparties default on their obligations to us.

Damage to our reputation could harm our business.

One of our founding principles is that we operate a fair and transparent business, and consistently act with integrity. Maintaining a positive reputation is key to our ability to attract and maintain customers, investors and employees. Damage to our reputation could cause significant harm to our business. Harm to our reputation could arise in a number of ways, including, but not limited to, employee conduct which is not aligned with our Code of Business Conduct and Ethics (and associated Company policies around behavioural expectations) or our Company's core values, safety incidents, failure to maintain customer service standards, loss of trust in the fairness of our sales processes, and other technology or compliance failures.

We may incur losses as a result of our guarantee and inventory contracts and advances to consignors.

Our most common type of auction contract is a straight commission contract, under which we earn a pre-negotiated, fixed commission rate on the gross sales price of the consigned equipment at auction. We use straight commission contracts when we act as agent for consignors. In recent years, a majority of our annual business has been conducted on a straight commission basis. In certain other situations, we will enter into underwritten transactions and either offer to:

- guarantee a minimum level of sale proceeds to the consignor, regardless of the ultimate selling price of the consignment; or
- purchase the equipment outright from the seller for sale through one of our sales channels.

We determine the level of guaranteed proceeds or inventory purchase price based on appraisals performed on equipment by our internal personnel. Inaccurate appraisals could result in guarantees or inventory values that exceed

the realizable auction proceeds. In addition, a change in market values could also result in guarantee or inventory values exceeding the realizable auction proceeds. If auction proceeds are less than the guaranteed amount, our commission will be reduced, and we could potentially incur a loss, and, if auction proceeds are less than the purchase price we paid for equipment that we take into inventory temporarily, we will incur a loss. Because a majority of our auctions are unreserved, there is no way for us to protect against these types of losses by bidding on or acquiring any of the items at such auctions. In addition, we do not hold inventory indefinitely waiting for market conditions to improve. If our exposure to underwritten contracts increases, this risk would be compounded.

Occasionally, we advance to consignors a portion of the estimated auction proceeds prior to the auction. We generally make these advances only after taking possession of the assets to be auctioned and upon receipt of a security interest in the assets to secure the obligation. If we were unable to auction the assets or if auction proceeds were less than amounts advanced, we could incur a loss.

The availability and performance of our technology infrastructure, including our websites, is critical to our business and continued growth.

The satisfactory performance, reliability and availability of our websites, online bidding service, enterprise resource planning system, processing systems, network infrastructure and customer relationship management system are important to our reputation and our business and continued growth. We currently rely on both our own proprietary technology as well as third-party cloud computing platform providers located in the United States and other countries. The technology and systems we rely on may experience service interruptions or degradation because of hardware or software defects or malfunctions, computer denial of service, cyber events, human error and natural events beyond our control. Some of our systems are not fully redundant, and our recovery planning may not be sufficient for all possible disruptions.

Further, we will need to continue to expand, consolidate, and upgrade our technology, transaction processing systems and network infrastructure both to meet increased usage of our online bidding service and other new services and solutions being offered to our customers, to implement new features and functions and as a result of the acquisition of IronPlanet. Our business and results of operations could be harmed if we were unable to expand and upgrade in a timely manner our systems and infrastructure to accommodate any increases in the use of our internet services, or if we were to lose access to or the functionality of our internet systems for any reason, especially if such loss of service prevented internet bidders from effectively participating in one of our auctions. Frequent, persistent or ill-timed interruptions to our internet services could cause current or potential customers to believe that our systems are unreliable, which could lead to the loss of customers and harm our reputation.

We use both internally developed and licensed systems for transaction processing and accounting, including billings and collections processing. We continually upgrade and improve these systems to accommodate growth in our business. If we are unsuccessful in continuing to upgrade our technology, transaction processing systems or network infrastructure to accommodate increased transaction volumes, it could harm our operations and interfere with our ability to expand our business. Further, licensed hardware, software and cloud computing platforms may not continue to be available at reasonable prices, on commercially reasonable terms or at all. Any loss of the right to use any of these hardware, software or cloud computing platforms could significantly increase our expenses and otherwise result in delays in provisioning of our services until equivalent technology is either developed by us, or, if available, obtained through purchase or license and integrated into our operations.

Consumer behavior is rapidly changing, and if we are unable to successfully adapt to consumer preferences and develop and maintain a relevant and reliable inventory management and multichannel disposition experience for our customers, our financial performance and brand image could be adversely affected.

Our business continues to evolve into a one-stop inventory management and multichannel disposition company where customers can buy, sell, or list equipment, when, how, and where they choose- both on site and online, and manage their existing fleets and/or inventory using our online inventory management tools. As a result of this evolution, increasingly we interact with our customers across a variety of different channels, including live auction, online, through mobile technologies, including the Ritchie Bros. mobile app, social media, and inventory management systems. Our customers are increasingly using tablets and mobile phones to make purchases online and to get detailed equipment information for assets that they own or are interested in purchasing. Our customers also engage with us

online, including through social media, by providing feedback and public commentary about all aspects of our business. Consumer shopping patterns are rapidly changing and our success depends on our ability to anticipate and implement innovations in customer experience and logistics in order to appeal to customers who increasingly rely on multiple channels to meet their equipment management and disposition needs. If for any reason we are unable to implement our inventory management, data solutions, bidding tools and other multichannel initiatives, provide a convenient and consistent experience for our customers across all channels, or provide our customers the services they want, when and where they want them at a compelling value proposition, then our financial performance and brand image could be adversely affected.

We rely on data provided by third parties, the loss of which could limit the functionality of certain of our platforms and disrupt our business. Such risk could be exacerbated after the consummation of the Acquisition.

Our analytics teams rely on asset, pricing and other data including personal data provided to us by our customers and other third parties. Some of this data is provided to us pursuant to third-party data sharing policies and terms of use, under data sharing agreements by third-party providers or by customer consent. In the future, any of these parties could change its data sharing policies and terms of use, including making them more restrictive, any of which could result in the loss of, or significant impairment to, our ability to collect and provide useful data or related services to our customers.

These third parties could also interpret our data collection and use policies or practices as being inconsistent with their policies or business objectives, or lose confidence in our data protection and privacy practices, which could result in the loss of our ability to collect this data. Any such changes could impair our ability to deliver our analytics service to our customers in the manner currently anticipated or at all, impairing the return on investment that our customers derive from using our analytics platform, as well as adversely affecting our business and our ability to generate revenue. Such risk could be exacerbated after the consummation of the Acquisition.

A deterioration of general macroeconomic conditions could materially and adversely affect our business.

Our performance is subject to macroeconomic conditions and their impact on customer spending. Adverse macroeconomic conditions typically result in a general tightening in credit markets, lower levels of liquidity, increased default and bankruptcy rates, and depressed levels of activity and investment.

Challenging macroeconomic conditions may have a negative impact on the operations, financial condition and liquidity of many customers and, as a result, may negatively impact the volume of equipment listed for sale and the prices of equipment sold in our marketplace, thereby having a negative impact on our revenue and ability to grow our business. If sellers choose not to sell their assets as a result of adverse economic conditions, buyers are unable to purchase equipment based on their inability to obtain sufficient financing or are unwilling to do so given the market climate, or if customers are in general financial distress, our operations may be negatively affected and revenue from our marketplace may decrease.

Our ability to provide a high-quality customer experience may depend on third parties and external factors over which we may have little or no control. Such risk could be exacerbated after the consummation of the Acquisition.

Our ability to provide a high quality and efficient customer experience is also dependent on external factors over which we may have little or no control, including, without limitation, the reliability and performance of the equipment sold in our marketplaces and the performance of third-party carriers who transport purchased equipment on behalf of buyers. If our customers are dissatisfied with the accuracy of our appraisals and inspections, the quality of the business insights provided by our other value-added services, or do not receive the equipment they purchased in a timely manner or in the condition that they expect, customers may stop using us to purchase equipment. Failure to provide customers with high quality and efficient customer experiences could substantially harm our reputation and adversely impact our efforts to develop customer and industry trust in our brands. Such risk could be exacerbated after the consummation of the Acquisition.

Government regulation of the Internet and e-commerce is evolving, and unfavorable changes in this or other regulations could substantially harm our business and results of operations. Such risk could be exacerbated after the consummation of the Acquisition.

We are subject to general business regulations and laws as well as certain federal, provincial, state and local laws, rules and regulations, including those governing the internet and e-commerce. Existing and future laws and regulations may impede the growth of the internet, e-commerce or other services, and increase the cost of doing business, including providing online auction services. These regulations and laws may cover taxation, tariffs, user privacy, data protection, pricing, content, copyrights, distribution, electronic contracts, and other communications, consumer protection, broadband residential Internet access and the characteristics and quality of services. It is not clear how existing laws governing issues such as property ownership, digital, sales and similar taxes, libel, and personal privacy apply to the Internet and e-commerce. Changes to regulations and unfavorable resolution of these issues may harm our business and results of operations. Such risk could be exacerbated after the consummation of the Acquisition.

We have two vendor contracts with the U.S. Government's Defense Logistics Agency ("DLA") as part of our GovPlanet business unit pursuant to which we acquire a significant amount of inventory. If we are unable to sell the purchased inventory our financial results would be adversely impacted. Also, if we are unable to, or do not, renew our relationship with the DLA, our GovPlanet business unit would be adversely impacted.

We have two vendor contracts with the DLA pursuant to which we acquire, manage and resell certain assets of the DLA. Each of the DLA contracts obliges the Company to purchase non-rolling stock assets in an amount and of a type over which we have limited ability to control. In many cases, the type of assets purchased are not what we typically sell through any of our other channels. Although the prices we pay for the non-rolling stock inventory are a fraction of the original acquisition value, we may not have the ability to attract buyers for those assets and we may be unable to sell those assets on a timely basis or at all. This would have an adverse effect on our financial results. If our relationship with the DLA is impaired, the DLA vendor contracts are terminated or the supply of inventory under such contracts is significantly decreased, our GovPlanet business unit would experience a decrease in revenue and GTV.

If our ability, or the ability of our third party service partners, cloud computing platform providers or third party data center hosting facilities, to safeguard the reliability, integrity and confidentiality of our and their information technology systems is compromised, and unauthorized access is obtained to our systems or customers', suppliers', counterparties' and employees' confidential information, or authorized access is blocked or disabled, we may incur significant harm, legal exposure or a negative financial impact. Such risks could be exacerbated after the consummation of the Acquisition.

We rely on information technology ("IT") resources to manage and operate our business, including maintaining proprietary databases containing sensitive and confidential information about our customers, suppliers, counterparties and employees (which may include personal information and credit information) and utilizing approved third-party technology providers to support the management and operation of IT systems and infrastructure. As the malicious tools and techniques used to breach, obtain unauthorized access to, impair or sabotage IT systems and devices and the data processed or stored thereby, and infrastructure become more sophisticated and change frequently, the risk of a security event increases as we may not be able to anticipate these malicious tools and techniques or to implement adequate preventative and protective measures. Unauthorized parties have in the past, and may also in the future, attempt to gain access to our and our providers' primary and backup systems or facilities through various means, including hacking into IT systems or facilities, fraud, trickery or other means of deceiving our and their employees or contractors. Employee error, malfeasance, or other errors or negligence in the storage, use, or transmission of our data could also result in an actual or perceived privacy or security breach or other security incident. Although we have policies restricting the access to the personal and confidential information we store, there is a risk that these policies may not be effective in all cases. Further, breaches experienced by other companies may also be leveraged against us. For example, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. A party that is able to circumvent security measures could misappropriate our or our customers' confidential information, cause interruption to our operations, or damage our computing infrastructure, networks and stored data.

In addition, our limited control over our customers may affect the perception of the security and integrity of our IT systems and create financial or legal exposure. For example, our customers may accidentally disclose their passwords,

use insecure passwords, or store them on a device that is lost or stolen, providing bad actors with access to a customer's account and the possible means to redirect customer payments. Further, users on our platforms could have vulnerabilities on their own devices that are entirely unrelated to our systems and platforms but could mistakenly attribute their own vulnerabilities to us. Under credit card payment rules and our contracts with credit card processors, if there is a breach of payment card information used to process transactions, we could be liable to the payment card issuing banks for their cost of issuing new cards and related expenses. We may also be held liable for certain fraudulent credit card transactions and other payment disputes with customers. If we were unable to accept payment cards, our results of operations would be materially and adversely affected.

As many other companies around the globe experience on a daily basis, we are often targets of cyber attacks which we thwart and learn from. Late in the fourth quarter of 2021, we detected a security event where a third party gained unauthorized access to portions of our IT systems (the "Incident"). Upon detection, we immediately took steps to shut down access to the affected systems. The swift action of our Tech department ensured no disruption to our services and to date we believe there was no apparent customer data breach.

We took steps to reinforce our security practices, enhance our security monitoring and controls, and review and fortify our data storage. We also promptly launched an investigation with the assistance of a leading cybersecurity forensics firm and notified appropriate law enforcement. Although the investigation is ongoing, there is evidence that the unauthorized third party deployed malware to portions of our IT systems and misappropriated a number of unspecified files from our internal network.

Again, the Incident has not caused any interruption in our ability to serve our customers and business partners. We are working to identify the source and scope of the Incident. If we determine personal or confidential information of our customers, suppliers and counterparties was affected, we will notify the applicable parties as appropriate.

Although we implement and maintain information security measures to mitigate our risks with respect to this and other IT-related security incidents, there can be no assurance that these measures, will ensure that our operations are not disrupted, that we will be immune from these security risks, that we will prevent an attack from occurring in the future, or that our internal controls, for instance relating to user access management, will perform as intended to prevent unauthorized access to our systems and data. Any breach of our IT systems may have a material adverse impact on our business, the assessment of the performance of our internal control environment, results of operations, reputation, stock price and our ability to access capital markets, and may also be deemed to contribute to a material weakness in internal controls over financial reporting.

Security events, such as the Incident, hacking or other malicious or surreptitious activity (or the perception that such activities have occurred), could damage our reputation, cause a loss of confidence in the security of our services and thereby a loss of customers, and expose us to a risk of loss, governmental investigations and enforcement actions or litigation and possible liability for damages. We may be required to make significant expenditures and divert management attention to monitor, detect and prevent security events, to remediate known or potential security vulnerabilities, or to alleviate problems caused by any security events. In addition, a breach of our network, may result in the loss of valuable business data, the misappropriation of our valuable intellectual property or trade secret information, misappropriation of our customers' or employees' personal information, service delays, key personnel being unable to perform duties or communicate throughout the organization, loss of sales, significant costs for data restoration and other adverse impacts on our business. Further, such a breach may require notification to governmental agencies, individuals or other third parties pursuant to various privacy and security laws.

Ransomware attacks are becoming increasingly prevalent and severe, and can lead to significant interruptions in our operations, loss of data and income, reputational loss, and diversion of funds. The costs of mitigating cybersecurity risks are significant and are likely to increase in the future. Our third-party service providers may be vulnerable to interruption or loss of valuable business data and information of our customers and employees (among others). Data stored by our third party providers might be improperly accessed due to a variety of events beyond our control, including, but not limited to, employee error or negligence, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. Additionally, if any of our third-party technology providers violate applicable laws or our contracts or policies, such violations may also put our customers' information at risk and could in turn have a material and adverse effect on our business. These issues are likely to become costlier as we expand. Our insurance policies may not be adequate to reimburse us for losses caused by security breaches, and we may not be able to fully collect, if at all, under these insurance policies. Such risks could be exacerbated after the

consummation of the Acquisition. There can be no assurance that future cyberattacks will not be material or significant.

We believe that the laws and regulations being proposed and adopted in the United States, Canada, Australia, the European Union and in other jurisdictions will be increasingly restrictive in the field of data privacy and protection which will in turn result in an increase in regulatory burdens for us to address to continue meeting our customers' expectations, in particular in relation to the sharing of personal information with third parties, commercial electronic messages (such as email, SMS or other mobile chat applications), and the tracking of online activities for advertising. As our capacity to process large volumes of data increases, customer sentiment towards increased transparency and control and further interpretive guidance from regulatory agencies, may require us to change our operations and practices in a manner adverse to our business. In this uncertain and shifting regulatory and trust climate, even the perception that the privacy and security of personal information are not satisfactorily addressed or do not meet regulatory requirements could result in adverse publicity and reputation loss. Such risks could be exacerbated after the consummation of the Acquisition.

Our future expenses may increase significantly and our operations and ability to expand may be limited as a result of environmental and other regulations. Such risk could be exacerbated after the consummation of the Acquisition.

A variety of federal, provincial, state and local laws, rules and regulations throughout the world, including local tax and accounting rules, apply to our business. These relate to, among other things, the auction business, imports and exports of equipment, property ownership laws, licensing, worker safety, privacy and security of customer information, land use and the use, storage, discharge and disposal of environmentally sensitive materials. Complying with revisions to laws, rules and regulations could result in an increase in expenses and a deterioration of our financial performance. Failure to comply with applicable laws, rules and regulations could result in substantial liability to us, suspension or cessation of some or all of our operations, restrictions on our ability to expand at present locations or into new locations, requirements for the acquisition of additional equipment or other significant expenses or restrictions.

The development or expansion of auction sites depends upon receipt of required licenses, permits and other governmental authorizations. Our inability to obtain these required items could harm our business. Additionally, changes or concessions required by regulatory authorities could result in significant delays in, or prevent completion of, such development or expansion.

Under some environmental laws, an owner, operator or lessee of, or other person involved in, real estate may be liable for the costs of removal or remediation of hazardous or toxic substances located on or in, or emanating from, the real estate, and related costs of investigation and property damage. These laws often impose liability without regard to whether the owner, operator, lessee or other person knew of, or was responsible for, the presence of the hazardous or toxic substances.

Environmental contamination may exist at our owned or leased auction sites, or at other sites on which we may conduct auctions, or properties that we may be selling by auction, from prior activities at these locations or from neighboring properties.

In addition, auction sites that we acquire or lease in the future may be contaminated, and future use of or conditions on any of our properties or sites could result in contamination. The costs related to claims arising from environmental contamination of any of these properties could harm our financial condition and results of operations.

There are restrictions in the United States, Canada, Europe and other jurisdictions in which we do business that may affect the ability of equipment owners to transport certain equipment between specified jurisdictions or the salability of older equipment. One example of these restrictions is environmental certification requirements in the United States, which prevent non-certified equipment from entering into commerce in the United States. In addition, engine emission standards in some jurisdictions limit the operation of certain trucks and equipment in those markets.

These restrictions, or changes to environmental laws, including laws in response to climate change, could inhibit materially the ability of customers to ship equipment to or from our auction sites, reducing our GTV and harming our business, financial condition and results of operations.

International bidders and consignors could be deterred from participating in our auctions if governmental bodies impose additional export or import regulations or additional duties, taxes or other charges on exports or imports. Reduced participation by international bidders and consignors could reduce GTV and harm our business, financial condition and results of operations. Such risks could be exacerbated after the consummation of the Acquisition.

Losing the services of one or more key personnel or the failure to attract, train and retain personnel could materially affect our business. Such risk could be exacerbated after the consummation of the Acquisition.

Our future success largely depends on our ability to attract, develop and retain skilled employees in all areas of our business, as well as to design an appropriate organization structure and plan effectively for succession. Although we actively manage our human resource risks, there can be no assurance that we will be successful in our efforts. If we fail to attract, develop and retain skilled employees in all areas of our business, our financial condition and results of operations may be adversely affected, and we may not achieve our growth or performance objectives.

The growth and performance of our business depends to a significant extent on the efforts and abilities of our employees. Many of our key employees have extensive experience with our business. These employees have knowledge and an understanding of our company and industry that cannot be readily duplicated. The loss of any key personnel, or the inability to replace any lost personnel with equally trained personnel, could impair our ability to execute our business plan and growth strategy, cause us to lose customers and reduce our revenues. In addition, the success of our strategic initiatives to expand our business to complimentary service offerings will require new competencies in many positions, and our management and employees will have to adapt and learn new skills and capabilities. To the extent they are unable or unwilling to make these transformational changes, we may be unable to realize the full benefits of our strategic initiatives. We do not maintain key person insurance on the lives of any of our executive officers or other key personnel. As a result, we would have no way to cover the financial loss if we were to lose the services of such employees. This uncertainty may adversely affect our ability to attract and retain key employees.

If any of our key personnel were to join a competitor or form a competing company, existing and potential customers could choose to form business relationships with that competitor instead of us. There can be no assurance that confidentiality, non-solicitation, non-competition or similar agreements signed by our former directors, officers, or employees will be effective in preventing a loss of business. Such risk could be exacerbated after the consummation of the Acquisition.

Failure to maintain safe sites could materially affect our business and reputation. Such risk could be exacerbated after the consummation of the Acquisition.

Our employees and customers are often in close proximity with mechanized equipment, moving vehicles and chemical and other industrial substances. Our auction sites and warehouses are, therefore, potentially dangerous places and involve the risk of accidents, environmental incidents and other incidents which may expose us to investigations and litigation or could negatively affect the perception of customer and employee safety, health and security. Even in the absence of any incidents, unsafe site conditions could lead to employee turnover or harm our reputation generally, each of which would affect our financial performance. While safety is a primary focus of our business and is critical to our reputation and performance, our failure to implement safety procedures or implement ineffective safety procedures, would increase this risk and our operations and results from operations may be adversely impacted. Such risk could be exacerbated after the consummation of the Acquisition.

Income and commodity tax amounts, including tax expense, may be materially different than expected and there is a trend by global tax collection authorities towards the adoption of more aggressive laws, regulations, interpretations and audit practices.

Our global operations are subject to tax interpretations, regulations, and legislation in the numerous jurisdictions in which we operate, all of which are subject to continual change.

We accrue and pay income taxes and have significant income tax assets, liabilities, and expense that are estimates based primarily on the application of those interpretations, regulations and legislation, and the amount and timing of future taxable income as well as our use of applicable accounting principles. Accordingly, we cannot be certain that our estimates and reserves are sufficient. The timing concerning the monetization of deferred income tax amounts is

uncertain, as they are dependent on our future earnings and other events. Our deferred income tax amounts are valued based upon enacted income tax rates in effect at the time, which can be changed by governments in the future.

The audit and review activities of tax authorities affect the ultimate determination of the actual amounts of commodity taxes payable or receivable, income taxes payable or receivable, deferred income tax assets and liabilities, and income tax expense.

There is no assurance that taxes will be payable as anticipated or that the amount or timing of receipt or use of the tax-related assets will be as currently expected. Our experience indicates that taxation authorities are increasing the frequency and depth of audits and reviews. Future tax authority determinations, including changes to tax interpretations, regulations, legislation or jurisprudence, could have a material impact to our financial position. The fact that we operate internationally increases our exposure in this regard given the multiple forms of taxation imposed upon us.

Further and more generally, there has been increased political, media and tax authority focus on taxation in recent years; the intent of which appears to be to enhance transparency and address perceived tax avoidance. As such, in addition to tax risk from a financial perspective, our activities may expose us to reputational risk.

Our substantial international operations expose us to foreign exchange rate fluctuations that could harm our results of operations. Such risk could be exacerbated after the consummation of the Acquisition.

We conduct business in many countries around the world and intend to continue to expand our presence in international markets, including emerging markets. Fluctuating currency exchange rates may negatively affect our business in international markets and our related results of operations.

Although we report our financial results in U.S. dollars, a significant portion of our revenues and expenses are generated outside the U.S., primarily in currencies other than the U.S. dollar. In particular, a significant portion of our revenues are earned, and expenses incurred, in the Canadian dollar and the Euro. As a result, our financial results are impacted by fluctuations in foreign currency exchange rates. We do not currently engage in foreign currency hedging arrangements, and, consequently, foreign currency fluctuations may adversely affect our results of operations.

The results of operations of our foreign subsidiaries are translated from local currency into U.S. dollars for financial reporting purposes. If the U.S. dollar weakens against foreign currencies, the translation of these foreign currency denominated revenues or expenses will result in increased U.S. dollar denominated revenues and expenses. Similarly, if the U.S. dollar strengthens against foreign currencies, particularly the Canadian dollar and the Euro, our translation of foreign currency denominated revenues or expenses will result in lower U.S. dollar denominated revenues and expenses.

In addition, currency exchange rate fluctuations between the different countries in which we conduct our operations impact the purchasing power of buyers, the motivation of consignors, asset values and asset flows between various countries, including those in which we do not have operations. These factors and other global economic conditions may harm our business and our results of operations. Such risks could be exacerbated after the consummation of the Acquisition.

Our business is subject to the risks of operating internationally. Such risk could be exacerbated after the consummation of the Acquisition.

We operate in many international jurisdictions. There are risks inherent in doing business internationally, including, but not limited to:

- trade barriers, trade regulations, currency controls, import or export regulations, and other restrictions on doing business freely;
- local labor, environmental, tax, and other laws and regulations, and uncertainty or adverse changes in such laws and regulations or the interpretations thereof;
- difficulties in staffing and managing foreign operations;

- economic, political, social or labor instability or unrest, or changes in conditions;
- terrorism, war, hostage-taking, or military repression;
- corruption;
- expropriation and nationalization;
- high rates of inflation; and
- uncertainty as to litigation in foreign jurisdictions and enforcement of local laws.

If we violate the complex foreign and U.S. laws and regulations that apply to our international operations, we may face fines, criminal actions or sanctions, prohibitions on the conduct of our business and damage to our reputation. These risks inherent in our international operations increase our costs of doing business internationally and may result in a material adverse effect on our operations or profitability. Such risk could be exacerbated after the consummation of the Acquisition.

Our business operations may be subject to a number of federal and local laws, rules and regulations including export control regulations. Such risk could be exacerbated after the consummation of the Acquisition.

Our business operations may be subject to a number of federal and local laws, rules and regulations, including the Export Administration Regulations, or EAR, maintained by the U.S. Department of Commerce, the International Traffic in Arms Regulations, or ITAR, maintained by the U.S. Department of State, economic sanctions regulations maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC, and similar regulations in Canada and the European Union ("EU"). We have implemented procedures regarding compliance with these laws, including monitoring, on an automatic and manual basis, the potential sellers and buyers in our marketplace and restricting business from certain countries. We can offer no assurances that these procedures will always be effective.

We have implemented certain processes and procedures to prevent sellers and buyers that are located in a prohibited jurisdiction or are prohibited persons from participating in our marketplaces. Such processes and procedures are designed so that our business is in compliance with OFAC-administered sanctions regulations and other applicable sanction regulations, including those in Canada and the EU.

If we were to violate applicable export control or sanctions regulations, we could be subject to administrative or criminal penalties which, in certain circumstances, could be material. We could be subject to damages, financial penalties, denial of export privileges, incarceration of our employees, other restrictions on our operations, and reputational harm. Further, any action on the part of the U.S. Department of State, the U.S. Department of Commerce, OFAC or other applicable regulator against the company or any of our employees for potential violations of these laws could have a negative impact on our reputation and business, which might decrease stockholder value. Such risks could be exacerbated after the consummation of the Acquisition.

Failure to comply with anti-bribery, anti-corruption, and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the Corruption of Foreign Public Officials Act, or the CFPOA, and similar laws associated with our activities outside of the U.S. could subject us to penalties and other adverse consequences. Such risk could be exacerbated after the consummation of the Acquisition.

We are subject to the FCPA, the CFPOA, the U.S. domestic bribery statute contained in 18 U.S.C. §201, the U.S. Travel Act, the USA PATRIOT Act, the United Kingdom Bribery Act of 2010, or the U.K. Bribery Act, and possibly other anti-corruption, anti-bribery and anti-money laundering laws in countries in which we conduct activities or facilitate the buying and selling of equipment. We face significant risks if we fail to comply with the FCPA, the CFPOA and other anti-corruption and anti-bribery laws that prohibit companies and their employees and third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties or candidates, employees of public international organizations, and private-sector recipients for the corrupt purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In many foreign countries, particularly in countries with developing economies, it may be a

local custom that businesses engage in practices that are prohibited by the FCPA, the CFPOA or other applicable laws and regulations. In addition, we leverage various third parties to sell our solutions and conduct our business abroad. We, our channel partners, and our other third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We may be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. Our Code of Business Conduct and Ethics and other corporate policies mandate compliance with these anti-bribery laws, which often carry substantial penalties.

Any violation of the FCPA, other applicable anti-bribery, anti-corruption laws, and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, which could have a material and adverse effect on our reputation, business, operating results and prospects. In addition, responding to any enforcement action may result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees. Such risks could be exacerbated after the consummation of the Acquisition.

We are pursuing a long-term growth strategy that may include acquisitions and developing and enhancing an appropriate sales strategy, which requires upfront investment with no guarantee of long-term returns.

We continue to pursue a long-term growth strategy, including developing and enhancing an appropriate sales strategy, that contemplates upfront investments, including (i) investments in emerging markets that may not generate profitable growth in the near term, (ii) adding new business and information solutions, and (iii) developing our people. Planning for future growth requires investments to be made now in anticipation of growth that may not materialize, and if our strategies do not successfully address the needs of current and potential customers, we may not be successful in maintaining or growing our GTV and our financial condition and results of operations may be adversely impacted. We may also not be able to improve our systems and controls as a result of increased costs, technological challenges, or lack of qualified employees. A large component of our selling, general and administrative expenses is considered fixed costs that we will incur regardless of any GTV growth. There can be no assurances that our GTV and revenues will be maintained or grow at a more rapid rate than our fixed costs.

Part of our long-term growth strategy includes growth through acquisitions, such as the acquisition of IronPlanet, which poses a number of risks. We may not be successful in identifying appropriate acquisition candidates, consummating acquisitions on satisfactory terms or integrating any newly acquired or expanded business with our current operations. Additionally, significant costs may be incurred in connection with any acquisition and our integration of such businesses with our business, including legal, accounting, financial advisory and other costs. We may also not realize the anticipated benefits of, and synergies from, such acquisition. We cannot guarantee that any future business acquisitions will be pursued, that any acquisitions that are pursued will be consummated, or that we will achieve the anticipated benefits of completed acquisitions.

We are regularly subject to general litigation and other claims, which could have an adverse effect on our business and results of operations.

We are subject to general litigation and other claims that arise in the ordinary course of our business. The outcome and impact of such litigation cannot be predicted with certainty, but regardless of the outcome, these proceedings can have an adverse impact on us because of legal costs, diversion of management resources and other factors. While the results of these claims have not historically had a material effect on our business, financial condition or results of operations, we may not be able to defend ourselves adequately against these claims in the future, and these proceedings may have a material adverse impact on our financial condition or results of operations.

In addition to other legal proceedings, we may also be subject to intellectual property claims, which are extremely costly to defend, could require us to pay significant damages, and could limit our ability to use certain technologies in the future. Companies in the Internet and technology industries are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights.

We periodically receive notices that claim we have infringed, misappropriated, or misused other parties' intellectual property rights. To the extent we gain greater public recognition, we may face a higher risk of being the subject of intellectual property claims.

Third-party intellectual property rights may cover significant aspects of our technologies or business methods or block us from expanding our offerings. Any intellectual property claim against us, with or without merit, could be time consuming and expensive to settle or litigate and could divert the attention of our management. Litigation regarding intellectual property rights is inherently uncertain due to the complex issues involved, and we may not be successful in defending ourselves in such matters.

Many potential litigants, including some patent holding companies, have the ability to dedicate substantial resources to enforcing their intellectual property rights. Any claims successfully brought against us could subject us to significant liability for damages, and we may be required to stop using technology or other intellectual property alleged to be in violation of a third party's rights. We also might be required to seek a license for third-party intellectual property. Even if a license is available, we could be required to pay significant royalties or submit to unreasonable terms, which would increase our operating expenses. We may also be required to develop alternative non-infringing technology, which could require significant time and expense. If we cannot license or develop technology for any allegedly infringing aspect of our business, we would be forced to limit our service and may be unable to compete effectively. Any of these results could harm our business.

Our operating results are subject to quarterly variations.

Historically, our revenues and operating results have fluctuated from quarter to quarter. We expect to continue to experience these fluctuations as a result of the following factors, among others:

- the size, timing, nature and frequency of our auctions;
- the seasonal nature of the auction business in general, with peak activity typically occurring in the second and fourth calendar quarters, mainly as a result of the seasonal nature of the construction and natural resources industries;
- the extent and performance of our underwritten (guarantee and outright purchase) contracts;
- general economic conditions in the geographical regions in which we operate; and
- the timing of acquisitions and development of auction facilities and related costs.

In addition, we may incur substantial costs when entering new geographies and the profitability of operations at new locations is uncertain as a result of the increased variability in the number and size of auctions at new sites. These and other factors may cause our future results to fall short of investor expectations or not to compare favorably to our past results. Further, as our results generally fluctuate from quarter to quarter, period-to-period comparisons of our results of operations may not be meaningful indicators of future performance.

Privacy concerns and our compliance with current and evolving domestic or foreign laws and regulations regarding the processing of personal information and other data, such as collection, use, disclosure, storage, transfer and deletion may increase our costs, impact our marketing efforts, decrease adoption and use of our products and services, and our failure to comply with those laws and regulations may expose us to liability and reputational harm. Such risk could be exacerbated after the consummation of the Acquisition.

Federal, provincial, state and foreign governments continue to propose and adopt new, or modify existing, laws and regulations addressing data privacy, data protection, data sovereignty and the collection, use, disclosure, storage, transfer and deletion of data generally. Although we monitor the regulatory environment and have invested in addressing these developments, such as through our cybersecurity and privacy readiness programs, these laws may require us to make changes to our practices, products and services to enable us or our customers to meet the new legal requirements, and if we are found to have breached any such laws or regulations, we may be subject to enforcement actions that require us to change our practices, products and services, which may negatively impact our revenue, as well as expose us to liability through new or higher potential penalties and fines for non-compliance, civil and criminal penalties, litigation and lawsuits for alleged violations, as well as adverse publicity that could cause our customers to lose trust in us, negatively impacting our reputation and business in a manner that harms our financial position. These new or proposed laws and regulations are subject to differing interpretations that may change over time resulting in further compliance costs as well as diversion of resources to monitor developments. For example, following recent

developments in Europe, regulators are now interpreting existing data transfer provisions under European law differently and the use of certain transfer mechanisms now require companies to conduct risk assessments and implement supplementary measures. New and proposed laws and regulations may also be inconsistent among jurisdictions or conflict with other laws and regulations. As a result, these requirements and other potential self-regulatory standards and industry codes of conduct could require us to take on more onerous obligations in our contracts, restrict our ability to store, transfer and process data or, in some cases, impact our ability to offer certain services in certain locations, to deploy our software or data solutions, to market to current and prospective customers, or to derive insights from customers' online activity and data globally.

We believe that the laws and regulations being proposed and adopted in the United States, Canada, Australia, the European Union and in other jurisdictions will be increasingly restrictive in the field of data privacy and protection which will in turn result in an increase in regulatory burdens for us to address to continue meeting our customers' expectations, in particular in relation to the sharing of personal information with third parties, commercial electronic messages (such as email, SMS or other mobile chat applications), and the tracking of online activities for advertising. As our capacity to process large volumes of data increases, customer sentiment towards increased transparency and control and further interpretive guidance from regulatory agencies, may require us to change our operations and practices in a manner adverse to our business. In this uncertain and shifting regulatory and trust climate, even the perception that the privacy and security of personal information are not satisfactorily addressed or do not meet regulatory requirements could result in adverse publicity and reputation loss. Such risks could be exacerbated after the consummation of the Acquisition.

Our articles, by-laws, shareholder rights plan and Canadian legislation contain provisions that may have the effect of delaying or preventing a change in control.

Certain provisions of our articles of amalgamation, and by-laws, as well as certain provisions of the Canada Business Corporations Act (the "CBCA") and applicable Canadian securities law, could discourage potential acquisition proposals, delay or prevent a change in control or materially adversely impact the price that certain investors might be willing to pay for our common shares. Our articles of amalgamation authorize our board of directors to determine the designations, rights and restrictions to be attached to, and to issue an unlimited number of, junior preferred shares and senior preferred shares.

Our by-laws contain provisions establishing that shareholders must give advance notice to us in circumstances where nominations of persons for election to our board of directors are made by our shareholders other than pursuant to either a requisition of a meeting made in accordance with the provisions of the CBCA or a shareholder proposal made in accordance with the provisions of the CBCA.

Among other things, these advance notice provisions set a deadline by which shareholders must notify us in writing of an intention to nominate directors for election to the board of directors prior to any shareholder meeting at which directors are to be elected and set forth the information required in this notice for it to be valid.

Our board of directors has adopted a shareholder rights plan (the "Rights Plan"), pursuant to which we issued one right in respect of each common share outstanding. Under the Rights Plan, following a transaction in which any person becomes an "acquiring person" as defined in the Rights Plan, each right will entitle the holder to receive a number of common shares provided in the Rights Plan. The purposes of the Rights Plan are (i) to provide our board of directors time to consider value-enhancing alternatives to a take-over bid and to allow competing bids to emerge; (ii) to ensure that shareholders are provided equal treatment under a take-over bid; and (iii) to give adequate time for shareholders to properly assess a take-over bid without undue pressure. The Rights Plan can potentially impose a significant penalty on any person commencing a takeover bid that would result in the offeror becoming the beneficial owner of 20% or more of our outstanding common shares.

Any of these provisions, as well as certain provisions of the CBCA and applicable Canadian securities law, may discourage a potential acquirer from proposing or completing a transaction that may have otherwise presented a premium to our shareholders.

Our business continuity plan may not operate effectively in the event of a significant interruption of our business.

We depend on our information and other systems and processes for the continuity and effective operation of our business. We have implemented a formal business continuity plan covering most significant aspects of our business that would take effect in the event of a significant interruption to our business, or the loss of key systems as a result of a natural or other disaster. Although we have tested our business continuity plan as part of the implementation, there can be no assurance that it will operate effectively or that our business, results of operations and financial condition will not be materially affected in the event of a significant interruption of our business.

If we were subject to a disaster or serious security breach, it could materially damage our business, financial condition and results of operations.

Our insurance may be insufficient to cover losses that may occur as a result of our operations.

We maintain property and general liability insurance. This insurance may not remain available to us at commercially reasonable rates, and the amount of our coverage may not be adequate to cover all liabilities that we may incur. Our auctions generally involve the operation of large equipment close to a large number of people, and despite our focus on safe work practices, an accident could damage our facilities or injure auction attendees. Any major accident could harm our reputation and our business. In addition, if we were held liable for amounts exceeding the limits of our insurance coverage or for claims outside the scope of our coverage, the resulting costs could harm our financial condition and results of operations.

Certain global conditions may affect our ability to conduct successful events.

Like most businesses with global operations, we are subject to the risk of certain global or regional adverse conditions, such as pandemics or other disease outbreaks, including COVID-19, or natural disasters including extreme weather or other events, such as hurricanes, tornadoes, earthquakes, forest fires or floods that could hinder our ability to conduct our scheduled auctions, restrict our customers' travel patterns or their desire to attend auctions or impact our online operations, including disrupting the Internet or mobile networks or one or more of our service providers. If this situation were to occur, we may not be able to generate sufficient equipment consignments to sustain our business or to attract enough bidders to our auctions to achieve world fair market values for the items we sell. This could harm our financial condition and results of operations. Some climatic models indicate that global warming may result in rising sea levels, increased intensity of weather, and increased frequency of extreme precipitation and flooding. To the extent these phenomena occur, the risks noted above may increase.

U.S. civil liabilities may not be enforceable against us, our directors, or our officers.

We are governed by the CBCA and our principal place of business is in Canada. Many of our directors and officers reside outside of the United States and all or a substantial portion of their assets, as well as a substantial portion of our assets, are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us and such directors and officers or to enforce judgments obtained against us or such persons, in U.S. courts, in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws or any other laws of the United States.

Additionally, rights predicated solely upon civil liability provisions of U.S. federal securities laws or any other laws of the United States may not be enforceable in original actions, or actions to enforce judgments obtained in U.S. courts, brought in Canadian courts, including courts in the Province of British Columbia.

We are governed by the corporate laws of Canada which in some cases have a different effect on shareholders than the corporate laws of Delaware.

We are governed by the CBCA and other relevant laws, which may affect the rights of shareholders differently than those of a company governed by the laws of a U.S. jurisdiction, and may, together with our charter documents, have the effect of delaying, deferring or discouraging another party from acquiring control of our company by means of a tender offer, a proxy contest or otherwise, or may affect the price an acquiring party would be willing to offer in such an instance.

Ineffective internal control over financial reporting could result in errors in our financial statements, reduce investor confidence, and adversely impact our stock price.

In the fourth quarter of 2020, we identified a material weakness over the review of the recording of manual journal entries in one of our geographies; specifically, controls were not operating effectively to ensure that journal entries were properly prepared with appropriate supporting documentation. Additionally, we identified a material weakness over the completeness and accuracy of key reports used in the performance of controls to address the occurrence and measurement of revenue. There were no adjustments required in the 2020 interim or annual consolidated financial statements due to these material weaknesses. We are committed to maintaining a strong internal control environment and will make it a priority to implement measures designed to help ensure that control deficiencies contributing to the material weaknesses are remediated. In order to address the material weaknesses in internal control over financial reporting noted above, management with oversight and direction from the Audit Committee and the Board of Directors, have implemented remediation steps and initiatives in 2021 to remediate the material weaknesses. Such remediation efforts are intended to address the identified material weaknesses and enhance our overall financial control environment. Failure to remediate these control deficiencies could result in violations of applicable securities laws, stock exchange listing requirements, may subject us to litigation and investigations, negatively affect investor confidence in our financial statements, and adversely impact our stock price and ability to access capital markets.

Risks Related to Our Intellectual Property

We may be unable to adequately protect or enforce our intellectual property rights, which could harm our reputation and adversely affect our growth prospects.

We regard our proprietary technologies and intellectual property as integral to our success. We protect our proprietary technology through a combination of trade secrets, third-party confidentiality and nondisclosure agreements, additional contractual restrictions on disclosure and use, and patent, copyright, and trademark laws.

We currently are the registered owners of many Internet domain names internationally. As we seek to protect our domain names in an increasing number of jurisdictions, we may not be successful in doing so in certain jurisdictions. Our competitors may adopt trade names or domain names similar to ours, thereby impeding our ability to promote our marketplace and possibly leading to customer confusion. In addition, we could face trade name or trademark or service mark infringement claims brought by owners of other registered or unregistered trademarks or service marks, including trademarks or service marks that may incorporate variations of our brand names. The legal means we use to protect our proprietary technology and intellectual property do not afford complete protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. We cannot guarantee that any of our present or future intellectual property rights will not lapse or be invalidated, circumvented, challenged or abandoned; our intellectual property rights will provide competitive advantages to us; our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes will not be limited by our agreements with third parties; any of our pending or future patent applications will be issued or have the coverage originally sought; or our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak.

We also may allow certain of our registered intellectual property rights, or our pending applications or registrations for intellectual property rights, to lapse or to become abandoned if we determine that obtaining or maintaining the applicable registered intellectual property rights is not worthwhile.

Further, although it is our practice to enter into confidentiality agreements and intellectual property assignment agreements with our employees and contractors, these agreements may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy, reverse engineer, or otherwise obtain and use our products or technology. We cannot be certain that we will be able to prevent unauthorized use of our technology or infringement or misappropriation of our intellectual property, particularly in foreign countries where the laws may not protect our proprietary rights. Effective patent, copyright, trademark, service mark, trade secret, and domain name protection is time-consuming and expensive to maintain. Litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the

proprietary rights of others, which could result in substantial costs and diversion of our resources. In addition, our efforts may be met with defenses and counterclaims challenging the validity and enforceability of our intellectual property rights or may result in a court determining that our intellectual property rights are unenforceable. If we are unable to cost-effectively protect our intellectual property rights, then our business could be harmed. If competitors are able to use our technology or develop proprietary technology similar to ours or competing technologies, our ability to compete effectively and our growth prospects could be adversely affected.

We are subject to the terms of open source licenses because our technology platform incorporates open source software. Such risk could be exacerbated after the consummation of the Acquisition.

Some of the software powering our marketplace incorporates software covered by open source licenses. The terms of many open source licenses have not been interpreted by U.S. courts and there is a risk that the licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to operate our marketplace. Under certain open source licenses, we could be required to publicly release the source code of our software or to make our software available under open source licenses. To avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software which could significantly interrupt our operations.

In addition, use of open source software can lead to greater risks than use of third-party commercial software because open source licensors generally do not provide warranties or controls on the origin of the software. Use of open source software may also present additional security risks because the public availability of this software may make it easier for hackers and other third parties to determine how to compromise our technology platform. Any of these risks could be difficult to eliminate or manage and, if not addressed, could adversely affect our business, financial condition and results of operations. Such risk could be exacerbated after the consummation of the Acquisition.

Risks Related to Our Industry

Competition could result in reductions in our future revenues and profitability.

The global used equipment market, including the auction segment of that market, is highly fragmented. We compete for potential purchasers and sellers of equipment with other auction companies and with non-auction competitors such as equipment manufacturers, distributors and dealers, equipment rental companies, and other online marketplaces. When sourcing equipment to sell at our auctions or other marketplaces, we compete with other on site and online auction companies, OEM and independent dealers, equipment brokers, other third parties, and equipment owners that have traditionally disposed of equipment in private sales.

Some of our competitors have significantly greater financial and marketing resources and name recognition than we do. New competitors with greater financial and other resources and/or different business models/strategies may enter the equipment auction market in the future. Additionally, existing or future competitors may succeed in entering and establishing successful operations in new geographic markets prior to our entry into those markets. They may also compete against us through internet-based services and other combined service offerings.

If commission rates decline, or if our strategy to compete against our many competitors is not effective, our revenues, market share, financial condition and results of operations may be adversely impacted. We may be susceptible to loss of business if competing selling models become more appealing to customers. If our selling model becomes undesirable or we are not successful in adding services complementary to our existing selling model and business, we may not be successful increasing market penetration over the long-term, which could prevent us from achieving our long-term earnings growth targets.

Our relationships with key long-term customers may be materially diminished or terminated.

We have long-standing and/or strategic relationships with a number of our customers and business partners, many of whom could unilaterally terminate their relationship with us or materially reduce the amount of business they conduct with us at any time. Market competition, business requirements and financial conditions could adversely affect our ability to continue or expand our relationships with our customers and business partners. There is no guarantee that we will be able to retain or renew existing agreements, or maintain relationships with any of our customers or business

partners, on acceptable terms or at all. The loss of one or more of our major customers or business partners could adversely affect our business, financial condition and results of operations.

Decreases in the supply of, demand for, or market values of used equipment, could harm our business.

Our revenues could decrease if there was significant erosion in the supply of, demand for, or market values of used equipment, which could adversely affect our financial condition and results of operations. We have no control over any of the factors that affect the supply of, and demand for, used equipment, and the circumstances that cause market values for equipment to fluctuate — including, among other things, economic uncertainty, global geopolitical climate, disruptions to credit and financial markets, lower commodity prices, and our customers' restricted access to capital — are beyond our control. Recent economic conditions have caused fluctuations in the supply, mix and market values of used equipment available for sale, which has a direct impact on our revenues.

In addition, price competition and the availability of equipment directly affect the supply of, demand for, and market value of used equipment. Climate change initiatives, including significant changes to engine emission standards applicable to equipment, may also adversely affect the supply of, demand for our market values of equipment.

Risks Related to the Transactions

The Acquisition is subject to conditions and may not be completed or may not be completed as described.

A significant amount of the information contained in this offering circular relating to the Target Companies and the Acquired Businesses, including financial information given on a pro forma basis and certain information about our business, geographic presence and market position, gives pro forma effect to the completion of the Acquisition. Although we believe that the Acquisition will be completed as described herein, there can be no assurances that this will be the case.

The consummation of the Acquisition pursuant to the SPA is subject to the terms and conditions set out therein, including (i) customary conditions relating to the obtaining of antitrust clearance in the United Kingdom, (ii) the Vendors providing certain assistance and financial and other information in connection with Ritchie Bros.'s financing for the Acquisition (including this offering), and (iii) other customary closing conditions. The Acquisition will not be consummated until such clearances are received and such conditions are satisfied, which may take several months or longer. Furthermore, there can be no assurance that such clearances are received and such conditions are satisfied. Alternatively, the relevant antitrust authorities may authorize clearance of the Acquisition but demand that we implement certain remedies, such as undertakings or divestitures as a condition to close the Acquisition. Any such remedies would likely make the Acquisition less attractive and limit the size of the business we acquire and our ability to deliver the anticipated synergies and other benefits. We cannot assure you that we will be permitted to undertake the Acquisition in a timely fashion, without remedies, or at all.

If the Acquisition is not consummated on or before September 30, 2022 or the SPA is terminated prior to such date, we will be required to redeem all of the outstanding notes at a redemption price equal to 100% of the original offering price of the notes, plus accrued and unpaid interest to, but excluding, the date of such mandatory redemption. See "Description of Notes—Redemption—Special Mandatory Redemption."

Moreover, the Acquisition is expected to be consummated in accordance with the terms of the SPA, and the SPA may be modified, amended and waived at any time by the parties thereto, without the consent of the holders of the notes. Furthermore, modifications and amendments made to the SPA may make the Acquisition less attractive. Any amendment made to the SPA may be adverse to the holders of the notes, which, in turn, may have an adverse effect on the return you expect to receive on the notes.

We could experience delays or impediments to executing our acquisition strategy and expanding our business due to antitrust laws.

Our proposed business acquisitions and dispositions, including the Acquisition, are subject to obtaining of certain antitrust clearances. The relevant regulatory and antitrust authorities focus on the effects on competition, including the structure of the relevant markets and the pro-competitive benefits of the transaction. Any delay, prohibition or

modification required by regulatory and antitrust authorities could adversely affect the terms of a proposed acquisition or could require us to modify or abandon an otherwise attractive acquisition opportunity.

Significant costs have been incurred and are expected to be incurred in connection with the consummation of the Transactions and the integration of the Target Companies with Ritchie Bros. into a combined company, including legal, accounting, financial advisory and other costs.

We expect to incur one-time costs in connection with integrating our operations, products and personnel with those of the Target Companies into a combined company, in addition to costs related directly to completing the Transactions. We would expect similar costs to be incurred in connection with any future acquisition. These costs may include expenditures for:

- reorganization or closures of facilities;
- employee redeployment, relocation or severance; and
- integration of operations and information systems.

In addition, we expect to incur a number of non-recurring costs associated with combining our operations with those of the Target Companies. Additional unanticipated costs may yet be incurred as we integrate our business with the Target Companies. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of our operations with the Target Companies, may offset incremental transaction and transaction-related costs over time, this net benefit may not be achieved in the near term.

We may not realize the anticipated benefits of, and synergies from, the Transactions and may become responsible for certain liabilities and integration costs as a result.

Business acquisitions involve the integration of new businesses that have previously operated independently from us. The integration of our operations with those of the Target Companies is expected to result in financial and operational benefits, as well as operating synergies we expect to capture through corporate expense reduction including elimination of duplicate corporate administrative costs, auction site rationalization as a result of a larger digital footprint, and integration of operations and systems. There can be no assurance, however, regarding when or the extent to which we will be able to realize these and other benefits. We may incur costs in connection with our efforts to realize such expense reductions in excess of our estimates. Integration may also be difficult, unpredictable, and subject to delay because of possible company culture conflicts and different opinions on future business development. We may be required to integrate or, in some cases, replace, numerous systems, including those involving management information, purchasing, accounting and finance, sales, billing, employee benefits, payroll and regulatory compliance, many of which may be dissimilar. Difficulties associated with the integration of Acquired Businesses could have a material adverse effect on our business.

In addition, in connection with the Transactions, we have assumed, and may assume in connection with future acquisitions, certain potential liabilities. To the extent such liabilities are not identified by us or to the extent indemnifications obtained from third parties are insufficient to cover such liabilities, these liabilities could have a material adverse effect on our combined company's business.

Integrating our business with the Acquired Businesses may divert our management's attention away from operations.

Successful integration of the Target Companies' operations, products and personnel with ours may place a significant burden on our management and other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could adversely affect our combined company's business, financial condition and operating results.

Our historical and pro forma financial information may not be indicative of our future financial performance.

Our pro forma financial information included in this offering circular has been derived from the consolidated financial statements of Ritchie Bros. and the carve-out combined financial statements of the Acquired Businesses, and relies on certain assumptions and estimates that relate to the expected fair value of acquired assets and assumed liabilities, related depreciation and amortization expenses, goodwill, acquisition costs, purchase price adjustments, interest expense and other amounts associated with the Transactions. Accordingly, our pro forma historical results of operations may not be indicative of our combined company's future operating or financial performance and our actual financial condition and results of operations may vary materially from our pro forma results of operations and balance sheet contained elsewhere in this offering circular.

Even if we are able to successfully integrate the operations of Ritchie Bros. and the Target Companies, we may not realize the full benefits that we anticipate. If we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the benefits from the Acquisition may be offset by costs incurred in integrating Ritchie Bros. and the Target Companies, increases in other expenses, operating losses or problems in the business unrelated to the Acquisition. As a result, there can be no assurance that such synergies or other benefits will be achieved. See “—We may not realize the anticipated benefits of, and synergies from, the Transactions and may become responsible for certain liabilities and integration costs as a result.”

USE OF PROCEEDS

We intend to use the net proceeds from this offering, together with proceeds from the Delayed-Draw Term Facility, to fund the Purchase Price and to pay related fees and expenses. We expect to use any remaining net proceeds from this offering and future borrowings under the Revolving Facilities for general corporate purposes.

Upon the closing of this offering, each Issuer will deposit the gross proceeds from this offering, together with certain additional amounts, into an escrow account. If the Acquisition is not consummated on or before September 30, 2022 or the SPA is terminated prior to such date, the Issuers will be required to redeem all of the outstanding notes at a redemption price equal to 100% of the original offering price of the notes, plus accrued and unpaid interest to, but excluding, the date of such mandatory redemption. See “Description of Notes—Redemption—Special Mandatory Redemption.” This offering is not conditioned on the consummation of the Acquisition. The Acquisition is, however, subject to certain closing conditions, including required antitrust approvals and other customary closing conditions, and there can be no assurance that the Acquisition will be consummated on the terms described herein or at all.

The following table sets forth the estimated sources and uses of funds in connection with the Transactions, assuming they occurred on September 30, 2021. The actual sources and uses of funds may vary from the estimated sources and uses of funds in the table and accompanying footnotes set forth below.

Sources		Uses	
	(in millions)		
Notes offered hereby ⁽¹⁾	935.2	Net Purchase Price ⁽²⁾	\$ 1,015.5
Delayed-Draw Term Facility	205.0	Transaction fees and expenses ⁽³⁾	55.6
		Cash to balance sheet	69.1
Total Sources	<u>\$ 1,140.2</u>	Total Uses	<u>\$ 1,140.2</u>

(1) Represents estimated gross proceeds of this offering, without deduction for initial purchasers’ discounts and other estimated fees and expenses.

(2) Represents \$1,116.8 million for the Purchase Price, which is subject to adjustments as set forth in the SPA, less acquired cash and cash equivalents and restricted cash of \$113.3 million, plus amounts paid as a result of the settlement of \$30.4 million of short term debt, less \$18.4 million received on settlement of related party balances on completion of the Acquisition.

(3) Includes fees and expenses related to this offering, the Acquisition and the other Transactions.

CAPITALIZATION

The following table sets forth Ritchie Bros.' cash and cash equivalents and capitalization as of September 30, 2021, on an actual basis and a pro forma basis to give effect to the Transactions.

This table should be read in conjunction with “The Transactions,” “Description of Certain Other Indebtedness,” “Unaudited Pro Forma Condensed Combined Financial Information,” “Summary—Summary Historical Consolidated Financial and Other Data of Ritchie Bros.,” “Use of Proceeds,” and Ritchie Bros.’ historical consolidated financial statements and related notes, which is incorporated by reference into this offering circular, and the Acquired Businesses’ historical carve-out combined financial statements and related notes, which is included elsewhere in this offering circular. Totals may not sum due to rounding.

	As of September 30, 2021 Actual	As of September 30, 2021⁽¹⁾ Pro Forma
	(in millions)	
Cash and cash equivalents	\$ 362.6	\$ 431.3
Long term debt:		
Revolving Facility	\$ 46.4	\$ 46.4
Term Loan.....	93.8	93.8
Less: unamortized debt issue costs	(0.6)	(0.6)
Delayed-Draw Term Facility.....	—	205.0
Less: unamortized debt issue costs	—	(1.8)
Total secured long-term debt:	139.6	342.8
Existing 5.375% Senior Notes due 2025.....	500.0	500.0
Less: unamortized debt issue costs	(5.9)	(5.9)
Notes offered hereby.....	—	935.2
Less: unamortized debt issue costs related to the notes offered hereby	—	(15.0)
Total long-term debt ⁽²⁾	633.7	1,757.1
Total stockholders’ equity.....	1,061.9	1,031.1
Total capitalization	\$ 1,695.6	\$ 2,788.2

(1) Reflects estimated gross proceeds of \$935.2 million from this offering, without deduction for initial purchasers’ discounts and other fees and expenses. We intend to use the net proceeds from this offering, together with proceeds from the Delayed-Draw Term Loan, to fund the Purchase Price and to pay related fees and expenses. See “Use of Proceeds.”

(2) Does not reflect \$175.0 million of indebtedness incurred to pay the Merger Consideration in connection with the SmartEquip Merger.

THE TRANSACTIONS

The Transactions

The Acquisition

On August 9, 2021, the Purchaser entered into the SPA pursuant to which it has agreed to purchase the Target Companies.

Under the terms of the SPA, the Purchaser will acquire all of the outstanding shares of the Target Companies from their existing shareholders, being Gardrum Holdings Limited, Lynden Keys, Wendy Keys, Trevor Keys and Jolene Keys, for an enterprise value of £775 million (approximately US\$1.04 billion).

Ritchie Bros. currently expects the Acquisition to be completed by the end of the first fiscal quarter of 2022. Consummation of the Acquisition is, however, subject to the satisfaction, or written waiver by the Purchaser, of certain customary conditions, including (i) obtaining antitrust clearance in the United Kingdom, (ii) the Vendors providing certain assistance and financial and other information in connection with Ritchie Bros.' financing for the Acquisition (including this offering), and (iii) other customary closing conditions.

The SPA also contains customary warranties given by certain of the Vendors, the Purchaser and Ritchie Bros., covenants regarding the operation of the Target Companies' businesses prior to the closing of the Acquisition, post-closing covenants restricting the Vendors from engaging in certain actions that are competitive with, or harmful to, the Target Companies' businesses for a period of 36 months after the closing of the Acquisition, and provisions regarding indemnification in favor of the Purchaser.

Ritchie Bros., the Purchaser and each Vendor have agreed to use their respective reasonable efforts to ensure that the conditions to closing the Acquisition are satisfied as soon as practicable and in any event by the Longstop Date. The parties may, in certain circumstances, extend the Longstop Date once by a maximum of 80 business days. If any condition is not satisfied or waived by the Purchaser by the Longstop Date (including as extended), the SPA will terminate, unless the parties agree to extend the SPA. The SPA also contains rights of the Purchaser to terminate the SPA upon the occurrence of a termination event, including (i) Derek Keys not performing his role in respect of the Target Companies as it was carried on prior to the date of the SPA (other than in certain limited circumstances outside of his control), (ii) a breach of certain fundamental warranties of the Vendors, (iii) a breach of other warranties or covenants of the Vendors which have or are reasonably likely to have a material adverse effect, as such term is defined in the SPA, (iv) certain insolvency events with respect to any Target Company, or (v) the existence of certain legal restraints or orders restraining the consummation of the Acquisition.

This offering is not conditioned on the consummation of the Acquisition, but in certain circumstances we may be required to redeem the notes. See "Description of Notes—Redemption—Special Mandatory Redemption."

The Acquisition and SPA have been approved by the boards of directors of the Purchaser and Ritchie Bros.

The Target Companies and the Acquired Businesses

The Target Companies operate two complementary businesses that are closely integrated with one another. The auctions business primarily conducts unreserved auctions of heavy equipment consigned on a straight commission basis by third parties. The auctions business operates under the Euro Auctions brand globally and the Yoder & Frey brand in the United States. The sourcing business primarily focuses on the sourcing of plant and heavy equipment assets, which are mainly sold by the auction business. With the support of the sourcing business, the mix of auction and sourcing operations provide a dual profit opportunity and resilience against economic cycles. The sourcing business operates under the WKS Holdings, EPSL and ESL brands. The Target Companies have undergone strong growth, with revenue increasing from £120 million for the year ended December 31, 2016 to £221 million for the year ended December 31, 2020. The financial information relating to the auctions business and the sourcing business included in this section have not been audited and have been derived from management information based on the operations of the Target Companies.

The Auctions Business

Founded in 1998, the Euro Auctions brand is a leading provider of plant and heavy machinery auctions. For the year ended December 31, 2020, the Euro Auctions and Yoder & Frey auctions businesses conducted 60 auctions, selling close to 90,000 items for £484 million across its nine locations in Germany, Spain, Northern Ireland, the United Kingdom, the United Arab Emirates, Australia, and the United States and through its online bidding platform. For the year ended December 31, 2019 and December 31, 2018, the auctions business generated a winning bid value of £510 million and £412 million, respectively. For the year ended December 31, 2020, the auctions business had revenues of £42 million.

The auctions business supports vendors by providing the physical location, organizing the marketing campaign, running the auction process and processing payments. The Target Companies' auctions business has a large network of vendors across Europe, which in turn increases the volume and range of products sold, creating a genuine marketplace with high connectivity between buyers and sellers.

The auctions business has a highly diversified range of multi-sector buyers and vendors across its global platform with no individual third-party buyer or vendor exceeding 3% of aggregate winning bid value for the year ended December 31, 2020.

The dedicated employee team provides a positive customer experience. These customer relationships provide the auctions business with a continuous stream of new customers and vendors, driving strong repeating revenues. With full transparency and no hidden costs, the auctions business charges a negotiated fee with vendors and charges buyers a set fee. At no time does the auction company have beneficial ownership of the plant and heavy machinery assets, reducing risk to vendors and buyers and increasing customer relationships.

The parallel use of live auctions and online bidding platforms facilitate broad buyer and vendor engagement. The auctions business online platform drives growth in the buyer customer base due to the increased adoption of online viewing, searching, watching and bidding activity and ensures every action is a global experience. Through the 24/7 daily marketplace, buyers have instant access to equipment available to purchase at "Buy Now" prices or negotiate with "Make an Offer" options while vendors have increased control over price, location and timing. Heavy investment in the online platform allowed for a seamless transition to fully digital online-only platform at the onset of the COVID-19 pandemic.

The Sourcing Business

The Target Companies' sourcing business helps to support the auctions business and operates under the EPSL and ESL brands primarily in the United Kingdom, while the WKS Holdings brand has a global footprint. For the year ended December 31, 2020, the sourcing business had revenues of £179 million.

The sourcing business operates on a global basis to purchase and move plant and heavy machinery to any country in the world, providing the auctions business with the appropriate plant and heavy machinery for increased flexibility and optionality to stimulate more buyers and vendors. Acquired used plant and heavy machinery is then shipped and prepared for sale at a Euro Auctions auction site. The ability to transport plant and heavy machinery to any site globally based on demand creates location arbitrage opportunity while plant and heavy machinery restoration capabilities provide an opportunity to increase potential sale value.

Internally-sourced plant and heavy machinery that are not sold via the Euro Auctions' auction platform are made direct to customers off-market on special request in between auction cycles. Unlike the auctions business, the sourcing business acquires beneficial ownership of the plant and heavy machinery assets until they are sold.

Sourcing operations provide price arbitrage opportunities and provide supply to the auctions business with the appropriate plant and heavy machinery to stimulate returning buyers.

Financing of the Acquisition

In addition to this offering, we have obtained, expect to obtain or otherwise incur additional financing for the Acquisition as described below.

New Credit Facilities, the Credit Agreement and Bridge Facility Commitment

In connection with the execution of the SPA, we obtained a financing commitment, dated August 8, 2021, from GS Bank pursuant to which GS Bank and certain other financial institutions committed to provide (i) a senior secured revolving credit facility in an aggregate principal amount of \$530 million, (ii) a senior secured term loan facility in an aggregate principal amount of \$100 million and (iii) a senior unsecured bridge loan facility in an aggregate principal amount of up to \$1,150 million. To replace the commitments in respect of the New Credit Facilities and \$200 million of the commitments in respect of the Bridge Loan Facility, reducing the commitments in respect of the Bridge Loan Facility to \$950 million, we obtained an amendment to our Existing Credit Agreement. We will seek to replace all or a portion of the remaining commitments in respect of the Bridge Loan Facility with senior unsecured debt securities (including the notes offered hereby). For additional information about our Credit Agreement, see “Description of Certain Other Indebtedness.”

The Commitment Letter provides that we may use the proceeds of the Bridge Loan Facility to finance the Acquisition and pay certain transaction costs and expenses. The commitments of GS Bank and the other financial institutions under the Commitment Letter are subject to conditions, including the concurrent closing of the Acquisition, the discharge of certain indebtedness of the Target Companies, us having engaged one or more investment banks to sell or place and such investment banks having been afforded a customary period to market up to \$950 million of senior unsecured notes (which includes the notes offered hereby), the delivery of certain customary information, the accuracy of certain representations and other customary conditions.

The agreement or agreements for the Bridge Loan Facility would contain affirmative covenants, negative covenants and events of default to be negotiated by the parties.

The final termination date for the Commitment Letter shall occur upon the earliest of: (i) the date that is five business days after the Longstop Date (as such date may be extended by the parties to the SPA), (ii) the termination of the SPA in accordance with its terms in the event the Acquisition is not consummated or (iii) the consummation of the Acquisition with or without the Facilities being funded.

The proceeds of this offering will reduce the remaining commitments under the Bridge Loan Facility.

An affiliate of GS Bank is also acting as the Company’s financial adviser with respect to the Acquisition.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The unaudited pro forma condensed combined financial information of Ritchie Bros. is presented to illustrate the pro forma effects of the following transactions: (i) the Acquisition, (ii) this offering of the notes and (iii) borrowings under the Delayed-Draw Term Loans. We refer to the offering of these notes and the borrowings under the Delayed-Draw Term Loans collectively as the “Financing.”

The unaudited pro forma condensed combined balance sheet as of September 30, 2021 combines the historical consolidated balance sheet of Ritchie Bros. and the historical interim carve-out combined balance sheets of the Acquired Businesses as of September 30, 2021, giving effect to the Acquisition and Financing as if they had occurred on September 30, 2021. The unaudited pro forma condensed combined income statements for the nine months ended September 30, 2021 and 2020, the twelve months ended September 30, 2021, and the year ended December 31, 2020, combine the historical condensed consolidated income statements of Ritchie Bros. and the historical carve-out combined income statements of the Acquired Businesses for the respective periods giving effect to the Acquisition and Financing as if they had occurred on January 1, 2020, the first day of our 2020 fiscal year. The unaudited pro forma condensed combined income statement for the twelve months ended September 30, 2021 is mathematically derived from the unaudited pro forma condensed combined income statement for the year ended December 31, 2020, plus the unaudited pro forma condensed combined income statement for the nine months ended September 30, 2021, less the unaudited pro forma condensed combined income statement for the nine months ended September 30, 2020.

Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined balance sheet and income statements.

The unaudited pro forma condensed combined financial information set forth below gives effect to transaction accounting adjustments to: (i) eliminate intragroup balances and transactions; (ii) record consideration paid, assets acquired, and liabilities assumed through the Acquisition at their fair values; (iii) reflect amortization of fair value adjustments for intangible assets; (iv) reflect changes in management compensation as a result of the Acquisition; (v) reflect acquisition-related costs incurred in connection with the Acquisition; and (vi) reflect the Financing and related costs (collectively, the “Pro Forma Adjustments”).

The acquisition of the Acquired Businesses will be treated as a business combination using the acquisition method of accounting under the provisions of ASC 805, which requires the Company to recognize the Acquired Businesses’ identifiable assets acquired and liabilities assumed at fair value, recognize consideration transferred in the acquisition at fair value and recognize goodwill, if any, as the excess of consideration transferred over the net of the acquisition date fair value of identifiable assets acquired and liabilities assumed. The purchase consideration will be allocated to the assets and liabilities acquired based upon their estimated fair values as of the date of completion of the Acquisition. As a result, the pro forma adjustments are preliminary and subject to change as additional information becomes available and as additional analysis is performed. The preliminary pro forma adjustments have been made solely for the purposes of providing the unaudited pro forma condensed combined financial information. The fair values of identifiable tangible and intangible assets acquired and liabilities assumed are based on preliminary valuations and estimates by management as of September 30, 2021. Adjustments to these preliminary estimates are expected to occur and these adjustments could have a material impact on the accompanying unaudited pro forma condensed combined financial information.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited pro forma condensed combined financial information is presented for informational purposes only. The unaudited pro forma condensed combined financial information does not purport to represent what our results of operations or financial condition would have been had the Acquisition and Financing described above actually occurred on the dates indicated, and it does not purport to project our results of operations or financial condition for any future period or as of any future date. The unaudited pro forma condensed combined financial information does not reflect management adjustments for any cost savings or associated costs to achieve such savings from operating efficiencies or synergies that may result from the Acquisition. In addition, this unaudited pro forma condensed combined financial information does not include the impacts of any future integration or restructuring activities that may occur as a result of the Acquisition, since management has not completed the process of making these assessments. The unaudited pro forma condensed combined financial information includes adjustments that are preliminary and may be revised, and there can be no assurance that such revisions will not result in material changes to the information.

The unaudited pro forma condensed combined financial information should be read in conjunction with the information included under the headings “Summary — Summary Historical Consolidated Financial and Other Data of Ritchie Bros.,” “The Transactions” and the historical carve-out combined financial statements of the Acquired Businesses including related notes, each of which is included elsewhere in this offering circular, as well as “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Ritchie Bros.” and the historical consolidated financial statements of Ritchie Bros. included in Ritchie Bros.’ SEC filings incorporated by reference into this offering circular.

Unaudited Pro Forma Condensed Combined Balance Sheet
as of September 30, 2021
(in thousands of U.S. dollars)

	Historical				Pro Forma Transaction Accounting Adjustments										
	Ritchie Bros. Auctioneers Incorporated (As reported)	Euro Auctions Pillar (Note 1)	Equipment & Plant Services Pillar (Note 1)	Equipment Sales Pillar (Note 1)	Intragroup Elimination Adjustments (Note 4A)	Acquisition (Note 5)		Financing & Other (Note 5)				Ritchie Bros. Auctioneers Incorporated Pro Forma			
Assets															
Current assets															
Cash and cash equivalents	\$ 362,612	\$ 102,608	\$ 4,840	\$ 5,494	\$ —	\$ (1,168,530)	(A)	\$ 1,124,297	(J)	\$		\$ 431,321			
Restricted cash	105,742	366	—	—	—	—		—				106,108			
Trade and other receivables	253,715	26,064	58	501	—	—		—				280,338			
Less: allowance for credit losses.....	(4,138)	(607)	—	—	—	—		—				(4,745)			
Amounts owed by related parties.....	—	—	16,043	16,502	(6,402)	(26,143)	(G)	—				—			
Inventory	64,201	38,637	3,412	3,139	—	674	(B)	—				110,063			
Other current assets ...	31,796	14,609	—	205	—	—		—				46,610			
Income taxes receivable	11,484	—	—	—	—	—		—				11,484			
Total current assets	825,412	181,677	24,353	25,841	(6,402)	(1,193,999)		1,124,297				981,179			
Property, plant and equipment.....	466,162	10,276	—	96	—	(1,771)	(C)	—				474,763			
Other non-current assets	149,819	13,235	—	—	—	(12,717)	(C)	(896)	(K)			149,441			
Intangible assets	285,148	1,247	—	—	—	280,867	(D)	—				567,262			
Goodwill	837,708	—	—	—	—	763,771	(E)	—				1,601,479			
Deferred tax assets	12,100	—	—	—	—	8,876	(F)	—				20,976			
Total assets	\$ 2,576,349	\$ 206,435	\$ 24,353	\$ 25,937	\$ (6,402)	\$ (154,973)		\$ 1,123,401				\$ 3,795,100			
Liabilities and Equity															
Current liabilities:															
Auction proceeds payable	\$ 428,555	\$ 39,735	\$ —	\$ —	\$ —	—		—				\$ 468,290			
Amounts owed to related parties.....	—	14,153	—	13	(6,402)	(7,764)	(G)	—				—			
Trade and other payables.....	228,939	7,454	226	993	—	—		—				237,612			
Income taxes payable	5,033	7,917	541	1,114	—	—		—				14,605			
Short term debt.....	18,481	30,183	184	—	—	(30,367)	(G)	—				18,481			
Current portion of long-term debt.....	1,172	—	—	—	—	—		10,250	(K)			11,422			
Total current liabilities.....	682,180	99,442	951	2,120	(6,402)	(38,131)		10,250				750,410			
Long-term debt.....	632,520	—	—	—	—	—		1,113,151	(K)			1,745,671			
Other non-current liabilities.....	153,560	16,102	—	—	—	(15,630)	(C)	—				154,032			
Deferred tax liabilities	45,732	629	—	—	—	67,130	(F)	—				113,491			
Total liabilities	\$ 1,513,992	\$ 116,173	\$ 951	\$ 2,120	\$ (6,402)	\$ 13,369		\$ 1,123,401				\$ 2,763,604			
Stockholders' equity ..															
Share capital:															
Common stock	219,609	—	—	—	—	—		—				219,609			
Additional paid-in capital	57,595	—	—	—	—	—		—				57,595			
Retained earnings.....	836,759	—	—	—	—	(30,861)	(I)	—				805,898			
Net Parent Investment Accumulated other comprehensive income	—	89,652	23,066	23,409	—	(136,127)	(H)	—				—			
Stockholders' equity ..	(52,022)	610	336	408	—	(1,354)	(H)	—				(52,022)			
Non-controlling interest	1,061,941	90,262	23,402	23,817	—	(168,342)		—				1,031,080			
Total stockholder's equity	416	—	—	—	—	—		—				416			
Total stockholder's equity	1,062,357	90,262	23,402	23,817	—	(168,342)		—				1,031,496			
Total liabilities and equity	\$ 2,576,349	\$ 206,435	\$ 24,353	\$ 25,937	\$ (6,402)	\$ (154,973)		\$ 1,123,401				\$ 3,795,100			

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Unaudited Pro Forma Condensed Combined Income Statement
for the Twelve Months Ended September 30, 2021
(in thousands of U.S. dollars, except for per share amounts)

	Historical				Pro Forma Transaction Accounting Adjustments			
	Ritchie Bros. Auctioneers Incorporated	Euro Auctions Pillar (Note 1)	Equipment & Plant Services Pillar (Note 1)	Equipment Sales Pillar (Note 1)	Intragroup Elimination Adjustment s (Note 4B)	Acquisition (Note 6)	Financing & Other (Note 6)	Ritchie Bros. Auctioneers Incorporated Pro Forma
Revenue:								
Service revenue	\$ 904,626	\$ 53,931	\$ —	\$ —	\$ (2,259)	\$ —	\$ —	\$ 956,298
Inventory sales revenue	536,385	131,335	29,991	36,358	—	—	—	734,069
Total revenue	1,441,011	185,266	29,991	36,358	(2,259)	—	—	1,690,367
Operating expenses:								
Cost of services	147,377	9,375	—	—	—	—	—	156,752
Cost of inventory sold	482,084	114,970	25,866	32,660	(2,259)	—	—	653,321
Selling, general and administrative expenses	444,795	16,029	903	945	—	772 (B)	—	463,444
Acquisition-related costs	22,240	—	—	—	—	—	—	22,240
Depreciation and amortization expenses	84,247	1,119	—	19	—	36,262 (D)	—	121,647
Gain on disposition of property, plant and equipment	(1,334)	(14)	—	(35)	—	—	—	(1,383)
Foreign exchange loss (gain)	1,070	1,164	(172)	(462)	—	—	—	1,600
Total operating expenses	1,180,479	142,643	26,597	33,127	(2,259)	37,034	—	1,417,621
Operating income (loss)	260,532	42,623	3,394	3,231	—	(37,034)	—	272,746
Interest expense	(35,387)	(506)	—	(12)	—	—	(54,366) (F)	(90,271)
Other income (expense), net	4,382	9,732	224	(5)	—	—	—	14,333
Income (loss) before income taxes	229,527	51,849	3,618	3,214	—	(37,034)	(54,366)	196,808
Income tax expense (benefit)	59,330	9,833	688	610	—	(6,903) (E)	(13,980) (E)	49,578
Net income (loss)	\$ 170,197	\$ 42,016	\$ 2,930	\$ 2,604	\$ —	\$ (30,131)	\$ (40,386)	\$ 147,230
Net income (loss) attributable to:								
Stockholders	\$ 170,129	\$ 42,016	\$ 2,930	\$ 2,604	\$ —	\$ (30,131)	\$ (40,386)	\$ 147,162
Non-controlling interests	68	—	—	—	—	—	—	68
Net income (loss)	\$ 170,197	\$ 42,016	\$ 2,930	\$ 2,604	\$ —	\$ (30,131)	\$ (40,386)	\$ 147,230
Earnings per share attributable to stockholders:								
Basic	\$ 1.54							\$ 1.33
Diluted	\$ 1.52							\$ 1.32
Weighted average number of shares outstanding:								
Basic	110,401,318							110,401,318
Diluted	111,583,519							111,583,519

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Unaudited Pro Forma Condensed Combined Income Statement
for the Nine Months Ended September 30, 2021
(in thousands of U.S. dollars, except for per share amounts)

	Historical				Pro Forma Transaction Accounting Adjustments			
	Ritchie Bros. Auctioneers Incorporated (As reported)	Euro Auctions Pillar	Equipment & Plant Services Pillar	Equipment Sales Pillar	Intragroup Elimination Adjustments	Acquisition	Financing & Other	Ritchie Bros. Auctioneers Incorporated Pro Forma
		(Note 1)	(Note 1)	(Note 1)	(Note 4B)	(Note 6)	(Note 6)	
Revenue:								
Service revenue	\$ 672,971	\$ 37,263	\$ —	\$ —	\$ (1,590)	\$ —	\$ —	\$ 708,644
Inventory sales revenue	384,627	103,763	23,156	27,845	—	—	—	539,391
Total revenue.....	<u>1,057,598</u>	<u>141,026</u>	<u>23,156</u>	<u>27,845</u>	<u>(1,590)</u>	<u>—</u>	<u>—</u>	<u>1,248,035</u>
Operating expenses:.....								
Cost of services	108,107	7,685	—	—	—	—	—	115,792
Cost of inventory sold	344,763	86,359	19,936	25,239	(1,590)	—	—	474,707
Selling, general and administrative expenses.....	336,475	12,780	623	675	—	637 (B)	—	351,190
Acquisition-related costs	16,226	—	—	—	—	—	—	16,226
Depreciation and amortization expenses.....	64,912	746	—	11	—	27,520 (D)	—	93,189
Gain on disposition of property, plant and equipment	(1,311)	—	—	(35)	—	—	—	(1,346)
Foreign exchange loss (gain).....	788	173	(157)	(515)	—	—	—	289
Total operating expenses.....	<u>869,960</u>	<u>107,743</u>	<u>20,402</u>	<u>25,375</u>	<u>(1,590)</u>	<u>28,157</u>	<u>—</u>	<u>1,050,047</u>
Operating income (loss)	<u>187,638</u>	<u>33,283</u>	<u>2,754</u>	<u>2,470</u>	<u>—</u>	<u>(28,157)</u>	<u>—</u>	<u>197,988</u>
Interest expense.....	(26,620)	(376)	—	(10)	—	—	(40,960) (F)	(67,966)
Other income (expense), net	2,800	3,656	162	130	—	—	—	6,748
Income (loss) before income taxes	163,818	36,563	2,916	2,590	—	(28,157)	(40,960)	136,770
Income tax expense (benefit)	42,541	7,508	554	492	—	(5,239) (E)	(10,533) (E)	35,323
Net income (loss)	<u>\$ 121,277</u>	<u>\$ 29,055</u>	<u>\$ 2,362</u>	<u>\$ 2,098</u>	<u>\$ —</u>	<u>\$ (22,918)</u>	<u>\$ (30,427)</u>	<u>\$ 101,447</u>
Net income (loss) attributable to:.....								
Stockholders	\$ 121,273	\$ 29,055	\$ 2,362	\$ 2,098	\$ —	\$ (22,918)	\$ (30,427)	\$ 101,443
Non-controlling interests	4	—	—	—	—	—	—	4
Net income (loss)	<u>\$ 121,277</u>	<u>\$ 29,055</u>	<u>\$ 2,362</u>	<u>\$ 2,098</u>	<u>\$ —</u>	<u>\$ (22,918)</u>	<u>\$ (30,427)</u>	<u>\$ 101,447</u>
Earnings per share attributable to stockholders:								
Basic.....	\$ 1.10							\$ 0.92
Diluted.....	<u>\$ 1.09</u>							<u>\$ 0.91</u>
Weighted average number of shares outstanding:								
Basic.....	110,233,851							110,233,851
Diluted.....	<u>111,333,247</u>							<u>111,333,247</u>

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Unaudited Pro Forma Condensed Combined Income Statement
for the Year Ended December 31, 2020
(in thousands of U.S. dollars, except for per share amounts)

	Historical				Pro Forma Transaction Accounting Adjustments				
	Ritchie Bros. Auctioneers Incorporated (As reported)	Euro Auctions Pillar (Note 1)	Equipment & Plant Services Pillar (Note 1)	Equipment Sales Pillar (Note 1)	Intragroup Elimination Adjustments (Note 4B)	Acquisition (Note 6)		Financing & Other (Note 6)	Ritchie Bros. Auctioneers Incorporated Pro Forma
Revenue:									
Service revenue	\$ 871,596	\$ 54,929	\$ —	\$ —	\$ (2,729)	\$ —		\$ —	\$ 923,796
Inventory sales revenue	505,664	136,040	32,790	60,080	—	—		—	734,574
Total revenue	<u>1,377,260</u>	<u>190,969</u>	<u>32,790</u>	<u>60,080</u>	<u>(2,729)</u>	<u>—</u>		<u>—</u>	<u>1,658,370</u>
Operating expenses:									
Cost of services	157,296	9,860	—	—	—	—		—	167,156
Cost of inventory sold	458,293	125,023	28,249	52,054	(2,729)	674	(A)	—	661,564
Selling, general and administrative expenses	417,523	15,139	927	1,389	—	534	(B)	—	435,512
Acquisition-related costs	6,014	—	—	—	—	39,737	(C)	—	45,751
Depreciation and amortization expenses	74,921	924	—	13	—	33,994	(D)	—	109,852
Gain on disposition of property, plant and equipment	(1,559)	(14)	—	—	—	—		—	(1,573)
Foreign exchange loss (gain) ..	1,612	—	(161)	(141)	—	—		—	1,310
Total operating expenses	<u>1,114,100</u>	<u>150,932</u>	<u>29,015</u>	<u>53,315</u>	<u>(2,729)</u>	<u>74,939</u>		<u>—</u>	<u>1,419,572</u>
Operating income (loss)	<u>263,160</u>	<u>40,037</u>	<u>3,775</u>	<u>6,765</u>	<u>—</u>	<u>(74,939)</u>		<u>—</u>	<u>238,798</u>
Interest expense	(35,568)	(651)	—	(175)	—	—		(53,000)	(F) (89,394)
Other income (expense), net	8,296	(5,029)	176	—	—	—		—	3,443
Income (loss) before income taxes .	235,888	34,357	3,951	6,590	—	(74,939)		(53,000)	152,847
Income tax expense (benefit)	65,530	7,013	751	1,252	—	(15,475)	(E)	(13,625)	(E) 45,446
Net income (loss)	<u>\$ 170,358</u>	<u>\$ 27,344</u>	<u>\$ 3,200</u>	<u>\$ 5,338</u>	<u>\$ —</u>	<u>\$ (59,464)</u>		<u>\$ (39,375)</u>	<u>\$ 107,401</u>
Net income (loss) attributable to:									
Stockholders	\$ 170,095	\$ 27,344	\$ 3,200	\$ 5,338	\$ —	\$ (59,464)		\$ (39,375)	\$ 107,138
Non-controlling interests	263	—	—	—	—	—		—	263
Net income (loss)	<u>\$ 170,358</u>	<u>\$ 27,344</u>	<u>\$ 3,200</u>	<u>\$ 5,338</u>	<u>\$ —</u>	<u>\$ (59,464)</u>		<u>\$ (39,375)</u>	<u>\$ 107,401</u>
Earnings per share attributable to stockholders:									
Basic	\$ 1.56								\$ 0.98
Diluted	<u>\$ 1.54</u>								<u>\$ 0.97</u>
Weighted average number of shares outstanding:									
Basic	109,054,493								109,054,493
Diluted	<u>110,310,984</u>								<u>110,310,984</u>

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Unaudited Pro Forma Condensed Combined Income Statement
for the Nine Months Ended September 30, 2020
(in thousands of U.S. dollars, except for per share amounts)

	Historical				Pro Forma Transaction Accounting Adjustments			
	Ritchie Bros. Auctioneers Incorporated (As reported)	Euro Auctions Pillar (Note 1)	Equipment & Plant Services Pillar (Note 1)	Equipment Sales Pillar (Note 1)	Intragroup Elimination Adjustments (Note 4B)	Acquisition (Note 6)	Financing & Other (Note 6)	Ritchie Bros. Auctioneers Incorporated Pro Forma
Revenue:								
Service revenue	\$ 639,941	\$ 38,261	\$ —	\$ —	\$ (2,060)	\$ —	\$ —	\$ 676,142
Inventory sale revenue	353,906	108,468	25,955	51,567	—	—	—	539,896
Total revenue	993,847	146,729	25,955	51,567	(2,060)	—	—	1,216,038
Operating expenses:								
Cost of services	118,026	8,170	—	—	—	—	—	126,196
Cost of inventory sold	320,972	96,412	22,319	44,633	(2,060)	674 (A)	—	482,950
Selling, general and administrative expenses ..	309,203	11,890	647	1,119	—	399 (B)	—	323,258
Acquisition-related costs	—	—	—	—	—	39,737 (C)	—	39,737
Depreciation and amortization expenses	55,586	551	—	5	—	25,252 (D)	—	81,394
Gain on disposition of property, plant and equipment	(1,536)	—	—	—	—	—	—	(1,536)
Foreign exchange loss (gain)	1,330	(991)	(146)	(194)	—	—	—	(1)
Total operating expenses	803,581	116,032	22,820	45,563	(2,060)	66,062	—	1,051,998
Operating income (loss)	190,266	30,697	3,135	6,004	—	(66,062)	—	164,040
Interest expense	(26,801)	(521)	—	(173)	—	—	(39,594) (F)	(67,089)
Other income (expense), net	6,714	(11,105)	114	135	—	—	—	(4,142)
Income (loss) before income taxes	170,179	19,071	3,249	5,966	—	(66,062)	(39,594)	92,809
Income tax expense (benefit)	48,741	4,688	617	1,134	—	(13,811) (E)	(10,178) (E)	31,191
Net income (loss)	\$ 121,438	\$ 14,383	\$ 2,632	\$ 4,832	\$ —	\$ (52,251)	\$ (29,416)	\$ 61,618
Net income (loss) attributable to:								
Stockholders	\$ 121,239	\$ 14,383	\$ 2,632	\$ 4,832	\$ —	\$ (52,251)	\$ (29,416)	\$ 61,419
Non-controlling interests ..	199	—	—	—	—	—	—	199
Net income (loss)	\$ 121,438	\$ 14,383	\$ 2,632	\$ 4,832	\$ —	\$ (52,251)	\$ (29,416)	\$ 61,618
Earnings per share attributable to stockholders:								
Basic	\$ 1.11							\$ 0.56
Diluted	\$ 1.10							\$ 0.56
Weighted average number of shares outstanding:								
Basic	108,887,026							108,887,026
Diluted	110,060,712							110,060,712

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1. Basis of Preparation

The unaudited pro forma condensed combined financial information has been prepared using information derived from, and should be read in conjunction with, Ritchie Bros.' audited consolidated income statement for the fiscal year ended December 31, 2020, unaudited consolidated balance sheet as of September 30, 2021 and unaudited consolidated income statements for the nine months ended September 30, 2021 and 2020, which are prepared in accordance with U.S. GAAP and incorporated by reference into this offering circular.

The Acquired Businesses includes businesses owned individually by three related parties, each of whom (individually or through wholly owned entities) is a party to the SPA. Accordingly, there are three separate reporting entities, corresponding to the business owned by each of the related parties, and collectively referred to as the Acquired Businesses:

- Euro Auctions Pillar, which represents the business controlled by Derek Keys;
- Equipment & Plant Services Pillar, which represents the business owned by Trevor Keys and Jolene Keys; and
- Equipment Sales Pillar, which represents the business controlled by Lynden Keys and Wendy Keys.

The Euro Auctions Pillar reflects the carved out combined activities of the companies detailed below:

- Euro Auctions Limited (NI663696)
- Euro Auctions (UK) Limited (NI663692)
- Euro Auctions GmbH (HRB13567)
- Yoder & Frey Auctioneers LLC (12075006)
- Euro Auctions Pty Ltd (ABN33154193576)
- Euro Auctions Plant S.L. (M728536)
- Euro Auctions UK No.2 Limited (Spanish branch) (NI041778)
- Euro Auctions UK No.2 Limited (Australian branch) (NI041778)
- William Keys & Sons Holdings Limited (NI663694)
- William Keys & Sons LLC (13004156)
- William Keys & Sons Limited (NI663693); and
- Euro Auctions FZE (252526)

The Equipment & Plant Service Pillar, reflects the carved out combined activities of the companies detailed below:

- Equipment & Plant Services No.1 Limited (NI046558);
- Equipment & Plant Services Holdings Limited (NI666356); and
- Equipment & Plant Services Limited (NI666354)

The Equipment Sales Pillar, reflects the carved out combined activities of the companies detailed below:

- Equipment Sales Limited (NI668774)
- Equipment Sales No.2 Limited (NI666146); and
- Equipment Sales No.3 Limited (NI042032)

The unaudited pro forma condensed combined financial information has been prepared using information derived from, and should be read in conjunction with, the audited carve-out combined income statements for the fiscal year ended December 31, 2020, unaudited interim carve-out combined balance sheets as of September 30, 2021 and unaudited interim carve-out combined income statements for the nine months ended September 30, 2021 and 2020, of the Euro Auctions Pillar, the Equipment & Plant Services Pillar and the Equipment Sales Pillar, which are each prepared in accordance with U.S. GAAP and included elsewhere in this offering circular.

The historical financial information has been adjusted to give pro forma effect to events that are: (a) directly attributable to the Acquisition and Financing and (b) factually supportable. The pro forma adjustments related to the

Acquisition and Financing are preliminary and based on estimates including purchase consideration, acquisition-related costs, debt issuance costs related to the Financing, fair values of the assets acquired and liabilities assumed, useful lives of any acquired intangible assets, and the associated tax impacts. The pro forma financial information has been prepared to illustrate the estimated effects of the Acquisition and Financing. The final determination of the allocation of purchase consideration will be based on the final purchase consideration and the fair values of assets acquired and liabilities assumed as of the date the Acquisition closes and could result in material changes to the unaudited pro forma condensed combined financial information, including goodwill.

The pro forma financial information has been prepared using the acquisition method of accounting for business combinations under U.S. GAAP. The final allocation of the purchase consideration to the assets acquired and liabilities assumed is subject to change as additional information becomes available and as additional analysis is performed. The final determination of fair values of the assets acquired and liabilities assumed could result in material changes to the unaudited pro forma condensed combined financial information.

In preparation of the unaudited pro forma condensed combined financial information, Ritchie Bros. performed a preliminary review of the Acquired Businesses' accounting policies to identify significant differences from the accounting policies used to prepare Ritchie Bros.' historical financial statements. Based on the procedures performed to date, the accounting policies of the Acquired Businesses are similar in all material respects to those of Ritchie Bros. After the Acquisition is completed, Ritchie Bros. will conduct an additional review of the Acquired Businesses' accounting policies to determine if differences in accounting policies require adjustment or reclassification of the Acquired Businesses' results of operations, assets or liabilities to conform to Ritchie Bros.' accounting policies and classifications. As a result of that review, Ritchie Bros. may identify differences between the accounting policies that, when conformed, could have a material impact on its future consolidated financial statements.

The unaudited pro forma condensed combined financial information is preliminary, provided for illustrative purposes only and does not purport to represent what the actual consolidated income statement or consolidated balance sheet would have been had the Acquisition and Financing occurred on the dates assumed, and are not indicative of the combined future consolidated results of operations or financial position. The actual results reported in periods following the Acquisition and Financing may differ significantly from those reflected in these unaudited pro forma condensed combined financial information presented herein. Differences may arise as a result of, but not limited to, changes in the assumptions used and actual costs incurred, execution of other contractual agreements as required by the SPA, and any cost savings from operating efficiencies, synergies, integration or restructuring activities that may arise in conjunction with the Acquisition and Financing.

Currency amounts are reported in thousands of the respective currency unit, except per share amounts.

Note 2. Calculation of Estimated Purchase Consideration

Purchase consideration for the Acquisition has been estimated based on the British pounds sterling ("GBP") transaction price in the SPA and translated at a rate of approximately 0.7419 GBP per U.S. dollar as of September 30, 2021.

	Purchase Consideration GBP	Purchase Consideration USD
Base purchase price	£ 775,000	\$ 1,044,615
Adjustments pursuant to SPA ⁽¹⁾	48,970	66,006
Costs paid on behalf of vendors	4,588	6,184
Total estimated purchase consideration	£ 828,558	\$ 1,116,805

(1) Adjustments to the base purchase price are based on net cash (debt) and excess working capital adjustments measured as of April 30, 2021 pursuant to the SPA.

The estimated purchase consideration reflected in this unaudited pro forma condensed combined financial information does not purport to represent what the actual purchase consideration will be and the actual purchase consideration may

differ materially from the estimated purchase consideration primarily due to differences in the GBP and U.S. dollar exchange rate between September 30, 2021 and the closing date. A 10% increase (decrease) in the exchange rate of GBP to U.S. dollars would decrease (increase) the total estimated purchase consideration by approximately \$102,000 (\$124,000).

Note 3: Preliminary Purchase Price Allocation

The following table sets forth a preliminary allocation of the estimated purchase consideration to the preliminary fair values of the identifiable tangible and intangible assets acquired and liabilities assumed of the Acquired Businesses based on the Acquired Businesses' September 30, 2021 balance sheets, with the excess recorded as goodwill:

Provisional Purchase Price and Purchase Price Allocation for the Acquired Businesses

Assets acquired:

Cash and cash equivalents.....	\$ 100,954
Restricted cash.....	366
Trade and other receivables.....	26,623
Less: allowance for credit losses	(607)
Inventory.....	45,862
Other current assets.....	14,814
Property, plant and equipment.....	8,601
Other non-current assets.....	518
Intangible assets	282,114
Total assets acquired.....	\$ 479,245

Liabilities assumed:

Auction proceeds payable	\$ 39,735
Trade and other payables	8,673
Income taxes payable.....	9,572
Other non-current liabilities	472
Deferred tax liabilities.....	67,759
Total liabilities assumed.....	126,211
Net assets acquired, excluding goodwill ^(a)	353,034
Total estimated purchase consideration ^(b)	1,116,805

Estimated goodwill (b-a)..... **\$ 763,771**

The following describes the valuation methods used to determine the estimated fair values of the Acquired Businesses' significant assets acquired and liabilities assumed:

Intangible Assets: Preliminary identifiable intangible assets in the unaudited pro forma condensed combined financial information include trade names and trademarks, the technology platform, customer relationships, and noncompete agreements with the vendors, each of which are considered definite-lived intangible assets. Intangible assets are valued on a disaggregated basis using the following methods:

- *Trade names and trademarks.* The fair value of the Euro Auctions trade name was assessed using the relief from royalty valuation technique under an income valuation approach. This technique estimates values based on the present value of license costs that are avoided by ownership of the asset. Significant assumptions included in the fair value assessment of trade names and trademarks include the royalty rate, which was determined by comparable transactions and the perceived strength of the brands in the market.
- *Internally developed software.* The fair value of the Acquired Businesses' internally developed software was assessed using the relief from royalty valuation technique under an income valuation approach. This

technique estimates values based on the present value of license costs that are avoided by ownership of the asset. A significant assumption included in the fair value assessment of the technology platform includes the royalty rate, which was determined by comparable technology transactions.

- *Customer relationships.* The fair value of the customer and seller relationships was valued using the excess earnings valuation technique under an income valuation approach. This technique estimates the cash flows of the asset after applying adjustments to operating expenses and then deducts contributory asset charges.
- *Noncompete agreement.* The fair value of the noncompete agreement was valued using the with and without valuation technique under an income valuation approach. This approach estimates the cash flows of the Acquired Businesses inclusive of the noncompete agreement to the hypothetical value of the same business excluding the agreement adjusted for the effective probability that the covenanter would compete, and compete successfully.

Other significant assumptions made in estimating the preliminary valuations include estimated annual net cash flows for each intangible asset (including revenues, operating expenses, market participant synergies, net working capital requirements, and capital expenditures), the expected life of each intangible asset and the appropriate discount rates, tax rates and foreign currency exchange rates for the applicable jurisdictions. The determination of fair values requires significant judgment and the fair values are sensitive to changes to the underlying inputs and assumptions.

Deferred Tax Liabilities: Adjustments to record deferred taxes relate to taxable and deductible temporary differences that arise from a difference between the tax basis and the recognized value of assets acquired and liabilities assumed in the acquisition. The deferred tax liabilities represent the deferred tax impact associated with the incremental differences in the book and the tax basis created from the Acquisition and Financing.

Goodwill: Goodwill is calculated as the difference between the assumed acquisition date fair value of the consideration transferred and the fair values assigned to the identifiable assets acquired and liabilities assumed. Goodwill is not amortized but is tested for impairment at least annually, or more frequently if indicators of potential impairment exist.

Note 4. Pro forma intragroup adjustments and elimination entries

- (A) Reflects the elimination of intragroup balances reported as amounts owed to related parties in the financial statements of the Euro Auctions Pillar against balances reported as amounts owed by related parties by the other reporting entities in the Acquired Businesses as of September 30, 2021, as follows:

Equipment & Plant Services Pillar	\$ 3,257
Equipment Sales Pillar	3,145
	<u>\$ 6,402</u>

- (B) Reflects the elimination of intragroup transactions between the Euro Auction Pillar, the Equipment Sales Pillar and the Equipment & Plant Services Pillar.

	Twelve Months Ended September 30, 2021	Nine Months Ended September 30, 2021	Year Ended December 31, 2020	Nine Months Ended September 30, 2020
Commissions earned by the Euro Auctions Pillar from:				
Equipment & Plant Services Pillar	\$ 1,147	\$ 791	\$ 1,014	\$ 658
Equipment Sales Pillar	1,112	799	1,715	1,402
	<u>\$ 2,259</u>	<u>\$ 1,590</u>	<u>\$ 2,729</u>	<u>\$ 2,060</u>

Note 5. Pro forma transaction accounting adjustments to the unaudited pro forma condensed combined pro forma balance sheet

- (A) Reflects cash paid for the Acquisition of \$1,116,805 as described in Note 2; payment of acquisition-related costs subsequent to September 30, 2021 in the amount of \$39,737; repayment of the Acquired Businesses' short-term debt of \$30,367 as required by the SPA; and net proceeds from the settlement of the Acquired Businesses' related party balances of \$18,379 as required by the SPA.
- (B) Reflects the fair value adjustment to acquired inventory.
- (C) Reflects the removal of the carrying values of the right-of-use asset, lease liability and leasehold improvements of an auction facility that will not be assumed or utilized by the Company upon acquisition. Pursuant to the SPA, the Acquired Businesses are required to enter into long-term leases on properties currently leased on a short-term basis from related parties. No adjustment has been made for the resulting right of use asset and lease liability expected to arise on acquisition as lease terms have not been agreed upon.
- (D) Reflects the estimated fair value adjustment to the Acquired Businesses' identified intangible assets, determined in GBP and translated to USD using the September 30, 2021 exchange rate of approximately 0.7419 GBP per USD. The following table shows a preliminary estimate of the fair value of those intangible assets and their related average estimated useful lives:

	Estimated Useful Life (in Years)	Preliminary Estimated Fair Value
Trade name/trademarks.....	7	\$ 86,265
Technology platforms	4	14,153
Customer and seller relationships	10	173,878
Noncompete agreement.....	3	7,818
Total Intangible assets		282,114
Less: Acquired Businesses' historical intangible assets		(1,247)
Net adjustment.....		\$ 280,867

No adjustment has been made to reflect the surrender of an auction license in Dubai at the time of the acquisition as it had no carrying value in the historical balance sheet of the Acquired Businesses.

- (E) Reflects the preliminary estimate of goodwill recognized as a result of the Acquisition, which represents the amount by which the estimated purchase consideration exceeds the estimated fair values of the Acquired Businesses' assets acquired and liabilities assumed. (Refer to Note 3 above.)
- (F) Reflects an increase in deferred tax assets and liabilities as a result of pro forma transaction accounting adjustments, tax-effected at the applicable statutory rates.
- (G) Reflects the repayment of the Acquired Businesses' short term debt and settlement of the Acquired Businesses' related party balances prior to the completion of the Acquisition as required by the SPA.
- (H) Reflects the elimination of the Acquired Businesses' historical net parent investment balances.
- (I) Reflects adjustment to retained earnings to record estimated acquisition costs of \$39,737 expected to be incurred subsequent to September 30, 2021, net of a deferred tax benefit of \$8,876.
- (J) Reflects aggregate proceeds from the Financing of \$1,140,174 as described in Note 5(K) and estimate cash payments of \$15,877 for debt issuance costs expected to be incurred and paid subsequent to September 30, 2021 in respect of the Financing of the Acquisition.

(K) Reflects the following adjustments:

- Reclassification of \$896 of deferred financing costs from non-current assets to long-term debt upon completion of the Financing of the Acquisition.
- Capitalization of \$15,877 of incremental debt issuance costs to long-term debt related to the Financing.
- Borrowings of \$1,123,401, net of total debt issuance costs of \$16,773, of which \$10,250 is classified as a current portion of long-term debt and \$1,113,151 is reflected as long-term debt.

	Proceeds Source Currency	Proceeds USD
USD notes		
(assumed rate of interest of 5.00%, due , 2031).....	\$ 600,000	\$ 600,000
Canadian notes		
(assumed rate of interest of 5.00%, due , 2029).....	C\$ 425,000	335,174
Delayed-Draw Term Loan		
(assumed rate of interest of variable rate of 2.67%, based on an adjusted SONIA at September 30, 2021 plus an applicable margin expected to apply as a result of the Financing).....	£ 152,090	205,000
Total proceeds from Financing		\$ 1,140,174

The Delayed-Draw Term Loan is subject to mandatory principal repayments of 5% per year commencing the earlier of when the total available balance has been drawn or the third quarter of 2022.

The interest rate on amounts outstanding on the Company's existing Revolving Facilities, including the Delayed-Draw Term Loan, is based in part on the leverage ratio of Ritchie Bros. As a result of the Financing, the interest rate on the Revolving Facilities is expected to increase by 0.75% due to the impact of the notes offered herein on the calculated leverage ratio, which increase has been included above in respect of the Delayed-Draw Term Loan.

Note 6. Pro forma transaction accounting adjustments to the unaudited pro forma condensed combined income statements

- (A) Reflects the incremental cost of sales as a result on the fair value adjustment to inventory, assuming the Acquisition occurred on January 1, 2020.
- (B) Reflects the net increase to management compensation to recognize the minimum annual compensation to be provided to the shareholder, sole director and principal executive of the Euro Auctions Pillar pursuant to the terms of a service agreement signed in conjunction with the SPA, such compensation to be in the form of salary and share-based awards granted under Ritchie Bros.' long-term incentive plans. These awards are subject to estimation and may differ from amounts reported. No adjustment has been made for employment agreements to be entered into prior to close with respect to other shareholders or principal executives expected to be employed by the Company as the terms of the compensation agreements are not yet agreed upon or finalized.
- (C) Reflects an adjustment to acquisition-related costs expected to be incurred subsequent to September 30, 2021, which have been presented as if they were incurred on the assumed acquisition date of January 1, 2020.
- (D) Reflects the elimination of historical amortization expense related to the Acquired Businesses' existing intangible assets and additional amortization of acquired intangible assets based on the preliminary

estimated fair values and useful lives. For estimated intangible asset fair values and the associated useful lives, see Note 5(D).

	Twelve Months Ended September 30, 2021	Nine Months Ended September 30, 2021	Year Ended December 31, 2020	Nine Months Ended September 30, 2020
Amortization expense of acquired intangible assets at fair value.....	\$ 36,409	\$ 27,632	\$ 34,134	\$ 25,357
Elimination of historical amortization expense.....	(147)	(112)	(140)	(105)
Net pro forma adjustment	\$ 36,262	\$ 27,520	\$ 33,994	\$ 25,252

- (A) Reflects the estimated tax effects at the estimated applicable statutory rates and assumes no valuation allowance is required as a result of future deductible amounts. No adjustments have been made with respect to any future restructuring that may be undertaken in conjunction with the completion of the Transactions. The effective tax rate of the combined company could be significantly different (either higher or lower) depending on post-acquisition activities including integration, organizational restructuring, intercompany financing arrangements, repatriation decisions, cash needs, and the geographical mix of income.

- (B) Interest expense reflects the interest associated with the borrowings described in Notes 5(K).

The table below depicts the related adjustment to interest expense for the periods presented as if the above transactions occurred on January 1, 2020:

	Twelve Months Ended September 30, 2021	Nine Months Ended September 30, 2021	Year Ended December 31, 2020	Nine Months Ended September 30, 2020
Cash interest expense of the Financing:				
The USD notes	\$ 30,000	\$ 22,500	\$ 30,000	\$ 22,500
The Canadian notes.....	16,814	12,738	15,856	11,780
Delayed-Draw Term loan.....	5,552	4,214	5,205	3,867
Total Cash interest expense of the Financing.....	52,366	39,452	51,061	38,147
Amortization of deferred financing fees on the Financing:.....				
Total Amortization of deferred financing fees on the Financing	2,000	1,508	1,939	1,447
Total interest expense on the Financing and pro forma increase to interest expense	\$ 54,366	\$ 40,960	\$ 53,000	\$ 39,594

The pro forma adjustments assume debt issuance costs associated with the Financing are being amortized to interest expense using the straight-line method over the term of the respective facility or notes.

A 0.125% increase or decrease in the interest rate of borrowings under the Delayed-Draw Facility, which utilize a floating rate, and the assumed interest rates under the notes, which assume fixed rates of interest as shown above, would impact interest expense in the unaudited pro forma condensed combined income statements for each period as follows:

	Twelve Months Ended September 30, 2021	Nine Months Ended September 30, 2021	Year Ended December 31, 2020	Nine Months Ended September 30, 2020
Change in interest expense assuming:				
Increase of 0.125%	\$ 1,429	\$ 1,078	\$ 1,390	\$ 1,039
Decrease of 0.125%	(1,429)	(1,078)	(1,390)	(1,039)

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

No executive officer, director, or employee or former executive officer, director or employee of the Company or any of its subsidiaries, nor any proposed nominee for election as a director of the Company, nor any associate of any director, executive officer or proposed nominee, is, or at any time since January 1, 2020 has been, indebted to the Company or any of its subsidiaries or indebted to another entity where the indebtedness is subject to a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries either for a purchase of securities or otherwise, other than “routine indebtedness” as defined in Form 51-102F5 adopted by the Canadian Securities Administrators.

Since January 1, 2020, none of our directors, executive officers, nominees for director or beneficial owners of more than 5% of our common shares or any of their immediate family members was indebted to the Company or had a material interest in a transaction with the Company where the amount involved exceeded \$120,000, nor are any such transactions currently proposed.

In accordance with its charter, our Audit Committee is responsible for reviewing all related person transactions, including current or proposed transactions in which the Company was or is to be a participant, the amount involved exceeds \$120,000 and a related person had or will have a direct or indirect material interest. The Audit Committee does not currently have a written related party transaction policy but its practice is to consider relevant facts and circumstances in determining whether or not to approve or ratify such a transaction, such as: (i) the nature of the related person’s interest in the transaction; (ii) the terms of the transaction; (iii) the relative importance (of lack thereof) of the transaction to the Company; (iv) the materiality and character of the related person’s interest, including any actual or perceived conflicts of interest; and (v) any other matters the Audit Committee deems appropriate. Based on its consideration of all of the relevant facts and circumstances, the Audit Committee decides whether or not to approve such transactions and approves only those transactions that are deemed to be in the overall best interests of the Company.

In addition, pursuant to our Corporate Governance Guidelines, if any actual or potential conflict of interest arises for a director, the director is expected to promptly inform the Chair of the Board and the CEO. If a significant conflict exists and cannot be resolved, the director is expected to resign. All directors are expected to recuse themselves from any discussion or decision affecting their personal business or interests.

DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS

The following summary of certain provisions of the instruments evidencing our material indebtedness does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the agreements, including certain terms therein that are not otherwise defined in this offering circular. See “Where You Can Find Additional Information.”

Bridge Facility Commitment

In connection with the execution of the SPA, the Company obtained a financing commitment, dated August 8, 2021, from GS Bank pursuant to which GS Bank and certain other financial institutions committed to provide, *inter alia*, a senior unsecured bridge loan facility in an aggregate principal amount of up to \$1,150 million. To replace the commitments in respect of the New Credit Facilities and \$200 million of the commitments in respect of the Bridge Loan Facility reducing the commitments in respect of the Bridge Loan Facility to \$950 million, the Company obtained an amendment to the Company’s Existing Credit Agreement. Prior to the closing of the Acquisition, the Company will seek to replace all or a portion of the remaining commitments in respect of the Bridge Loan Facility with senior unsecured debt securities (including the notes offered hereby).

The Commitment Letter provides that the Company may use the proceeds of the Bridge Loan Facility to finance the Acquisition and pay certain transaction costs and expenses. The commitments of GS Bank and the other financial institutions under the Commitment Letter are subject to conditions, including the concurrent closing of the Acquisition, the discharge of certain indebtedness of the Target Companies, the Company having engaged one or more investment banks to sell or place and such investment banks having been afforded a customary period to market up to \$950 million of senior unsecured notes (which includes the notes offered hereby), the delivery of certain customary information, the accuracy of certain representations and other customary conditions.

The agreement or agreements for the Bridge Loan Facility would contain affirmative covenants, negative covenants and events of default to be negotiated by the parties.

The final termination date for the Commitment Letter shall occur upon the earliest of: (i) the date that is five business days after the Longstop Date (as such date may be extended by the parties to the SPA), (ii) the termination of the SPA in accordance with its terms in the event the Acquisition is not consummated or (iii) the consummation of the Acquisition with or without the Facilities being funded.

The proceeds of this offering will reduce the remaining commitments under the Bridge Loan Facility.

Credit Facilities

On September 21, 2021, we entered into our Credit Agreement, which amended and restated our Existing Credit Agreement. The Credit Agreement matures on September 21, 2026 and, as of September 21, 2021, provided credit facilities totaling \$1,045.0 million with a syndicate of lenders comprising: (1) multicurrency revolving facilities of up to \$750 million (the “Revolving Facilities”) and (2) a delayed-draw term loan facility of up to \$295 million (the “Delayed-Draw Facility” and together with the Revolving Facilities, the “Credit Facilities”). A portion of the Delayed-Draw Facility was drawn at closing to refinance the outstanding term loan under the Existing Credit Agreement. The remaining \$205 million of commitments under the Delayed-Draw Facility may be used to finance the Acquisition or for other lawful corporate purposes, and if used to finance the Acquisition will be subject to limited conditions substantially similar to the conditions set forth in the Commitment Letter for the New Credit Facilities, including the concurrent closing of the Acquisition, discharge of certain of the Target Companies’ indebtedness, the delivery of certain customary information, the accuracy of certain representations and other customary conditions.

The commitments of the lenders under the Credit Agreement to make the term loans under the Delayed-Draw Facility (the “Delayed-Draw Term Loan”) will expire five business days following February 28, 2022 (or, if the Longstop Date has been extended pursuant to Section 3.5.3 of the SPA, the date that is 85 business days after February 28, 2022).

Borrowings under our Credit Agreement bear floating rates of interest, which, at our option, are based on either a base rate (or Canadian prime rate for certain Canadian dollar borrowings) or LIBOR (or such floating rate used by the

syndicate for currencies other than U.S. dollars). In either case, an applicable margin is added to the rate. The applicable margin ranges from 0.25% to 1.50% for base rate loans, and 1.25% to 2.50% for LIBOR (or such other rate used for an applicable currency) loans, depending on our leverage ratio at the time of borrowing.

Our ability to borrow under our Revolving Facilities is subject to compliance with a consolidated leverage ratio covenant and a consolidated interest coverage ratio covenant. In the event of sustained deterioration of global markets and economies, we expect the covenants pertaining to our leverage ratio would be the most restrictive to our ability to access funding under our Credit Agreement. We continue to assess the impact of the COVID-19 pandemic on our business and evaluate courses of action to maintain current levels of liquidity and compliance with our debt covenants.

The Credit Agreement contains certain covenants that could limit our ability and the ability of certain of our subsidiaries to, among other things and subject to certain significant exceptions: (i) incur, assume or guarantee additional indebtedness; (ii) declare or pay dividends or make other distributions with respect to, or purchase or otherwise acquire or retire for value, equity interests; (iii) make loans, advances or other investments; (iv) incur liens; (v) sell or otherwise dispose of assets; and (vi) enter into transactions with affiliates. The Credit Agreement also provides for certain events of default, which, if any of them occurs, would permit or require the principal, premium, if any, interest and any other monetary obligations on all the then outstanding amounts under the Credit Agreement to be declared immediately due and payable.

Existing 2025 Notes

On December 21, 2016, Ritchie Bros. completed its offering of an aggregate principal amount of \$500.0 million of its 5.375% Senior Notes due 2025 (the “2025 Notes”). In connection with the closing of the offering of the 2025 Notes, Ritchie Bros. and certain of its subsidiaries that guaranteed the 2025 Notes (the “Subsidiary Guarantors”) entered into an Indenture (the “2025 Notes Indenture”) with US Bank National Association, as trustee (the “Trustee”), providing for the issuance of the 2025 Notes.

Certain terms and conditions of the 2025 Notes Indenture and the 2025 Notes are as follows:

Maturity. The 2025 Notes mature on January 15, 2025.

Interest. The 2025 Notes accrue interest at a rate of 5.375% per year. Interest on the 2025 Notes is payable semi-annually on each January 15 and July 15, commencing July 15, 2017.

Issue Price. The Notes were issued at par.

Guarantees. The 2025 Notes are, jointly and severally, fully and unconditionally guaranteed, on a senior unsecured basis, by each of the Subsidiary Guarantors and will be, jointly and severally, fully and unconditionally guaranteed, on a senior unsecured basis, by each additional subsidiary of Ritchie Bros. that is a borrower, or guarantees indebtedness, under the Credit Facilities or certain capital markets indebtedness.

Optional Redemption. On or after January 15, 2020, Ritchie Bros. may redeem the 2025 Notes, in whole or in part, at any time and from time to time at certain fixed redemption prices set forth in the 2025 Notes Indenture and expressed as percentages of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Change of Control. If Ritchie Bros. experiences certain kinds of changes of control, it may be required to repurchase the 2025 Notes at a price equal to 101% of the principal amount of the 2025 Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

Certain Covenants. The 2025 Notes Indenture contains covenants that limit, among other things, Ritchie Bros.’ and its restricted subsidiaries’ ability to: incur additional indebtedness (including guarantees thereof); incur or create liens on their assets securing indebtedness; make certain restricted payments; make certain investments; dispose of certain assets; allow to exist certain restrictions on the ability of the Ritchie Bros.’ restricted subsidiaries to pay dividends or make other payments to the Ritchie Bros.; engage in certain transactions with affiliates; and consolidate, amalgamate or merge with or into other companies. These covenants are subject to a number of important limitations and exceptions.

Events of Default. The 2025 Notes Indenture contains customary events of default which could, subject to certain conditions, cause the Notes to become immediately due and payable.

DESCRIPTION OF NOTES

The following is a summary of the material terms and provisions of the notes, the Indentures and the Escrow Agreement (each as defined below). It does not include all of the terms or provisions of the Indentures and the Escrow Agreement. We urge you to read the applicable Indenture because it defines your rights.

You can find definitions of certain capitalized terms used in this description under “—Certain Definitions.” In this description (1) the term “*USD Issuer*” refers to Ritchie Bros. Holdings Inc., a Washington corporation, and not any of its Subsidiaries, (2) the term “*CAD Issuer*” refers to Ritchie Bros. Holdings Ltd., a Canadian corporation, and not any of its Subsidiaries, (3) the term “*Issuers*” refers to, collectively, the USD Issuer and the CAD Issuer, (4) the term “*Parent*” refers to (i) prior to the Escrow Release Date (as defined below), the Issuers and (ii) from and after the Escrow Release Date, Ritchie Bros. Auctioneers Incorporated, a Canadian corporation and the parent of the Issuers, and (5) the terms “*we*,” “*our*” and “*us*” each refer to Parent and its Subsidiaries, including the Issuers.

The Issuers do not intend to list the notes on any securities exchange. The Issuers will not be required to, nor do the Issuers currently intend to, offer to exchange the notes for notes registered under the Securities Act or otherwise register or qualify by prospectus the notes for resale under the Securities Act. The Indentures will not be qualified under the Trust Indenture Act of 1939, as amended (the “*TIA*”), or subject to the terms of, or incorporate any provision of, the TIA. Accordingly, the terms of the notes will include only those stated in the Indentures. Copies of the Indentures and the Escrow Agreement may be obtained from the Issuers.

On the Issue Date, the USD Issuer will issue \$ million in aggregate principal amount of % Senior Notes due 2031 (the “*USD Notes*”) under an indenture (the “*USD Indenture*”) dated as of the Issue Date between the USD Issuer and U.S. Bank National Association, as trustee (the “*USD Trustee*”). On the Issue Date, the CAD Issuer will issue C\$ million in aggregate principal amount of % Senior Notes due 2029 (the “*CAD Notes*” and, together with the USD Notes, the “*notes*”) under an indenture (the “*CAD Indenture*” and, together with the USD Indenture, the “*Indentures*”) dated as of the Issue Date between the CAD Issuer and U.S. Bank National Association, as trustee, and TSX Trust Company, as co-trustee (together, the “*CAD Trustee*” and, together with the USD Trustee, the “*Trustees*”).

From and after the Escrow Release Date:

- the USD Notes will be senior unsecured obligations of the USD Issuer, equal in right of payment to all other senior unsecured obligations of the USD Issuer and the CAD Notes will be senior unsecured obligations of the CAD Issuer, equal in right of payment to all other senior unsecured obligations of the CAD Issuer;
- the notes and Guarantees will be effectively subordinated to all existing and future secured debt of the Issuers and the Guarantors, to the extent of the assets securing such debt, including Indebtedness under the Senior Secured Credit Facilities for so long as the Senior Secured Credit Facilities are secured;
- the notes and Guarantees will also be structurally subordinated to any debt, preferred stock obligations and other liabilities of Parent’s Subsidiaries that are not Guarantors; and
- the notes and the Guarantees will be senior in right of payment to all future Indebtedness, if any, of the Issuers and the Guarantors that is, by its terms, expressly subordinated in right of payment to the notes and the Guarantees.

We expect that, following consummation of the Acquisition, each Target Entity and its subsidiaries that becomes a borrower or guarantor under the Credit Agreement will also become a Guarantor of the notes. As of September 30, 2021, on a historical basis (without giving effect to the Acquisition), our existing subsidiaries that will not be Guarantors of the notes following the consummation of the Acquisition had \$99.0 million of liabilities (to which the notes would have been structurally subordinated) and \$298.6 million of assets, excluding intercompany balances.

Prior to the Escrow Release Date, the USD Notes will be senior secured obligations of the USD Issuer and the CAD Notes will be senior secured obligations of the CAD Issuer, secured only by the Escrowed Property.

The USD Issuer will issue the notes in fully registered form in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The CAD Issuer will issue the notes in fully registered form in denominations of C\$2,000 and integral multiples of C\$1,000 in excess thereof. If the notes are in certificated form, the Trustees will initially act as paying agent and registrar for the respective series of notes. The notes may be presented for registration or transfer and exchange at the offices of the registrar. The Issuers may change any paying agent and registrar without notice to holders of the notes (the “*Holders*”). The Issuers will pay principal (and premium, if any) on the notes at the Trustees’ respective designated corporate offices, as provided by each of the Trustees and updated from time to time in writing. If the USD Notes are in certificated form, at the Issuer’s option, interest may be paid at the USD Trustee’s designated corporate trust office or by check mailed to the registered address of Holders. If the USD Notes are in registered form, payment will be made via DTC. DTC requires payment by wire in immediately available funds. If the CAD Notes are in registered form, payment will be made via CDS.

Principal, Maturity and Interest

The USD Issuer is issuing \$ million in aggregate principal amount of USD Notes and the CAD Issuer is issuing C\$ million in this offering (collectively, the “*Offering*”). Additional notes (the “*Additional Notes*”) may be issued from time to time, subject to the limitations set forth under “—Certain Covenants—Limitation on Incurrence of Additional Indebtedness.” Each series of the USD Notes and the CAD Notes offered hereby and any such Additional Notes with respect to such series will be treated as a single class for all purposes under the applicable Indenture. The USD Notes will mature on , 2031 and the CAD Notes will mature on , 2029. Interest on the USD Notes will accrue at the rate of % per annum and will be payable semiannually in cash on each and , commencing on , 2022, to the persons who are registered Holders at the close of business on the or immediately preceding the applicable interest payment date. Interest on the CAD Notes will accrue at the rate of % per annum and will be payable semiannually in cash on each and , commencing on , 2022, to the persons who are registered Holders at the close of business on the or immediately preceding the applicable interest payment date. Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the date of issuance. Interest on the USD Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest on the CAD Notes will be computed on the basis of a 365- or 366-day year, as applicable, and will be payable in equal semi-annual amounts; except that interest in respect of any period that is longer or shorter than a full semi-annual interest period will be computed on the basis of a 365-day year or 366-day year, as applicable, and the actual number of days elapsed in the relevant period. Solely for purposes of disclosure under the *Interest Act* (Canada), the yearly rate of interest to which interest is calculated under a note for any period in any calendar year (the “*Calculation Period*”) is equivalent to the rate payable under a note in respect of the Calculation Period multiplied by a fraction the numerator of which is the actual number of days in such calendar year and the denominator of which is the actual number of days in the Calculation Period.

Additional Amounts

All payments made by or on behalf of any Issuer or any Guarantor (each a “*Payor*”) under or with respect to the notes or any Guarantee will be made free and clear of and without withholding or deduction for or on account of any Taxes, unless such Payor is required to withhold or deduct an amount for, or on account of, Taxes by law. If a Payor is so required to withhold or deduct any amount for or on account of Taxes imposed or levied by or on behalf of any jurisdiction in which such Payor is incorporated, organized, resident for tax purposes or carrying on a business for tax purposes or from or through which such Payor or its respective agents makes any payment on the notes or any Guarantee or any department or political subdivision thereof (each, a “*Relevant Taxing Jurisdiction*”) from any payment made under or with respect to the notes or any Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, such Payor, subject to the exceptions stated below, will pay such additional amounts (“*Additional Amounts*”) as may be necessary such that the net amount received in respect of such payment by each Holder or Beneficial Holder after such withholding or deduction (including withholding or deduction attributable to Additional Amounts payable hereunder) will not be less than the amount the Holder or Beneficial Holder, as the case may be, would have received if such Taxes had not been required to be so withheld or deducted.

A Payor will not, however, pay Additional Amounts to a Holder or Beneficial Holder with respect to:

- (i) Canadian withholding Taxes imposed on any payment on or in respect of the CAD Notes or any Guarantee with respect thereto to a Holder or Beneficial Holder by reason of such Holder or Beneficial Holder being a person with whom the Payor does not deal at arm's length for the purposes of the Tax Act at the time of making such payment (other than where the non-arm's length relationship arises as a result of the exercise or enforcement of rights under any notes or any Guarantee);
- (ii) any Canadian withholding Taxes imposed on a payment or deemed payment on the CAD Notes or Guarantee with respect thereto to a Holder or Beneficial Holder by reason of such Holder or Beneficial Holder being a "specified shareholder" of the CAD Issuer (within the meaning of subsection 18(5) of the Tax Act) at the time of payment or deemed payment, or by reason of such Holder or Beneficial Holder not dealing at arm's length for the purposes of the Tax Act with a "specified shareholder" of the CAD Issuer at the time of payment or deemed payment (other than where the Holder or Beneficial Holder is a "specified shareholder," or does not deal at arm's length with a "specified shareholder," solely as a result of the exercise or enforcement of rights under any notes or any Guarantee);
- (iii) any United States withholding Taxes imposed, withheld, or deducted on any payment on or in respect of the USD Notes;
- (iv) Taxes giving rise to such Additional Amounts that would not have been imposed, withheld or deducted but for the existence of any present or former connection between such Holder or Beneficial Holder (or between a fiduciary, settlor, beneficiary, member or shareholder or other equity owner of, or person in possession of power over, such Holder or Beneficial Holder, if such Holder or Beneficial Holder is an estate, a trust, a limited liability company, a partnership, a corporation or other entity) and the Relevant Taxing Jurisdiction in which such Taxes are imposed (including, without limitation, being or having been, or treated as, a citizen, domiciliary, resident or national of, or carrying on a business or maintaining a permanent establishment in, the Relevant Taxing Jurisdiction but not including any connection resulting solely from the acquisition, ownership, holding or disposition of notes, the receipt of payments thereunder and/or the exercise or enforcement of rights under any notes or any Guarantee);
- (v) Taxes giving rise to such Additional Amounts that would not have been imposed, withheld or deducted but for the failure of such Holder or Beneficial Holder, to the extent such Holder or Beneficial Holder is legally eligible to do so, to comply with any written request, made to that Holder or Beneficial Holder in writing at least 45 calendar days before any such withholding or deduction would be payable, by the Payor to satisfy any certification, identification, information, documentation or other reporting requirements concerning such Holder's or Beneficial Holder's nationality, residence, identity or connection with the Relevant Taxing Jurisdiction, which are required by applicable law, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes imposed by the Relevant Taxing Jurisdiction (including, without limitation, a certification that the Holder or Beneficial Holder is not resident in the Relevant Taxing Jurisdiction);
- (vi) any estate, inheritance, gift, value added, goods and services, harmonized sales, sales, transfer, capital gains, personal property or any similar Taxes or assessment or any excise tax imposed on the transfer of the notes;
- (vii) any Taxes that are imposed, withheld or deducted with respect to any payment on a note to any Holder who is a fiduciary, partnership, limited liability company or other fiscally transparent entity or person other than the sole beneficial owner of such payment and to the extent that no Additional Amounts would have been payable had the beneficial owner of the applicable note been the holder of such note;

- (viii) Taxes imposed on, or deducted or withheld from, payments in respect of the notes if such payments could have been made without such imposition, deduction or withholding of such Taxes had such notes been presented for payment (where presentation is required) within 30 calendar days after the date on which such payments or such notes became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent such Holder or Beneficial Holder would have been entitled to such Additional Amounts had such notes been presented on the last day of such 30-calendar day period);
- (ix) Taxes giving rise to such Additional Amounts that would not have been imposed but for the presentation of any note for payment by or on behalf of a holder of notes who would have been able to avoid such withholding or deduction by presenting the applicable note to another paying agent;
- (x) any Tax which is payable otherwise than by deduction or withholding from payments made under or with respect to the notes or any Guarantee;
- (xi) any Taxes imposed, withheld or deducted under FATCA;
- (xii) any Taxes which would not have been imposed, withheld or deducted but for such Holder's or Beneficial Holder's present or former status as a personal holding company, foreign personal holding company, controlled foreign corporation, passive foreign investment company or foreign tax exempt organization with respect to the Relevant Taxing Jurisdiction or as a corporation that accumulates earnings to avoid income tax in the Relevant Taxing Jurisdiction; or
- (xiii) any combination of the foregoing items (i) through (xii).

At least 30 calendar days prior to each date on which any payment under or with respect to the notes or any Guarantee is due and payable, if a Payor will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 35th day prior to the date on which such payment is due and payable, in which case it will be promptly thereafter), the Payor will deliver to the applicable Trustee an Officer's Certificate stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the applicable Trustee to pay such Additional Amounts to Holders and/or Beneficial Holders on the payment date. The applicable Trustee may rely conclusively on such Officer's Certificate as conclusive proof that such payments are necessary. The Payor will provide the relevant Trustee with documentation reasonably satisfactory to the applicable Trustee evidencing the payment of Additional Amounts.

The Payors will indemnify and hold harmless the Holders and Beneficial Holders of the notes for the amount of any Taxes under Regulation 803 of the Tax Act, or any similar or successor provision, (other than Taxes described in clauses (i) through (ix) or clauses (xi) through (xii) above or Taxes arising by reason of a transfer of a note to a person resident in Canada with whom the transferor does not deal at arm's length for the purposes of the Tax Act) levied or imposed on and paid by such a Holder or Beneficial Holder as a result of payments made under or with respect to the notes or any Guarantee.

In addition, the Payor will pay and indemnify the Holder or Beneficial Holder for any present or future stamp, issue, registration, transfer, court, documentation, excise, property or other similar Taxes, charges and duties, including any interest, penalties and any similar liabilities with respect thereto, imposed by any Relevant Taxing Jurisdiction (and, in the case of enforcement, any jurisdiction) at any time in respect of the execution, issuance, registration, delivery or enforcement of the notes, any Guarantee or any other document or instrument referred to thereunder, or the receipt of any payments with respect thereto (limited, solely in the case of Taxes, charges or duties attributable to the receipt of any payments with respect thereto, to any such Taxes, charges or duties imposed in a Relevant Taxing Jurisdiction that are not excluded under clauses (i)-(ix) or clauses (xi)-(xii) or any combination thereof, above).

The Payor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the applicable Taxing Authority in accordance with applicable law. Upon request, the Payor

will provide to the applicable Trustee an official receipt or, if official receipts are not obtainable, other documentation reasonably satisfactory to such applicable Trustee evidencing the payment of any Taxes so deducted or withheld. Upon request, the applicable Trustee will make available to Holders copies of those receipts or other documentation, as the case may be. The applicable Trustee will not be responsible for ensuring that the withholding and deduction of any amount has been properly made. Except as specifically provided above, no Payor shall be required to make a payment with respect to any Tax duty, assessment or other governmental charge imposed by any government or any political subdivision or Taxing Authority of or in any government or political subdivision.

The obligations described under this heading will survive any termination, defeasance or discharge of the Indentures, any transfer by a Holder or Beneficial Holder of its notes, and will apply (reflecting the applicable necessary changes) to any successor Person to any Payor and to any jurisdiction in which such successor is incorporated, organized or is otherwise resident or doing business for tax purposes or any jurisdiction from or through which payment is made by such successor or its respective agents or any department or political subdivision thereof.

Whenever this “Description of Notes” refers to, in any context, the payment of principal, premium, if any, interest, redemption price, purchase price or any other amount payable under or with respect to any note or Guarantee, such reference shall include the payment of Additional Amounts or indemnification payments as described hereunder, if applicable.

Escrow Related Provisions

Escrow of Proceeds; Escrow Release Conditions

Pursuant to the relevant Indenture, unless the Acquisition shall have been consummated concurrently with the consummation of the offering of the notes contemplated hereby, on the Issue Date, the Issuers will (x) deposit (or cause to be deposited) the gross proceeds of the offering of the notes sold on the Issue Date into the respective escrow account (collectively, the “*Escrow Accounts*”) and (y) deposit (or cause to be deposited) to the Escrow Accounts an additional amount of cash that, when taken together with the gross proceeds of the offering of the notes deposited into the Escrow Accounts (collectively, and together with any other property from time to time held by the Escrow Agent (as defined below) in the Escrow Accounts, the “*Escrowed Property*”), will be sufficient (without taking into account any deduction for any interest payments required to be made on the notes) to fund a Special Mandatory Redemption (as defined below) of the notes on _____, 2022 (the date that is three months following the Issue Date). If any interest payment date for a series of notes occurs prior to the disbursement of all funds from the Escrow Accounts, the applicable Issuer shall provide a written direction to the Escrow Agent to disburse to the payment agent (at the time such interest payment is required to be paid to the paying agent for such interest period) a portion of the Escrowed Property equal to the interest payment due with respect to such series of notes, and the amount of interest required to be paid on such interest payment date by the applicable Issuer shall be reduced accordingly. The Escrow Agreement to be entered into with U.S. Bank National Association, as escrow agent (in such capacity, together with its successors, the “*Escrow Agent*”), on the Issue Date if the gross proceeds of the offering are placed into the Escrow Accounts as described above (the “*Escrow Agreement*”) shall provide for the Escrow Agent to release a portion of the Escrowed Property in an amount equal to the amount of accrued and unpaid interest from the Issue Date or the most recent interest payment date, as applicable, prior to the Escrow Release in order to satisfy the interest payment obligations in respect of the notes under the Indentures.

In addition, the Escrow Agreement will provide that on the date that is five Business Days prior to the last day of each month beginning on _____, 2022, and ending on _____, 2022 (in each case, unless the Escrow Release Date has occurred), the Issuers will deposit (or cause to be deposited) to the Escrow Accounts an amount of cash equal to one month of interest accrued on the notes plus an amount in cash equal to the amount which would be necessary to pay the Special Mandatory Redemption Price if the Escrow End Date were at the end of the applicable month (as calculated in accordance with the terms of the Indentures).

The Escrowed Property will be held in the Escrow Accounts until the earliest of (i) the date on which the Issuers deliver to the Escrow Agent the Officer’s Certificate referred to in the second succeeding paragraph, (ii) the Escrow End Date, (iii) the date on which the Issuers deliver written notice to the Escrow Agent to the effect set forth in clause (ii) under “—Special Mandatory Redemption” below and (iv) the date that is three Business Days after the

Issuers fail to timely deposit (or cause to be timely deposited) any amounts required pursuant to the preceding paragraph on any applicable deposit date.

The Issuers will grant the applicable Trustee, for its benefit and the benefit of the Holders of the notes, subject to certain liens of the Escrow Agent, a first-priority security interest in the Escrow Accounts and all Escrowed Property to secure the payment of the Special Mandatory Redemption Price and the payment and performance of the other Obligations of the Issuers under the Indentures; *provided, however*, that such lien and security interest shall automatically be released and terminate at such time as the Escrowed Property is released from the Escrow Accounts pursuant to the terms of the Escrow Agreement. The Escrow Agent will invest the Escrowed Property in such Eligible Escrow Investments as the Issuers will from time to time direct in writing. Prior to the Escrow Release Date, the notes will be secured only by a pledge of the Escrow Accounts and the Escrowed Property. Following the Escrow Release Date, the notes and the Guarantees will be unsecured.

Other than in connection with the payment of a semi-annual interest payment as set forth under “—Principal, Maturity and Interest,” and pursuant to the fourth preceding paragraph, the Issuers will only be entitled to direct the Escrow Agent to release all of the Escrowed Property (in which case the Escrowed Property will be paid to or as directed by the Issuer) (the “*Escrow Release*”) upon the delivery to the Escrow Agent and the Trustees, on or prior to the Escrow End Date, of an Officer’s Certificate (the date on which such Officer’s Certificate is delivered to the Escrow Agent is referred to herein as the “*Escrow Notice Date*”), certifying that substantially concurrently with the release of such Escrowed Property the following conditions will be satisfied (the date of the Escrow Release is hereinafter referred to as the “*Escrow Release Date*”):

(1) all conditions precedent to the Acquisition will have been satisfied or waived in accordance with the Share Purchase Agreement on substantially the same terms as described in this Offering Circular (other than those conditions that by their terms are to be satisfied substantially concurrently with the consummation of the Acquisition);

(2) substantially concurrently with the Escrow Release, the Guarantors will have executed a supplemental indenture pursuant to which the Guarantors will provide the Guarantees of the notes effective as of the consummation of the Acquisition;

(3) substantially concurrently with the Escrow Release, the Guarantors will have executed a joinder to the Purchase Agreement; and

(4) the Issuers and the Guarantors will deliver to the applicable Trustee the opinions of counsel and certificates that are required to be delivered pursuant to the terms of the applicable Indenture in connection with the applicable supplemental indenture, and the Initial Purchasers will receive the opinions of counsel and certificates that are required to be delivered to them pursuant to the Escrow Agreement.

For purposes herein, the “*Escrow End Date*” shall mean September 30, 2022.

Redemption

Special Mandatory Redemption

If (i) the Escrow Agent has not received the Officer’s Certificate described above under “—Escrow of Proceeds; Escrow Release Conditions,” prior to the Escrow End Date and does not receive such Officer’s Certificate on the Escrow End Date or (ii) the Issuers notify the Escrow Agent and the Trustees, in writing, that the Issuers will not pursue the consummation of the Acquisition or that the Share Purchase Agreement has been terminated in accordance with its terms (each of the above, a “*Special Mandatory Redemption Event*”), then the Escrow Agent shall, without the requirement of notice to or action by the Issuers, the Trustees or any other person, liquidate and release the Escrowed Property (including investment earnings thereon and proceeds thereof) to the Trustees, the Issuers shall send or cause to be sent a notice of redemption to the Holders of the notes and the Trustees shall apply (or cause a paying agent to apply) such proceeds to redeem the applicable series of notes (the “*Special Mandatory Redemption*”) on the third Business Day following the Special Mandatory Redemption Event (the “*Special*

Mandatory Redemption Date”) or as otherwise required by the applicable procedures of DTC, at a redemption price (the “*Special Mandatory Redemption Price*”) equal to 100% of the issue price of the relevant notes, plus accrued and unpaid interest from the Issue Date, or the most recent date to which interest has been paid, as the case may be, to, but excluding the Special Mandatory Redemption Date (subject to the right of holders of record on the applicable record date to receive interest due on the applicable interest payment date). On the Special Mandatory Redemption Date, after deduction of its and the Escrow Agent’s fees and expenses, if any, the Trustees will pay to the Issuers any Escrowed Property in excess of the amount necessary to affect the Special Mandatory Redemption.

Optional Redemption

USD Notes

At any time prior to _____, 2026, the USD Notes will be redeemable, at the USD Issuer’s option, in whole or in part from time to time, upon not less than 15 nor more than 60 days’ written notice, at a price equal to 100% of the principal amount thereof plus the Applicable Premium (as defined below) plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of record on the applicable record date to receive interest due on the applicable interest payment date).

“*Applicable Premium*” means, with respect to a USD Note at any redemption date, the greater of (1) 1.0% of the principal amount of such USD Note and (2) the excess of (a) the present value at such redemption date of (i) the redemption price of such USD Note on _____, 2026 (such redemption price being that described in the fourth paragraph of this “—Optional Redemption—USD Notes” section) plus (ii) all required remaining scheduled interest payments due on such USD Note through _____, 2026, computed using a discount rate equal to the Treasury Rate (as defined below) plus 50 basis points; over (b) the then principal amount of such USD Note on such redemption date. Calculation of the Applicable Premium will be made by the USD Issuer or on behalf of the USD Issuer by such Person as the USD Issuer shall designate; *provided, however*, that such calculation, confirmation thereof or determination of the Treasury Rate referenced below, shall not be a duty or obligation of the USD Trustee.

“*Treasury Rate*” means, with respect to a redemption date, the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two Business Days prior to such redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to _____, 2026; *provided, however*, that if the period from such redemption date to _____, 2026 is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from such redemption date to _____, 2026 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

In addition, the USD Issuer may redeem the USD Notes at its option, in whole or in part, upon not less than 15 nor more than 60 days’ written notice, at the following redemption prices (expressed as percentages of the principal amount thereof) plus accrued and unpaid interest, if any, to, but excluding, the redemption date if redeemed during the 12-month period commencing on _____ of the year set forth below:

<u>Year</u>	<u>Percentage</u>
2026.....	%
2027.....	%
2028.....	%
2029 and thereafter.....	100.000%

In addition, the USD Issuer must pay accrued and unpaid interest on the USD Notes redeemed to, but excluding, the redemption date (subject to the right of holders of record on the applicable record date to receive interest due on the applicable interest payment date).

CAD Notes

At any time prior to _____, 2024, the CAD Notes will be redeemable, at the CAD Issuer's option, in whole or in part from time to time, upon not less than 15 nor more than 60 days' written notice, at a price equal to the Canada Yield Price (as defined below) plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of record on the applicable record date to receive interest due on the applicable interest payment date).

"*Canada Yield Price*" means the price for the CAD Notes, as determined by an independent investment dealer selected by the CAD Issuer and acceptable to the CAD Trustee, acting reasonably, as of the third Business Day prior to the date of redemption, equal to the greater of: (a) 101% of the principal amount of the CAD Notes; and (b) the sum of the present values of (i) the redemption price of such CAD Notes on _____, 2024 (such redemption price being that described in the fourth paragraph of this "—Optional Redemption—CAD Notes" section) plus (ii) the scheduled payments of interest on the CAD Notes remaining from the redemption date up to and including _____, 2024 (not including any portion of the scheduled payments of interest accrued as of the relevant redemption date) discounted to the relevant redemption date on a semi-annual basis (assuming a 365-day year) at the discount rate equal to the sum of the Canada Bond Yield for such CAD Notes and the Canada Yield Spread.

"*Canada Bond Yield*" means, on any date, the bid yield to maturity on such date compounded semi-annually which a non-callable non-amortizing Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity which most closely approximates the remaining term to _____, 2024 on such date, as determined by the CAD Issuer based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market place at or about 11:00 a.m. (Eastern Time), on the relevant date for each of the two outstanding non-callable non-amortizing Government of Canada nominal bonds which have the terms to maturity which most closely span the remaining term to _____, 2024 on such date, where such arithmetic average is based in each case on the bids quoted by two independent registered members of the Investment Industry Regulatory Organization of Canada selected by the CAD Issuer (and acceptable to the CAD Trustee, acting reasonably), calculated in accordance with standard practice in the industry.

"*Canada Yield Spread*" means _____ % (or _____ basis points).

In addition, the CAD Issuer may redeem the CAD Notes at its option, in whole or in part, upon not less than 15 nor more than 60 days' written notice, at the following redemption prices (expressed as percentages of the principal amount thereof) plus accrued and unpaid interest, if any, to, but excluding, the redemption date if redeemed during the 12-month period commencing on _____ of the year set forth below:

<u>Year</u>	<u>Percentage</u>
2024.....	%
2025.....	%
2026.....	%
2027 and thereafter.....	100.000%

In addition, the CAD Issuer must pay accrued and unpaid interest on the CAD Notes redeemed to, but excluding, the redemption date (subject to the right of holders of record on the applicable record date to receive interest due on the applicable interest payment date).

Optional Redemption upon Equity Offerings

USD Notes

At any time, or from time to time, on or prior to _____, 2024 the USD Issuer may, at its option, use an amount of cash up to the Net Cash Proceeds of one or more Equity Offerings (as defined below) to redeem, upon not less than 15 nor more than 60 days' written notice up to 40% of the principal amount of the USD Notes (including any Additional Notes) outstanding under the USD Indenture at a redemption price of _____ % of the principal amount thereof plus accrued and unpaid interest thereon, if any, to, but excluding, the redemption date (subject to the right of holders of record on the applicable record date to receive interest due on the applicable interest payment date); *provided that*:

- (1) at least 50% of the principal amount of USD Notes (including any Additional Notes) outstanding under the USD Indenture remains outstanding immediately after any such redemption; and
- (2) the USD Issuer makes such redemption not more than 90 days after the consummation of any such Equity Offering.

“*Equity Offering*” means any public or private offering of Qualified Capital Stock of Parent (other than offerings registered on Form S-8 or any successor form).

CAD Notes

At any time, or from time to time, on or prior to _____, 2024 the CAD Issuer may, at its option, use an amount of cash up to the Net Cash Proceeds of one or more Equity Offerings (as defined below) to redeem, upon not less than 15 nor more than 60 days’ written notice up to 40% of the principal amount of the CAD Notes (including any Additional Notes) outstanding under the CAD Indenture at a redemption price of _____ % of the principal amount thereof plus accrued and unpaid interest thereon, if any, to, but excluding, the redemption date (subject to the right of holders of record on the applicable record date to receive interest due on the applicable interest payment date); *provided that*:

- (1) at least 50% of the principal amount of CAD Notes (including any Additional Notes) outstanding under the CAD Indenture remains outstanding immediately after any such redemption; and
- (2) the CAD Issuer makes such redemption not more than 90 days after the consummation of any such Equity Offering.

“*Equity Offering*” means any public or private offering of Qualified Capital Stock of Parent (other than offerings registered on Form S-8 or any successor form).

Optional Redemption for Changes in Withholding Tax

If, as a result of:

- (1) any amendment to, or change in, the laws or treaties (or regulations or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction which is announced or becomes effective on or after the Issue Date (or, where a jurisdiction in question does not become a Relevant Taxing Jurisdiction until a later date, such later date); or
- (2) any amendment to, or change in, the existing official written position or the introduction of a written official position regarding the application, interpretation, administration or assessing practices of any such laws, regulations or rulings of any Relevant Taxing Jurisdiction, or a judicial decision rendered by a court of competent jurisdiction (whether or not made, taken or reached with respect to any Issuer or any of the Guarantors) which is announced on or after, and becomes effective on or after (or is implemented with an effective date prior to), the Issue Date (or, where a jurisdiction in question does not become a Relevant Taxing Jurisdiction until a later date, such later date),

any Issuer or any Guarantor has become or will become obligated to pay, on the next date on which any amount would be payable with respect to the notes or a Guarantee, as applicable, Additional Amounts or indemnification payments as described above under the heading “—Additional Amounts” with respect to the Relevant Taxing Jurisdiction, which payment the Issuer or the Guarantor (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by an Issuer or another Guarantor without the obligation to pay Additional Amounts) cannot avoid with the use of reasonable measures available to it (including making payment through a paying agent located in another jurisdiction), then the applicable Issuer may, at its option, redeem all but not less than all of the notes issued by it, upon not more than 60 days’ notice prior to the earliest date on which such Issuer or a Guarantor, as applicable, would be required to pay such Additional Amounts or indemnification payments, at a

redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of record on the applicable record date to receive interest due on the applicable interest payment date). The applicable Issuer will not give any such notice of redemption unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect. Prior to the giving of any notice of redemption described in this paragraph, the applicable Issuer will deliver to the applicable Trustee a written opinion of independent legal counsel to such Issuer or the Guarantor, as applicable, of recognized standing and reasonably satisfactory to such Trustee (such approval not to be unreasonably withheld, conditioned or delayed), to the effect that such Issuer or the Guarantor, as applicable, has or will become obligated to pay such Additional Amounts or indemnification payments as a result of an amendment or change described above.

In addition, prior to the giving of any such notice of redemption, such Issuer will deliver to the applicable Trustee an Officer's Certificate to the effect that the obligation to pay Additional Amounts cannot be avoided by such Issuer or the applicable Guarantor (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuers or another Guarantor without the obligation to pay Additional Amounts) taking reasonable measures available to it; provided that changing the jurisdiction of incorporation or formation of such Issuer or applicable Guarantor shall not be considered a reasonable measure.

The applicable Trustee will accept and may rely conclusively on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the Holders.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

Except as described above under “—Special Mandatory Redemption,” the Issuers are not required to make any mandatory redemption or sinking fund payments with respect to the notes. However, under certain circumstances, the Issuers may be required to offer to purchase notes as described under “—Change of Control” and “—Certain Covenants—Limitation on Asset Sales.” We may at any time and from time to time purchase notes in the open market or otherwise.

Selection and Notice of Redemption

If less than all of the USD Notes are to be redeemed at any time, the USD Trustee will select such USD Notes for redemption (1) in compliance with the requirements of the principal securities exchange, if any, on which the USD Notes are listed, as certified to the USD Trustee by such Issuer, (2) if the USD Notes are not so listed or such exchange prescribes no method of selection, in compliance with the requirements of DTC, or (3) if the USD Notes are not so listed or such exchange prescribes no method of selection, and the USD Notes are not held through DTC or DTC prescribes no method of selection, on a pro rata basis, by round lot, subject to adjustments so that no USD Note in an unauthorized denomination remains outstanding after such redemption; *provided, however*, that no USD Note of \$2,000 in aggregate principal amount or less shall be redeemed in part.

If less than all of the CAD Notes are to be redeemed at any time, the CAD Trustee will select such CAD Notes for redemption (1) in compliance with the requirements of the principal securities exchange, if any, on which the CAD Notes are listed, as certified to the CAD Trustee by such Issuer, (2) if the CAD Notes are not so listed or such exchange prescribes no method of selection, in compliance with the requirements of CDS, or (3) if the CAD Notes are not so listed or such exchange prescribes no method of selection, and the CAD Notes are not held through CDS or CDS prescribes no method of selection, on a pro rata basis, by round lot, subject to adjustments so that no CAD Note in an unauthorized denomination remains outstanding after such redemption; *provided, however*, that no CAD Note of C\$2,000 in aggregate principal amount or less shall be redeemed in part.

Except as described above under “—Special Mandatory Redemption,” notice of redemption will be sent electronically or mailed by first-class mail at least 15 but not more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Issuer has deposited with the paying agent funds in satisfaction of the applicable redemption price.

Notwithstanding the foregoing, in connection with any Change of Control Offer or Net Proceeds Offer with respect to any series of notes, if Holders of not less than 90% in aggregate principal amount of the outstanding notes of such series validly tender and do not validly withdraw such notes in such Change of Control Offer or Net Proceeds Offer and the applicable Issuer, or any third party making a such Change of Control Offer or Net Proceeds Offer in lieu of the Issuer, purchases all of the notes of such series validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 15 nor more than 60 days' prior notice, given not more than 30 days following such purchase date, to redeem all notes of such series that remain outstanding following such purchase at a redemption price equal to the price offered to each other Holder in such Change of Control Offer or Net Proceeds Offer plus, to the extent not included, accrued and unpaid interest, if any, thereon, to, but excluding, such redemption date.

Notice of any redemption of any series of notes in connection with a corporate transaction (including an Equity Offering, an incurrence of Indebtedness, an amalgamation, consolidation or merger or a Change of Control) may, at the applicable Issuer's discretion, be given prior to the completion thereof and any such redemption or notice may, at such Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related transaction. If such redemption or purchase is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in such Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived by such Issuer (in its sole discretion), or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date as so delayed. In addition, the applicable Issuer may provide in such notice that payment of the redemption price and performance of such Issuer's obligations with respect to such redemption may be performed by another Person.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose notes will be subject to redemption by the Issuers.

Guarantees

From and after the Issue Date, the notes will not be guaranteed. On the Escrow Release Date, if the Acquisition is consummated, Parent, the USD Issuer, the CAD Issuer and each of Parent's other subsidiaries that is a borrower, or guarantees indebtedness, under the Senior Secured Credit Facilities (the "*Guarantors*") will, jointly and severally, fully and unconditionally guarantee (the "*Guarantees*"), on a senior unsecured basis, all of the Issuers' obligations under the Indentures and the notes and execute supplemental indentures. The obligations of each Guarantor under its Guarantee will be limited to prevent the Guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable law. See "Risk Factors—Risks Related to the Notes and Our Indebtedness—Fraudulent transfer and conveyance laws, and similar laws in applicable foreign jurisdictions, permit a court, under certain circumstances, to void the notes and the guarantees, and, if that occurs, you may not receive any payments on the notes." Notwithstanding the foregoing, any entity that is (a) a CFC, (b) a U.S. Person all or substantially all of the assets of which consist of the equity interests of one or more CFCs or (c) a U.S. Person that is a Subsidiary of a CFC, will not provide a Guarantee. For this purpose, (x) a "CFC" means any controlled foreign corporation for U.S. federal income tax purposes that is owned (within the meaning of Section 958(a) of the Code) by either the USD Issuer or any Affiliate of the USD Issuer that is a U.S. Person and a corporation for U.S. federal income tax purposes, and (y) a "U.S. Person" means any United States person (within the meaning of Section 7701(a)(30) of the Code).

Each Guarantor may amalgamate or consolidate with or merge into or sell its assets to the Issuers or another Guarantor without limitation, or with other Persons, upon the terms and conditions set forth in the Indentures. See "Certain Covenants—Merger, Consolidation and Sale of Assets." In the event all of the Capital Stock of a Guarantor that is owned by Parent or any of its Subsidiaries is sold and the sale complies with the provisions set forth in "—Certain Covenants—Limitation on Asset Sales" or a Restricted Subsidiary that is a Guarantor is properly designated as an Unrestricted Subsidiary, the Guarantor's Guarantee will be automatically released. Further, the Indentures will provide that a Guarantor's Guarantee will be automatically released upon the earlier of (1) such Guarantor being released from, or discharged of, its guarantee of, and all pledges and security, if

any, granted by such Guarantor in connection with, the Senior Secured Credit Facilities or such other guarantee that resulted in the creation of such Guarantee (except, in the case of the Senior Secured Credit Facilities, a release by or as a result of a payment thereon), and (2) Legal Defeasance with respect to the notes or satisfaction and discharge of the Indentures as described below under the sections titled “—Legal Defeasance and Covenant Defeasance” and “—Satisfaction and Discharge.” Not all of Parent’s Subsidiaries will guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, these non-guarantor Subsidiaries will pay the holders of their debts and their trade creditors before they will be able to distribute any of their assets to us. As of September 30, 2021, on a pro forma basis after giving effect to the Transactions, Parent’s non-guarantor Subsidiaries had \$99.0 million of liabilities (to which the notes would have been structurally subordinated) and \$298.6 million of assets, excluding intercompany balances.

Holding Company Structure

The Issuers are holding companies for its respective Subsidiaries, with no material operations of its own and only limited assets. Accordingly, the Issuers are dependent upon the distribution of the earnings of its respective Subsidiaries, whether in the form of dividends, advances or payments on account of intercompany obligations, to service its debt obligations. In addition, the claims of the Holders are subject to the prior payment of all liabilities (whether or not for borrowed money) and to any preferred stock interest of such Subsidiaries other than the Guarantors. We cannot assure you that, from and after the Escrow Release Date, after providing for all prior claims, there would be sufficient assets available from the Issuer and the Guarantors to satisfy the claims of the Holders of notes. See “Risk Factors—Risks Related to the Notes and Our Indebtedness— If Ritchie Bros.’ subsidiaries do not make sufficient distributions to the Issuers, the Issuers will not be able to make payments on their debt, including the notes.”

Change of Control

Upon the occurrence of a Change of Control with respect to any series of notes, the applicable Issuer under the applicable Indenture will offer to purchase all or a portion of such Holder’s notes pursuant to the offer described below (a “*Change of Control Offer*”), at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to, but excluding, the date of purchase.

Within 30 days following the date upon which the Change of Control occurred, the applicable Issuer must send a written notice to each Holder, with a copy to the applicable Trustee, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the purchase date, which (unless otherwise required by law) must be no earlier than 30 days nor later than 60 days from the date such notice is sent (the “*Change of Control Payment Date*”). Holders electing to have a note purchased pursuant to a Change of Control Offer will be required to surrender the note, with the form entitled “Option of Holder to Elect Purchase” on the reverse of the note completed, to the paying agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date. If the note is in global form, Holders will be required to follow applicable DTC and CDS procedures.

If a Change of Control Offer is made, we cannot assure you that the Issuers will have available funds sufficient to pay the Change of Control purchase price for all the notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Issuers are required to purchase outstanding notes pursuant to a Change of Control Offer, the Issuers may seek third party financing to the extent it does not have available funds to meet its purchase obligations. However, we cannot assure you that the Issuers would be able to obtain such financing.

Neither the Board of Directors of the Issuers nor the applicable Trustee may waive the covenant relating to the Issuers’ obligation to make a Change of Control Offer upon the occurrence of a Change of Control. The Issuers’ obligation to make a Change of Control Offer upon the circumstances described herein, and restrictions in the Indentures described herein on the ability of the Issuers, Parent and Parent’s Restricted Subsidiaries to incur additional Indebtedness, to grant liens on its property, to make Restricted Payments and to make Asset Sales may make more difficult or discourage a takeover of the Issuers, whether favored or opposed by the management of the Issuers. Consummation of any such transaction in certain circumstances may require redemption or repurchase of the notes, and we cannot assure you that the Issuers or the acquiring party will have sufficient financial resources to

effect such redemption or repurchase. Such restrictions and the restrictions on transactions with Affiliates may, in certain circumstances, make more difficult or discourage any leveraged buyout of the Issuers or any of their respective Subsidiaries by the management of the Issuers. While such restrictions cover a wide variety of arrangements which have traditionally been used to effect highly leveraged transactions, the Indentures may not afford the Holders protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, amalgamation, merger or similar transaction.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the “Change of Control” provisions of the Indentures, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the “Change of Control” provisions of the Indentures by virtue thereof.

No Issuer will be required to make a Change of Control Offer with respect to a series of notes following a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the applicable Indenture applicable to a Change of Control Offer made by the applicable Issuer and purchases all notes of such series validly tendered and not withdrawn under such Change of Control Offer or (2) a notice of redemption of all outstanding notes of such series has been given pursuant to the applicable Indenture as described above under the caption “—Optional Redemption,” unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

The definition of “Change of Control” includes a disposition of all or substantially all of the property and assets of Parent to any Person. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all” of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of notes may require the Issuers to make an offer to repurchase the notes as described above.

Certain Covenants

Changes in Covenants When Notes Rated Investment Grade

Beginning on the date following the Issue Date that:

- (1) a series of notes have an Investment Grade Rating; and
- (2) no Default or Event of Default shall have occurred and be continuing,

and ending on the date (the “*Reversion Date*”) that either Rating Agency ceases to have an Investment Grade Rating on such series of notes (such period of time, the “*Suspension Period*”), the covenants specifically listed under the following captions in this “Description of Notes” will no longer be applicable to such series of notes:

- (1) “—Limitation on Incurrence of Additional Indebtedness”;
- (2) “—Limitation on Restricted Payments”;
- (3) “—Limitation on Asset Sales”;
- (4) “—Limitation on Dividend and Other Payment Restrictions Affecting Guarantors”;

(5) “—Limitations on Transactions with Affiliates”;

(6) clause (2) of the covenant listed under “—Merger, Consolidation and Sale of Assets.”

During a Suspension Period, the applicable Issuer’s or Parent’s Board of Directors may not designate any of Parent’s Subsidiaries as Unrestricted Subsidiaries under the applicable Indenture governing such series of notes.

On the Reversion Date, all Indebtedness incurred during the Suspension Period will be classified to have been incurred pursuant to and permitted under the first paragraph of “—Limitation on Incurrence of Additional Indebtedness” or one of the clauses set forth in the definition of Permitted Indebtedness (to the extent such Indebtedness would be permitted to be incurred thereunder as of the Reversion Date and after giving effect to Indebtedness incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent any Indebtedness would not be permitted to be incurred pursuant to the first paragraph of “—Limitation on Incurrence of Additional Indebtedness” or any of the clauses set forth in the definition of Permitted Indebtedness, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as Permitted Indebtedness under clause (3) of the definition of Permitted Indebtedness and permitted to be refinanced under clause (16) of the definition of Permitted Indebtedness.

Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under the covenant described under “—Limitation on Restricted Payments” will be made as though the covenant described under “—Limitation on Restricted Payments” had been in effect during the entire period of time after the Issue Date and prior to, but not during, the Suspension Period and, accordingly, all Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under clause (iii) of the first paragraph of such covenant.

In addition, for purposes of the covenant described under “—Limitations on Transactions with Affiliates,” all Affiliate Transactions entered into by Parent or any of its Restricted Subsidiaries with an Affiliate of Parent during the applicable Suspension Period prior to such Reversion Date will be deemed to have been entered into on or prior to the Issue Date, and for purposes of the covenant described under “—Limitation on Dividend and Other Payment Restrictions Affecting Guarantors,” all contracts entered into during the applicable Suspension Period prior to such Reversion Date that contain any of the restrictions contemplated by such covenant will be deemed to have been existing on the Issue Date. For purposes of the “—Limitation on Asset Sales” covenant, on the Reversion Date, the unutilized Net Cash Proceeds amount will be reset to zero.

Notwithstanding the fact that covenants suspended during a Suspension Period may be reinstated, (1) no Default or Event of Default or breach of any kind will be deemed to have occurred, and none of Parent, the Issuers or any of Parent’s Subsidiaries shall bear any liability for any actions taken or events occurring during the Suspension Period or any actions taken at any time pursuant to any contractual obligation arising during any Suspension Period, in each case as a result of a failure to comply with such covenants during the Suspension Period or at the time such covenants are reinstated and (2) following a Reversion Date, Parent, the Issuers and each of Parent’s Restricted Subsidiaries will be permitted, without causing a Default or Event of Default, to honor, comply with or otherwise perform any contractual commitments or obligations arising during any Suspension Period and to consummate the transactions contemplated thereby.

The applicable Issuer shall give the applicable Trustee written notice of any Suspension Event and in any event not later than five (5) Business Days after such Suspension Event has occurred. The applicable Issuer shall give the applicable Trustee written notice of any occurrence of a Reversion Date not later than five (5) Business Days after such Reversion Date.

There can be no assurances that any series of notes will ever achieve or maintain an Investment Grade Rating.

Limitation on Incurrence of Additional Indebtedness

Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, guarantee, acquire, become liable, contingently or otherwise, with respect to, or otherwise become responsible for payment of (collectively, “*incur*”) any Indebtedness (including, without limitation, Acquired Indebtedness); *provided, however*, that, Parent and its Restricted Subsidiaries may incur Indebtedness (including, without limitation, Acquired Indebtedness) if on the date of the incurrence of such Indebtedness, after giving pro forma effect to the incurrence thereof, the Consolidated Fixed Charge Coverage Ratio is at least 2.0 to 1.0; *provided, further*, that any Restricted Subsidiary of Parent that is not or will not, upon such incurrence, become a Guarantor may not incur Indebtedness under this paragraph if, after giving pro forma effect to such incurrence (including a pro forma application of the net proceeds therefrom), more than an aggregate principal amount equal to \$50.0 million of Indebtedness of such non-Guarantor Subsidiary would be outstanding under this paragraph at such time.

The foregoing limitations will not apply to each of the following, without duplication (collectively, “*Permitted Indebtedness*”):

- (1) Indebtedness under the notes issued on the Issue Date (including the related Guarantees);
- (2)(a) Indebtedness incurred pursuant to Credit Facilities in an aggregate principal amount at any time outstanding not to exceed the greater of \$1,500 million or (b) an additional aggregate principal amount of Consolidated Total Secured Indebtedness in an amount such that, on a pro forma basis after giving effect to the incurrence of such Indebtedness (and application of the net proceeds therefrom), the Consolidated Secured Debt Ratio would be no greater than 3.50 to 1.00;
- (3) Indebtedness of Parent and its Restricted Subsidiaries outstanding on the Issue Date (other than Indebtedness under clause (1) and (2) above) (including any amendments or replacements thereof that do not increase the principal amount);
- (4) Interest Swap Obligations of Parent or any of its Restricted Subsidiaries covering Indebtedness of Parent or such Restricted Subsidiary; *provided, however*, that (a) such Interest Swap Obligations are entered into for the purpose of mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by Parent or such Restricted Subsidiary, or changes in the value of securities issued by Parent or such Restricted Subsidiary, and not for purposes of speculation or taking a “market view”;
- (5) Indebtedness under Currency Agreements; *provided* that in the case of Currency Agreements which relate to Indebtedness, such Currency Agreements do not increase the Indebtedness of the Parent and its Restricted Subsidiaries outstanding other than as a result of fluctuations in currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;
- (6) Indebtedness of Parent owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary of Parent owing to and held by Parent or any other Restricted Subsidiary of Parent; *provided, however*, that: (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being held by a Person other than Parent or a Restricted Subsidiary of Parent, and (b) any sale or other transfer (excluding Permitted Liens) of any such Indebtedness to a Person other than Parent or a Restricted Subsidiary of Parent, shall be deemed, in each case, to be the incurrence of Indebtedness by Parent or such Restricted Subsidiary, as the case may be, not permitted by this clause (6);
- (7) (a) obligations pursuant to any Cash Management Agreement and other Indebtedness in respect of netting services, overdraft protections and similar arrangements and (b) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business;
- (8) Indebtedness of Parent or any of its Restricted Subsidiaries (a) represented by letters of credit, pledges or deposits for the account of Parent or such Restricted Subsidiary, as the case may be, in order to

provide security for workers' compensation claims, payment obligations in connection with self-insurance, the purchase of goods or other requirements in the ordinary course of business or (b) owing to any insurance company in connection with the financing of any insurance premiums permitted by such insurance company in the ordinary course of business;

(9) Indebtedness represented by guarantees by Parent or its Restricted Subsidiaries of Indebtedness otherwise permitted to be incurred under the Indentures; *provided* that, in the case of a guarantee by a Restricted Subsidiary, such Restricted Subsidiary complies with the covenant described under "—Additional Subsidiary Guarantees" to the extent applicable;

(10) Indebtedness of Parent or any of its Restricted Subsidiaries in respect of bid, payment and performance bonds, bankers' acceptances, workers' compensation claims, surety or appeal bonds, payment obligations in connection with insurance or similar obligations, and bank overdrafts (and letters of credit in respect thereof) in the ordinary course of business;

(11) Indebtedness of Parent or any Restricted Subsidiary consisting of guarantees, earn-outs, incentives, non-competes, consulting, indemnities or other similar arrangements or obligations (contingent or other) in respect of purchase price adjustments in connection with the acquisition (including the Acquisition and related transactions) or disposition of assets;

(12) Indebtedness of (x) Parent or any Restricted Subsidiary incurred or issued to finance an acquisition or (y) Persons that are acquired by Parent or any Restricted Subsidiary or merged into or amalgamated or consolidated with Parent or a Restricted Subsidiary in accordance with the terms of the Indentures; *provided* that after giving effect to such acquisition, merger, amalgamation or consolidation, either: (a) Parent would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test set forth in the first paragraph of this covenant; (b) the Consolidated Fixed Charge Coverage Ratio of Parent and its Restricted Subsidiaries would not be lower than immediately prior to such acquisition, merger, amalgamation or consolidation; or (c) such Indebtedness constitutes Acquired Indebtedness; *provided* that, with respect to this clause (c), the only obligors with respect to such Acquired Indebtedness shall be those Persons who were obligors of such Acquired Indebtedness prior to such acquisition, merger, amalgamation or consolidation; *provided, further*, that any Restricted Subsidiary of Parent that is not or will not, upon such incurrence, become a Guarantor may not incur Indebtedness under clause (x) of this clause (12) if, after giving pro forma effect to such incurrence (including a pro forma application of the net proceeds therefrom), more than an aggregate principal amount equal to \$75.0 million of Indebtedness of such non-Guarantor Subsidiary would be outstanding under clause (x) of this clause (12) at such time.

(13) Indebtedness represented by Capitalized Lease Obligations and Purchase Money Indebtedness of Parent and its Restricted Subsidiaries in an aggregate principal amount at any time outstanding, including any Refinancing Indebtedness in respect thereof, not to exceed the greater of (A) \$200.0 million and (B) 40% of Consolidated EBITDA for the Applicable Measurement Period;

(14) Indebtedness of International Restricted Subsidiaries (other than Canadian Restricted Subsidiaries) of Parent in connection with letters of credit and bank guarantees in an aggregate principal amount at any time outstanding not to exceed the greater of \$50.0 million and 10% of Consolidated EBITDA for the Applicable Measurement Period;

(15) Indebtedness of Parent evidenced by commercial paper issued by Parent; *provided* that the aggregate outstanding principal amount of Indebtedness incurred pursuant to clause (2) above and this clause (15) does not exceed the maximum amount of Indebtedness permitted under clause (2) above;

(16) Refinancing Indebtedness in respect of Indebtedness described in clauses (1), (2), (3), (4), (5), (12) and (14) above, this clause (16) and clause (18) below;

(17) Indebtedness represented by Secured Foreign Credit Facilities;

(18) additional unsecured Indebtedness in the form of one or more revolving credit facilities with one or more commercial banks in an aggregate principal amount at any time outstanding not to exceed \$100.0 million; and

(19) additional Indebtedness of Parent and the Restricted Subsidiaries in an aggregate principal amount at any time outstanding, including any Refinancing Indebtedness in respect thereof, not to exceed the greater of (A) \$200.0 million and (B) 40% of Consolidated EBITDA for the Applicable Measurement Period.

For purposes of determining compliance with this covenant:

(a) in determining any particular amount of Indebtedness under this covenant, guarantees, Liens or letter of credit obligations supporting Indebtedness otherwise included in the determination of such particular amount shall not be included;

(b) in the event that all or a portion of an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (1) through (19) above or is permitted to be incurred pursuant to the Consolidated Fixed Charge Coverage Ratio provisions of such covenant, the Issuers shall, in its sole discretion, divide, classify and reclassify such item or portion of such item of Indebtedness in any manner that complies with such covenant, including under the first paragraph of such covenant if such reclassified Indebtedness could then be incurred under such test, except that Indebtedness outstanding under the Senior Secured Credit Facilities on the Issue Date or the Escrow Release Date shall be deemed to have been incurred on the Issue Date or the Escrow Release Date under clause (2) above and may not be reclassified;

(c) accrual of interest, accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the payment of dividends on Disqualified Capital Stock in the form of additional shares of the same class of Disqualified Capital Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Capital Stock for purposes of this covenant;

(d) in connection with the Parent, an Issuer or a Restricted Subsidiary of Parent's entry into an instrument containing a binding commitment in respect of any revolving Indebtedness, the Issuers may elect, pursuant to an Officer's Certificate delivered to the applicable Trustee, to treat all or any portion of such commitment (any such amount elected until revoked as described below, an "*Elected Amount*") under any Indebtedness which is to be incurred (or any commitment in respect thereof) or secured by a Lien, as the case may be, as being incurred as of such election date, and (i) any subsequent incurrence of Indebtedness under such commitment (so long as the total amount under such Indebtedness does not exceed the Elected Amount) shall not be deemed, for purposes of any calculation under the applicable Indenture, to be an incurrence of additional Indebtedness or an additional Lien at such subsequent time, (ii) the Issuers may revoke an election of an Elected Amount at any time pursuant to an Officer's Certificate delivered to the Trustee and (iii) for purposes of all subsequent calculations of the Consolidated Debt Ratio and the Consolidated Secured Debt Ratio, the Elected Amount (if any) shall be deemed to be outstanding, whether or not such amount is actually outstanding, so long as the applicable commitment remains outstanding; and

(e) the principal amount of Indebtedness outstanding under any clause of this covenant shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness;

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of Parent as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under this covenant, the Issuers shall be in default of this covenant).

For purposes of determining compliance with any Dollar-denominated restriction on the incurrence of Indebtedness, the Dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be

calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt, and the amount of such debt will not be deemed to change as a result of fluctuations in currency exchange rates after such date of incurrence or commitment; *provided*, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (a) the principal amount of such Indebtedness being refinanced plus (b) the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, premiums (including, without limitation, tender premiums) and other costs and expenses (including, without limitation, original issue discount, upfront fees or similar fees) Incurred in connection with such refinancing.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that Parent or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

The Issuers and Parent will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness which by its terms (or by the terms of any agreement governing such Indebtedness) is expressly subordinated in right of payment to any other Indebtedness of the Issuers, Parent or such Guarantor, as the case may be, unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness) made expressly subordinate to the notes or the applicable Guarantee, as the case may be, to the same extent and in the same manner as such Indebtedness is subordinated to other Indebtedness of the Issuers, Parent or such Guarantor, as the case may be. For purposes of the foregoing all other purposes under the Indentures, no Indebtedness will be deemed to be subordinated or junior in right of payment to any other Indebtedness of the Issuers, Parent or any Guarantor solely by virtue of such Indebtedness being unsecured or by virtue of the fact that the holders of such Indebtedness have entered into one or more intercreditor agreements or similar arrangements giving one or more of such holders priority over the other holders in the collateral securing such Indebtedness.

Limitation on Restricted Payments

Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any distribution (other than (A) dividends or distributions payable in Qualified Capital Stock of Parent or (B) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Parent or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Capital Stock in such class or series of securities) on or in respect of shares of Parent's Capital Stock to holders of such Capital Stock;

(2) purchase, redeem or otherwise acquire or retire for value any Capital Stock of Parent or any warrants, rights or options to purchase or acquire shares of any class of such Capital Stock (other than Disqualified Capital Stock within 365 days of the Stated Maturity thereof);

(3) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, earlier than one year prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than Subordinated Indebtedness held by Parent or any of its Restricted Subsidiaries); or

(4) make any Investment (other than Permitted Investments)

(each of the foregoing actions set forth in clauses (1), (2), (3) and (4) being referred to as a "*Restricted Payment*"), if at the time of such Restricted Payment or immediately after giving effect thereto,

(i) a Default or an Event of Default shall have occurred and be continuing; or

(ii) Parent is not able to incur at least \$1.00 of additional Indebtedness in compliance with the first paragraph of the covenant described under “—Limitation on Incurrence of Additional Indebtedness”; or

(iii) the aggregate amount of Restricted Payments (including such proposed Restricted Payment) made subsequent to the first day of the fiscal quarter of Parent during which the Issue Date occurs (the amount expended for such purposes, if other than in cash, being the fair market value of such property as determined in good faith by the Board of Directors of Parent or the Issuers) shall exceed the sum, without duplication, of:

(w) 50% of the cumulative Consolidated Net Income (or if cumulative Consolidated Net Income shall be a loss, minus 100% of such loss) of Parent earned subsequent to October 1, 2016 (the “*Look-back Date*”) and on or prior to the date the Restricted Payment occurs (the “*Reference Date*”) (treating such period as a single accounting period); *plus*

(x) 100% of the aggregate net cash proceeds and the fair market value of readily marketable securities or other property received by Parent from any Person (other than a Subsidiary of Parent) from (i) the issuance and sale subsequent to the Look-back Date and on or prior to the Reference Date of Qualified Capital Stock of the Issuers or (ii) from the issue and sale subsequent to the Look-back Date and on or prior to the Reference Date of Disqualified Capital Stock or convertible or exchangeable debt securities of Parent, in the case of this clause (ii), that has been converted into or exchange for Qualified Capital Stock; *plus*

(y) without duplication of any amounts included in clause (iii)(x) above, 100% of the aggregate net cash proceeds and fair market value of readily marketable securities or other property, of any equity contribution received by Parent subsequent to the Look-back Date (excluding, in the case of clauses (iii)(x) and (y), any such net cash proceeds to the extent used to (i) redeem the notes in compliance with the provisions set forth under “—Redemption—Optional Redemption upon Equity Offerings” or (2) to make a Restricted Payment pursuant to clauses (2) or (3) of the immediately succeeding paragraph); *plus*

(z) the sum of:

(1) the aggregate amount in cash and fair market value of other property returned on or with respect to Investments (other than Permitted Investments) made subsequent to the Look-back Date whether through interest payments, principal payments, dividends, by merger, consolidation amalgamation or other distribution, payment or transfer;

(2) the net cash proceeds received by Parent or any of its Restricted Subsidiaries subsequent to the Look-back Date from the disposition of all or any portion of such Investments (other than to Parent or a Subsidiary of Parent); and

(3) upon redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary (except to the extent the Investment constituted a Permitted Investment), the fair market value of such Subsidiary;

provided, however, that the sum of subclauses (z)(1), (z)(2) and (z)(3) above shall not exceed the aggregate amount of all such Investments made subsequent to the Look-back Date.

As of September 30, 2021, the amount of restricted payment capacity available pursuant to clause (4)(iii) above was approximately \$474 million.

Notwithstanding the foregoing, the provisions set forth in the immediately preceding paragraph do not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of such dividend or distribution or giving of the redemption notice, as the case may be, if the dividend, distribution or redemption payment would have been permitted on the date of declaration or giving of the redemption notice;

(2) if no Default or Event of Default shall have occurred and be continuing, the acquisition of any shares of Capital Stock of Parent, either (i) solely in exchange for shares of Qualified Capital Stock of Parent or (ii) through the application of net proceeds of a substantially concurrent sale for cash (other than to a Subsidiary of Parent) of shares of Qualified Capital Stock of Parent;

(3) if no Default or Event of Default shall have occurred and be continuing, the acquisition of any Indebtedness of the Issuers, Parent or a Guarantor that is subordinate or junior in right of payment to the notes or such Guarantor's Guarantee, as the case may be, or the acquisition of Disqualified Capital Stock, in each case, either (i) solely in exchange for shares of Qualified Capital Stock of Parent, or (ii) in exchange for, or by conversion into, or through the application of net proceeds of a substantially concurrent sale for cash (other than to a Subsidiary of Parent), of (a) shares of Qualified Capital Stock of Parent or (b) Refinancing Indebtedness;

(4) if no Default or Event of Default shall have occurred and be continuing, repurchases, redemptions or other acquisitions by Parent of Common Stock of Parent (or options or warrants to purchase such Common Stock) from directors, officers, employees and consultants of Parent or any of its Subsidiaries or their authorized representatives upon the death, disability, retirement or termination of employment of such directors, officers, employees or consultants, in an aggregate amount not to exceed the sum of (x) \$5.0 million and (y) the amount of Restricted Payments permitted but not made pursuant to this clause (4) in prior fiscal years; *provided* that no more than \$5.0 million may be carried forward to any succeeding fiscal year; *provided, further, however*, that such amount in any calendar year may be increased by an amount not to exceed:

- (a) the cash proceeds received by Parent or any of its Restricted Subsidiaries from the sale of Qualified Capital Stock of Parent to directors, officers, employees or consultants of Parent or its Restricted Subsidiaries subsequent to the Issue Date (provided that the amount of cash proceeds utilized for any such repurchase, redemption or other acquisition or dividend will not increase the amount available for Restricted Payments under clause (4)(iii) of the preceding paragraph); plus
- (b) the cash proceeds of key man life insurance policies received by Parent or its Restricted Subsidiaries after the Issue Date;

provided that cancellation of Indebtedness owing to Parent or any of its Restricted Subsidiary from any present or former directors, officers, employees or consultants of Parent or any of its Restricted Subsidiaries in connection with a repurchase of Capital Stock of Parent will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indentures;

(5) if no Event of Default shall have occurred and be continuing, other Restricted Payments in an amount not to exceed \$250.0 million in any fiscal year; *provided* that any unused portion of the preceding basket for any fiscal year (commencing with the fiscal year in which the Issue Date occurred) may be carried forward to the succeeding fiscal years;

(6) additional Restricted Payments; *provided, however*, that (i) after giving *pro forma* effect to any such Restricted Payment, the Consolidated Debt Ratio shall be less than or equal to 3.00 to 1.00 and (ii) no Event of Default shall have occurred and be continuing;

(7) in the event of a Change of Control, and if no Default or Event of Default shall have occurred and be continuing, the payment, purchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness of Parent or any Guarantor, in each case at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness, plus accrued and unpaid interest thereon; *provided, however*, that prior to, or concurrently with, such payment, purchase, redemption, defeasance or other acquisition or retirement, the Issuers (or a third party to the extent permitted by the Indentures) has made a Change of Control Offer with respect

to the notes as a result of such Change of Control and has repurchased all notes validly tendered and not withdrawn in connection with such Change of Control Offer;

(8) in the event of an Asset Sale that requires the Issuers to offer to repurchase notes pursuant to the covenant described under “—Limitation on Asset Sales,” and if no Default or Event of Default shall have occurred and be continuing, the payment, purchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness of the Issuers, Parent or any Guarantor, in each case at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness, plus accrued and unpaid interest thereon; *provided, however*, that (A) prior to, or concurrently with, such payment, purchase, redemption, defeasance or other acquisition or retirement, the Issuers have made an offer with respect to the notes pursuant to the provisions of the covenant described under “—Limitation on Asset Sales” and has repurchased all notes validly tendered and not withdrawn in connection with such offer and (B) the aggregate amount of all such payments, purchases, redemptions, defeasances or other acquisitions or retirements of all such Subordinated Indebtedness may not exceed the amount of the Net Cash Proceeds Amount remaining after the Issuers have complied with clause (3) of the covenant described under “—Limitation on Asset Sales”;

(9) (a) repurchases of Common Stock deemed to occur upon the exercise of stock options, warrants, rights or other Equity Interests if the Common Stock represents a portion of the exercise price thereof or withholding taxes payable in connection with the exercise thereof and (b) Restricted Payments by Parent or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of stock options, warrants, rights or other Equity Interests or upon the conversion or exchange of Capital Stock of such Person;

(10) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to Parent or a Restricted Subsidiary by, Unrestricted Subsidiaries;

(11) (a) any Restricted Payment used to consummate the Transactions and to fund the payment of fees and expenses incurred in connection with the Transactions or owed by Parent or any Restricted Subsidiary of Parent, and any other payments made, including any such payments made to any direct or indirect parent of any Issuer to enable it to make payments in connection with the consummation of the Transactions, prior to or on or about the Escrow Release Date, in each case to the extent not materially inconsistent with the description of the Acquisition in the Offering Circular and (b) any Restricted Payment made under the Share Purchase Agreement or otherwise in connection with the Transactions; and

(12) the payment of any dividend or distribution by a Restricted Subsidiary that is a disregarded entity, partnership, or other flow-through entity for tax purposes, or a member of a consolidated, combined, or similar group, in an amount necessary for any direct or indirect equity owner who is liable for the payment of taxes as the regarded owner, partner, or other member of such Restricted Subsidiary, or is the parent of the group filing consolidated, combined, or similar returns with such Restricted Subsidiary to pay taxes with respect to the income, revenue, receipts, or capital of such Restricted Subsidiary or its Subsidiaries; *provided* that to the extent such dividend or distribution relates to the income, revenue, receipts, or capital of an Unrestricted Subsidiary, only to the extent cash is received from such Unrestricted Subsidiary for purposes of such dividend or distribution.

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date in accordance with clause (iii) of the immediately preceding paragraph, amounts expended pursuant to clause (1) shall be included in such calculation.

For purposes of determining compliance with this covenant, in the event that a proposed Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in clauses (1) through (12) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, Parent will be entitled to divide, classify or reclassify (based on circumstances existing on the date of such reclassification) such restricted payment or portion thereof in any manner that complies with this covenant and such Restricted Payment will be treated as having been made pursuant to only such clause or clauses or the first paragraph of this covenant.

Limitation on Asset Sales

Parent will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) Parent or the applicable Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at or prior to the time of such Asset Sale at least equal to the fair market value of the assets sold or otherwise disposed of (as determined in good faith by the Issuers' or Parent's Board of Directors);

(2) at least 75% of the consideration received by Parent or the Restricted Subsidiary, as the case may be, from such Asset Sale shall be in the form of cash or Cash Equivalents and shall be received at or prior to the time of such disposition. For purposes of this clause (2), each of the following shall be deemed to be cash:

(a) (i) any liabilities, as shown on the most recent consolidated balance sheet (or in the notes thereto) of Parent or any Restricted Subsidiary (or would be shown on such consolidated balance sheet (or in the notes thereto) as of the date of such Asset Sale), other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Guarantee or (ii) any Guarantees of Indebtedness of Persons other than Parent or any Restricted Subsidiary, in each case, that are assumed by the person acquiring such assets to the extent that Parent and its Restricted Subsidiaries have no further liability with respect to such liabilities;

(b) any securities, notes or other obligations received by Parent or any such Restricted Subsidiary from such transferee that are converted by Parent or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) within 180 days after receipt; and

(c) any Designated Non-Cash Consideration received by Parent or its Restricted Subsidiaries in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (c) that is at that time outstanding, in the aggregate, not to exceed the greater of \$25.0 million and 1.0% of Consolidated Total Assets at the time of receipt of such Designated Non-Cash Consideration, with the Fair Market Value of each item of Designated Non-Cash Consideration measured at the time received and without giving effect to subsequent changes in value;

(3) upon the consummation of an Asset Sale, Parent shall apply, or cause such Restricted Subsidiary to apply, the Net Cash Proceeds relating to such Asset Sale within 365 days of receipt thereof either:

(a) to (x) repay Indebtedness of Parent and its Restricted Subsidiaries under any Credit Facility and in the case of any such Indebtedness under any revolving credit facility effect a permanent reduction in the availability under such revolving credit facility (*provided, however*, that, if there shall not be any term loan indebtedness outstanding under any Credit Facility, in the case of such Indebtedness under any revolving credit facility such prepayment shall not be required to effect a permanent reduction in the availability under such revolving credit facility) or (y) repay or reduce Indebtedness of a Restricted Subsidiary of Parent that does not guarantee the notes;

(b) to make an investment in, including in properties or assets that replace the properties and assets that were the subject of such Asset Sale or in properties or assets (including Capital Stock) that will be used or are useful, in the good faith judgment of the Board of Directors of the Issuers or Parent, in, the business of Parent and its Restricted Subsidiaries as they are engaged in on the Issue Date or the Escrow Release Date or in businesses reasonably related, incidental, synergistic, ancillary or complementary thereto ("*Replacement Assets*"); *provided* that, in the case of this clause (b), a binding commitment within 365 days of the date of the receipt of such Net Cash Proceeds shall be treated as a permanent application of the Net Cash Proceeds from the date of such commitment so long as Parent or such other Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Cash Proceeds will be applied to satisfy such commitment within 180 days of such commitment (an "*Acceptable Commitment*") and, in the event that any Acceptable Commitment is later cancelled or terminated for any reason before such Net Cash Proceeds are applied, Parent or such other Restricted Subsidiary enters into another Acceptable

Commitment (a “*Second Commitment*”) within 180 days of such cancellation or termination; *provided further* that if any Second Commitment is later cancelled or terminated for any reason before such Net Cash Proceeds are applied, then such Net Cash Proceeds shall constitute part of the Net Proceeds Offer Amount if not otherwise applied as provided above within 365 days of the receipt of such Net Cash Proceeds; or

(c) a combination of prepayment and investment permitted by the foregoing clauses (3)(a) and (3)(b).

Pending the final application of any such Net Cash Proceeds, Parent or such Restricted Subsidiary may temporarily reduce Indebtedness under a revolving credit facility, if any, or otherwise invest such Net Cash Proceeds in any manner not prohibited by the Indentures. Subject to the immediately succeeding paragraph, if any Net Cash Proceeds have not been applied as provided in clauses (3)(a), (3)(b) and (3)(c) of the preceding paragraph within the applicable time period or the last provision of this sentence, such Net Cash Proceeds shall be applied by the Issuers, Parent or such Restricted Subsidiary to make an offer to purchase (the “*Net Proceeds Offer*”) to all Holders and, to the extent required by the terms of any Pari Passu Indebtedness, to holders of such Pari Passu Indebtedness, on a date (the “*Net Proceeds Offer Payment Date*”) not less than 30 nor more than 60 days following the date that triggered the Issuers’ obligation to make such Net Proceeds Offer, from all Holders (and holders of any such Pari Passu Indebtedness) on a pro rata basis based upon the respective outstanding aggregate principal amounts (or accreted value, as applicable) of the notes and Pari Passu Indebtedness on the date the Net Proceeds Offer is made, the maximum amount (or accreted value, as applicable) of notes and Pari Passu Indebtedness that may be purchased with the Net Proceeds Offer Amount at a price equal to 100% of the principal amount (or accreted value, as applicable) of the notes and Pari Passu Indebtedness to be purchased, plus accrued and unpaid interest thereon, if any, to the date of purchase; *provided, however*, that if at any time any non-cash consideration received by Parent or any Restricted Subsidiary of Parent, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any such non-cash consideration), then such conversion or disposition shall be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof shall be applied in accordance with this covenant.

The Issuers may make a Net Proceeds Offer at any time and from time to time in advance of its obligation to make a Net Proceeds Offer pursuant to the immediately preceding paragraph. The Issuers may also defer the Net Proceeds Offer until there is an aggregate unutilized Net Proceeds Offer Amount equal to or in excess of \$50.0 million resulting from one or more Asset Sales (at which time, the entire unutilized Net Proceeds Offer Amount, and not just the amount in excess of \$50.0 million, shall be applied as required pursuant to this paragraph). Upon completion of each Net Proceeds Offer, the amount of unutilized Net Proceeds Offer Amount will be reset at zero.

Notwithstanding the first two paragraphs of this covenant, Parent and its Restricted Subsidiaries will be permitted to consummate an Asset Sale without complying with such paragraphs to the extent that:

(1) at least 75% of the consideration for such Asset Sale constitutes Replacement Assets; and

(2) such Asset Sale is for Fair Market Value; *provided* that any consideration not constituting Replacement Assets received by Parent or any of its Restricted Subsidiaries in connection with any Asset Sale permitted to be consummated under this paragraph shall constitute Net Cash Proceeds subject to the provisions of the first two paragraphs of this covenant.

Each Net Proceeds Offer will be sent to the record Holders as shown on the register of Holders within 25 days following the date triggering the Issuers’ obligation to make such Net Proceeds Offer, with a copy to the applicable Trustee, and shall comply with the procedures set forth in the Indentures. Upon receiving notice of the Net Proceeds Offer, Holders may elect to tender their notes in whole or in part, in the case of the USD Notes, in integral multiples of \$2,000 and in the case of the CAD Notes, C\$2,000, in each case, in exchange for cash. To the extent Holders properly tender notes in an amount exceeding the pro rata portion of the Net Proceeds Offer Amount applicable to the notes, the tendered notes will be purchased on a pro rata basis (based on amounts tendered) subject to the minimum denominations of such notes.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with

the repurchase of notes pursuant to a Net Proceeds Offer. To the extent that the provisions of any securities laws or regulations conflict with the “Asset Sale” provisions of the Indentures, the Issuers shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the “Asset Sale” provisions of the Indentures by virtue thereof.

Limitation on Dividend and Other Payment Restrictions Affecting Guarantors

Parent will not, and will not cause or permit any Guarantor to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Guarantor of Parent to:

(1) pay dividends or make any other distributions on or in respect of its Capital Stock to Parent or any other Guarantor;

(2) make loans or advances or to pay any Indebtedness or other obligation owed to Parent or any other Guarantor; or

(3) transfer any of its property or assets to Parent or any other Guarantor,

in each case except for such encumbrances or restrictions existing under or by reason of:

(a) applicable law, rule regulation, decree or order;

(b) the notes and the related Guarantees, the Indentures and the Escrow Agreement;

(c) customary subletting and non-assignment provisions of any contract or any lease governing a leasehold interest of Parent or any Restricted Subsidiary of Parent;

(d) any agreement or instrument (including those governing Indebtedness (including Acquired Indebtedness) or Capital Stock) of a Person acquired by Parent or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the properties or assets of the Person, or the Equity Interests of the Person, so acquired;

(e) contractual encumbrances or restrictions (i) in effect on the Issue Date or (ii) solely with respect to the Target Companies and their subsidiaries, in effect on the Escrow Release Date so long as such encumbrances or restrictions were not entered into in contemplation of the Acquisition;

(f) the Senior Secured Credit Facilities and any related documentation or an agreement governing other Indebtedness permitted to be incurred under the Indentures; *provided* that, with respect to any agreement governing such other Indebtedness, the provisions relating to such encumbrance or restriction, taken as a whole, are no less favorable to Parent in any material respect as determined by the Board of Directors of Parent in its reasonable and good faith judgment than the provisions contained in the Senior Secured Credit Facilities or the Indentures as in effect on the Issue Date;

(g) restrictions on the transfer of assets subject to any Lien permitted under the Indentures imposed by the holder of such Lien;

(h) restrictions and conditions imposed by any agreement to sell assets or Capital Stock permitted under the Indentures to any Person pending the closing of such sale;

(i) restrictions imposed by agreements governing obligations of International Restricted Subsidiaries which are permitted under the Indentures;

(j) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(k) customary provisions in joint venture agreements and other similar agreements (in each case relating solely to the respective joint venture or similar entity or the equity interests therein) entered into in the ordinary course of business;

(l) agreements evidencing Indebtedness of a Restricted Subsidiary that is not a Guarantor that is permitted under the Indentures for so long as such Restricted Subsidiary is not a Guarantor;

(m) customary restrictions on leases, subleases, licenses or asset sale agreements otherwise permitted under the Indentures;

(n) customary restrictions arising in connection with cash or other deposits in connection with Liens permitted under the Indentures;

(o) any document or instruments governing Indebtedness permitted pursuant to clause (13) of the definition of “Permitted Indebtedness”; and

(p) customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(q) restrictions imposed by any agreement governing Indebtedness not restricted by covenant described under “—Limitation on Incurrence of Additional Indebtedness” so long as Parent shall have determined in good faith that such restrictions will not affect its obligation or ability to make any payments required under the Indentures or the notes or otherwise perform its obligations thereunder; and

(r) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, restructurings, replacements or refinancings of those agreements, instruments or obligations referred to in clauses (a) through (n) above; *provided, however*, that the provisions relating to such encumbrance or restriction contained in any such agreements, taken as a whole, are no less favorable to Parent in any material respect as determined by the Board of Directors of Parent in their reasonable and good faith judgment than the provisions relating to such encumbrance or restriction contained in agreements referred to in such clause (a) through (n) above.

Nothing contained in this covenant shall prevent Parent or any of its Restricted Subsidiaries from (1) creating, incurring, assuming or suffering to exist any Liens otherwise permitted by the covenant described under the caption “—Liens” or (2) restricting the sale or other disposition of property or assets of Parent or any of its Restricted Subsidiaries that secure Indebtedness of Parent or any of its Restricted Subsidiaries.

For purposes of determining compliance with this covenant, (1) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (2) the subordination of loans or advances made to Parent or any of its Restricted Subsidiaries to other Indebtedness incurred by Parent or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

Limitation on Liens

Parent will not, and will not cause or permit any Guarantor to, directly or indirectly, create, incur or assume any Liens of any kind against or upon any property or assets of Parent or any such Guarantor, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, or assign or otherwise convey any right to receive income or profits therefrom (other than Permitted Liens) (such Lien, the “*Initial Lien*”), securing Indebtedness of Parent or a Guarantor, unless:

(1) in the case of Liens securing Subordinated Indebtedness, the notes or the Guarantees are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; and

(2) in all other cases, the notes or Guarantees, as the case may be, are equally and ratably secured.

Any Lien created for the benefit of the Holders of the notes pursuant to the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

For purposes of determining compliance with this covenant, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to one category of permitted Liens described in clauses (1) through (39) of the definition of “Permitted Liens” or pursuant to the first paragraph of this covenant but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness meets the criteria of one or more of the categories of permitted Liens described in clauses (1) through (39) of the definition of “Permitted Liens” or pursuant to the first paragraph of this covenant, the Issuers shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this covenant and will only be required to include the amount and type of such Lien or such item of Indebtedness secured by such Lien in one of the clauses of the definition of “Permitted Liens” and such Lien securing such item of Indebtedness will be treated as being incurred or existing pursuant to only one of such clauses or pursuant to the first paragraph hereof.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “*Increased Amount*” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, the payment of dividends on preferred stock in the form of additional shares of preferred stock of the same class, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness described in subclause (7) of the second paragraph of the definition of “Indebtedness.”

Merger, Consolidation and Sale of Assets

(A) The Parent will, in a single transaction or series of related transactions, amalgamate, consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary of Parent to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of Parent’s assets (determined on a consolidated basis for Parent and Parent’s Restricted Subsidiaries), whether as an entirety or substantially as an entirety, to any Person unless:

(1) either:

(a) Parent shall be the surviving or continuing corporation; or

(b) the Person (if other than Parent) formed by such consolidation or into which Parent is amalgamated, merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of Parent and of Parent’s Restricted Subsidiaries substantially as an entirety (the “*Surviving Entity*”):

(x) shall be an entity organized or validly existing under the laws of Canada (or any province thereof), laws of the United States or any State thereof or the District of Columbia; and

(y) shall expressly assume, by supplemental indenture (in form and substance satisfactory to the applicable Trustee), executed and delivered to the applicable Trustee, the all obligations on the part of Parent to be performed or observed;

(2) immediately after giving effect to such transaction and the assumption contemplated by clause (1)(b)(y) above (including giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction), Parent or such Surviving Entity, as the case may be, (a) would be able to incur at least \$1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under “—Limitation on Incurrence of Additional Indebtedness” or (b) the Consolidated Fixed Charge Coverage Ratio of Parent and its Restricted Subsidiaries would not be lower than it was immediately prior to such transaction;

(3) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (1)(b)(y) above, if applicable (including, without limitation, giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing; and

(4) Parent or the Surviving Entity shall have delivered to the applicable Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that such amalgamation, consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the applicable provisions of the Indentures and that all conditions precedent in the Indentures relating to such transaction have been satisfied.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of Parent (other than the Issuers), the Capital Stock of which constitutes all or substantially all of the properties and assets of Parent or the Issuers, shall be deemed to be the transfer of all or substantially all of the properties and assets of Parent or the Issuers.

The Indentures will provide that upon any amalgamation, consolidation, combination or merger or any transfer of all or substantially all of the assets of Parent or the Issuers in accordance with the foregoing, in which Parent or the Issuers, as applicable, is not the continuing corporation, the successor Person formed by such consolidation or into which Parent or the Issuers is amalgamated or merged or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuers under the Indentures and the notes with the same effect as if such surviving entity had been named as such and all financial information and reports required by the Indentures shall be provided by and for such surviving entity.

(B) No Issuer will, in a single transaction or series of related transactions, amalgamate, consolidate or merge with or into any Person unless:

(1) either:

(a) such Issuer shall be the surviving or continuing corporation; or

(b) the Surviving Entity formed by such consolidation or into which such Issuer is amalgamated, merged:

(x) shall be an entity organized or validly existing under the laws of Canada (or any province thereof), laws of the United States or any State thereof or the District of Columbia, the United Kingdom or any member state of the European Union; *provided* that in the case where the Surviving Entity is not a corporation, a co-obligor of the notes is a corporation shall be an entity organized or validly existing under the laws of Canada (or any province thereof), laws of the United States or any State thereof or the District of Columbia, the United Kingdom or any member state of the European Union; and

(y) shall expressly assume, by supplemental indenture (in form and substance satisfactory to the applicable Trustee), executed and delivered to the applicable Trustee, the due and punctual

payment of the principal of, and premium, if any, and interest on all of the notes and the performance of every covenant of the notes and the Indentures on the part of such Issuer to be performed or observed; and

(3) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (1)(b)(y) above, if applicable (including, without limitation, giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing.

Clause (A) of the above covenant will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Parent and the Restricted Subsidiaries (including the Issuers). Clause (B) of the above covenant will not apply to any merger or consolidation of any Issuer (x) with or into the Parent or one of its Restricted Subsidiaries for any purpose so long as the Surviving Entity becomes a primary obligor of the applicable series of notes or (y) with or into an Affiliate solely for the purpose of reorganizing any Issuer in another jurisdiction so long as the Surviving Entity becomes a primary obligor of the applicable series of notes; *provided, however*, if such Person is not a corporation, a co-obligor of the Notes is a corporation organized or existing under the laws of Canada (or any province thereof), laws of the United States or any State thereof or the District of Columbia, the United Kingdom or any member state of the European Union. Each Guarantor (other than any Guarantor whose Guarantee is to be released in accordance with the terms of its Guarantee and the Indentures in connection with any transaction complying with the provisions of the covenant described under “—Limitation on Asset Sales”) will not, and Parent and the Issuers will not cause or permit any Guarantor to, amalgamate or consolidate with or merge with or into any Person other than Parent or the Issuers or any other Guarantor unless:

(1) the entity formed by or surviving any such amalgamation, consolidation or merger (if other than such Guarantor) or to which such sale, lease, conveyance or other disposition shall have been made is an entity organized or existing under the laws of Canada (or any province thereof), laws of the United States or any State thereof or the District of Columbia, the United Kingdom, any member state of the European Union or such other jurisdiction as such Guarantor was organized or existing under;

(2) such entity (if other than such Guarantor) assumes by supplemental indenture all of the obligations of the Guarantor on its Guarantee; and

(3) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

Any amalgamation, merger or consolidation of, or sale, assignment, transfer, lease, conveyance or other disposition of assets by, a Guarantor with Parent or the Issuers (with Parent or the Issuers being the surviving entity in case of an amalgamation, merger or consolidation) or another Guarantor that is a Wholly Owned Restricted Subsidiary of the Issuers need only comply with clause (4) of the first paragraph of this covenant.

Limitations on Transactions with Affiliates

Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates involving aggregate value in excess of \$10.0 million (each an “*Affiliate Transaction*”), other than:

(a) Affiliate Transactions permitted under the second succeeding paragraph below and

(b) Affiliate Transactions on terms, taken as a whole, that are no less favorable to Parent or the applicable Restricted Subsidiary than those that might reasonably have been obtained in a comparable transaction at such time on an arm’s-length basis from a Person that is not an Affiliate of the Issuers or such Restricted Subsidiary.

If any such Affiliate Transaction (or a series of related Affiliate Transactions which are similar or part of a common plan) (a) involves aggregate payments or other property with a fair market value in excess of \$25.0 million, Parent or such Restricted Subsidiary, as the case may be, shall file with the applicable Trustee an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and (b) involves aggregate payments or other property with a fair market value in excess of \$50.0 million, Parent or such Restricted Subsidiary, as the case may be, shall file with the applicable Trustee a resolution of the Board of Directors of Parent or such Restricted Subsidiary, as the case may be, set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Issuers or such Restricted Subsidiary.

The restrictions set forth in the first paragraph of this covenant shall not apply to:

(1) indemnification, employment, consultancy, advisory, services or separation agreements or arrangements and benefit plans or arrangements and any transactions contemplated by any of the foregoing, including the payment of compensation, fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses, in each case, in respect of or provided on behalf of, current or former directors, officers, consultants or employees of Parent or any Restricted Subsidiary (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees) as determined in good faith by Parent's or the Issuers' Board of Directors or senior management;

(2) transactions exclusively between or among Parent and any of its Restricted Subsidiaries or exclusively between or among such Restricted Subsidiaries (including any entity that becomes a Restricted Subsidiary of Parent as a result of such transaction); *provided* such transactions are not otherwise prohibited by the Indentures;

(3) (A) any agreement or arrangement as in effect as of the Issue Date (or transactions pursuant thereto), (B) any other agreements or arrangements pursuant to or in connection with the Transactions or (C) any amendment, modification or supplement to the agreements referenced in clause (A) or (B) above or any replacement thereof, so long as the terms of such agreement or arrangement, as so amended, modified, supplemented or replaced, are not more disadvantageous to the Holders when taken as a whole in any material respect compared to the applicable agreements or arrangements as in effect on the Issue Date or as described in this Offering Circular, as applicable, as determined in good faith by Parent or the Issuers;

(4) Restricted Payments (or transfers or issuances that would constitute Restricted Payments but for the exclusions from the definition thereof) or Permitted Investments not prohibited by the Indentures;

(5) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business or consistent with past practice, which are fair to Parent or the applicable Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of Parent or the applicable Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(6) issuances or sales of Capital Stock (other than Disqualified Stock) of Parent or options, warrants or other rights to acquire such Capital Stock and the granting of registration and other customary rights in connection therewith or any contribution to capital of Parent or any Restricted Subsidiary;

(7) transactions in which Parent or any Restricted Subsidiary, as the case may be, delivers to the applicable Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuers or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (b) of the first paragraph of this covenant;

(8) payments to or the receipt of payments from, and the entry into of and the consummation of transactions with, joint ventures (to the extent any such joint venture is only an Affiliate as a result of Investments by Parent and the Restricted Subsidiaries in such joint venture) in the ordinary course of

business to the extent otherwise permitted by the Indentures, so long as such payments or transactions are on terms that are not materially less favorable to Parent or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction;

(9) the Transactions, in each case as disclosed in this Offering Circular, and the payment of all fees, expenses, bonuses and awards related thereto;

(10) transactions with a Person that is an Affiliate of Parent solely because Parent or one of its Restricted Subsidiaries owns an equity interest in such Person;

(11) the pledge of Equity Interests of Unrestricted Subsidiaries or joint ventures to support the Indebtedness thereof;

(12) transactions between Parent or any Restricted Subsidiary of Parent and any Person, a director of which is also a director of Parent or the Issuers; *provided*, that such director abstains from voting as a director of Parent or the Issuers on any matter involving such other Person;

(13) transactions with a Person who is not an Affiliate immediately before the consummation of such transaction that becomes an Affiliate as a result of such transaction;

(14) any incurrence of Indebtedness permitted by the covenant described under “—Limitation on Additional Indebtedness”;

(15) transactions undertaken for the purpose of improving the consolidated tax efficiency of Parent or its Subsidiaries as determined in good faith by Parent; and

(16) Permitted Intercompany Activities and related transactions.

Additional Subsidiary Guarantees

If any existing or future Restricted Subsidiary of Parent shall guarantee any Indebtedness of Parent, the Issuers or a Guarantor under (i) a Credit Facility or (ii) Capital Markets Indebtedness in an aggregate principal amount with respect to clauses (i) and (ii) exceeding \$100.0 million, then Parent and the Issuers shall, within 30 days of such event, cause such Restricted Subsidiary to:

(1) execute and deliver to the applicable Trustee a supplemental indenture in form reasonably satisfactory to such Trustee pursuant to which such Restricted Subsidiary shall unconditionally guarantee all of the Issuers’ obligations under the notes and the Indentures on the terms set forth in the Indentures; and

(2) deliver to the applicable Trustee an Officer’s Certificate and an Opinion of Counsel that such supplemental indenture has been duly authorized, executed and delivered by such Restricted Subsidiary and, only with respect to such Opinion of Counsel, that such supplemental indenture constitutes a legal, valid, binding and enforceable obligation of such Restricted Subsidiary.

Thereafter, such Restricted Subsidiary shall be a Guarantor for all purposes of the Indentures until such Restricted Subsidiary is released from its Guarantee as provided in the Indentures.

Designation of Restricted and Unrestricted Subsidiaries

Parent may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by Parent and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption “—Certain Covenants—Limitation on Restricted Payments” or under one or more clauses of the definition of Permitted

Investments, as determined by Parent. The designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of Parent as an Unrestricted Subsidiary will be evidenced to the applicable Trustee by an Officer's Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described above under the caption "—Limitation on Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the applicable Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of Parent as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Limitations on Incurrence of Additional Indebtedness," the Issuers will be in default of such covenant.

Parent may at any time redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary of Parent; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Parent of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Limitations on Incurrence of Additional Indebtedness," calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation. Any such designation by Parent shall be evidenced to the applicable Trustee by an Officer's Certificate certifying that such designation complies with the preceding conditions.

Reports to Holders

References in this "—Reports to Holders" to "Parent" shall be to, following the Issue Date, Ritchie Bros. Auctioneers Incorporated, a Canadian corporation.

Notwithstanding that Parent may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the SEC, from and after the Issue Date, Parent will furnish to the applicable Trustee, within 15 days after the time periods specified below:

(1) within 90 days after the end of each fiscal year, all financial information (including audited financial statements) of Parent that would be required to be contained in an annual report on Form 10-K, or any successor or comparable form, filed with the SEC, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a report on the annual financial statements by Parent's independent registered public accounting firm;

(2) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, all financial information of Parent that would be required to be contained in a quarterly report on Form 10-Q, or any successor or comparable form, filed with the SEC; and

(3) promptly after the occurrence of any of the following events (but in no event later than an registrant would be required to report such event on a Form 8-K), all current reports to the extent relating to such event that would be required to be filed with the SEC on Form 8-K or any successor or comparable form (if Parent had been a reporting company under Section 15(d) of the Exchange Act):

- (a) the entry into or termination of material agreements;
- (b) significant acquisitions or dispositions;
- (c) the sale of equity securities;
- (d) bankruptcy;
- (e) cross-default under direct material financial obligations;

- (f) a change in Parent's certifying independent auditor;
- (g) the appointment or departure of directors or executive officers;
- (h) non-reliance on previously issued financial statements; and
- (i) change of control transactions,

in each case, in a manner that complies in all material respects with the requirements specified in such form, except as described above or below and subject to exceptions consistent with the presentation of information in the Offering Circular; *provided*, that the foregoing shall not obligate Parent to (i) make available any information otherwise required to be included on a Form 8-K regarding the occurrence of any such events if Parent determines in its good faith judgment that such event that would otherwise be required to be disclosed is not material to the Holders of the notes or the business, assets, operations, financial positions or prospects of Parent and its Restricted Subsidiaries taken as a whole or (ii) make available copies of any agreements, financial statements or other items that would be required to be filed as exhibits to such report.

In addition, Parent shall not be required to (i) comply with Regulation G under the Exchange Act or Item 10(e) of Regulation S-K with respect to any "non-GAAP" financial information contained in any report required by clauses (1), (2) and (3) above, (ii) provide any information that is not otherwise similar to information currently included in the Offering Circular or (iii) provide the type of information contemplated by Rule 3-16 of Regulation S-X with respect to financial statements of affiliates whose securities collateralize certain securities or Rule 3-10 of Regulation S-X with respect to separate financial statements for Guarantors or any financial statements for unconsolidated subsidiaries or 50% or less owned persons contemplated by Rule 3-09 of Regulation S-X or any schedules required by Regulation S-X, or in each case any successor provisions; *provided* that, Parent shall provide the revenues, "EBITDA", "Adjusted EBITDA", assets and liabilities of (i) Parent, the Issuers and the Guarantors, collectively and (ii) the Non-Guarantors, collectively, separately in a manner consistent with the presentation thereof in the Offering Circular, to the extent required in such form. In addition, notwithstanding the foregoing, Parent will not be required to (i) comply with Sections 302, 906 and 404 of the Sarbanes-Oxley Act of 2002, as amended, or (ii) otherwise furnish any information, certificates or reports required by Items 307 or 308 of Regulation S-K. To the extent any such information is not so filed or furnished, as applicable, within the time periods specified above and such information is subsequently filed or furnished, as applicable, Parent will be deemed to have satisfied its obligations with respect thereto at such time and any Default with respect thereto shall be deemed to have been cured. In addition, to the extent not satisfied by the foregoing, Parent will agree that, for so long as any notes are outstanding, it will furnish to Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

At any time that any of Parent's Subsidiaries are Unrestricted Subsidiaries and if any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary, then the annual and quarterly financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations," of the financial condition and results of operations of Parent and its Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

Substantially concurrently with the furnishing or making such information available to the applicable Trustee pursuant to this covenant, Parent shall also post copies of such information required by this covenant on a website (which may be nonpublic and may be maintained by Parent or a third party) to which access will be given to Holders, prospective investors in the notes (which prospective investors shall be limited to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or non-U.S. persons (as defined in Regulation S under the Securities Act) that certify their status as such to the reasonable satisfaction of Parent), and securities analysts and market making financial institutions that are reasonably satisfactory to Parent.

The applicable Trustee shall have no obligation to determine if and when Parent's financial statements or reports are publicly available and accessible electronically. Delivery of these reports, information and documents to the applicable Trustee is for informational purposes only and such Trustee's receipt of them will not constitute

constructive notice of any information contained therein or determinable from information contained therein, including Parent's compliance with any of its covenants hereunder (as to which such Trustee may rely exclusively on Officer's Certificates).

Parent will also hold quarterly conference calls for the Holders of notes to discuss financial information for the previous quarter (it being understood that such quarterly conference call may be the same conference call as with Parent's equity investors and analysts). The conference call will be following the last day of each fiscal quarter of Parent and not later than 15 Business Days from the time that Parent distributes the financial information as set forth in the fourth preceding paragraph. No fewer than two days prior to the conference call, Parent will issue a press release announcing the time and date of such conference call and providing instructions for Holders, securities analysts and prospective investors to obtain access to such call provided however that such press release can be distributed solely to certified users of the website described in the immediately preceding paragraph.

Notwithstanding anything to the contrary set forth above, if Parent has furnished or filed the reports described in the preceding paragraphs with respect to Parent with the SEC via EDGAR (or any successor platform), Parent shall be deemed to be in compliance with the provisions of this covenant; *provided* that none of the Trustees shall have any responsibility to determine if any documents have been so filed.

Limited Condition Transactions; Financial Calculations

When calculating the availability under any threshold based on a dollar amount, percentage of Consolidated Total Assets or other financial measure (a "*basket*") or ratio under the Indenture, in each case, in connection with a Limited Condition Transaction, the date of determination of such basket or ratio and of any requirement that there be no Default or Event of Default may, at the option of Parent, be the date the definitive agreement(s) for such Limited Condition Transaction is entered into. Any such ratio or basket shall be calculated on a pro forma basis, including with such adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definitions of Consolidated Fixed Charge Coverage Ratio or Consolidated Total Assets, after giving effect to such Limited Condition Transaction and other transactions related thereto (including any incurrence or issuance of Indebtedness or preferred stock and the use of proceeds thereof) as if they had been consummated at the beginning of the applicable period (in the case of Consolidated EBITDA), as of the date of determination and at the end of the applicable period (in the case of Consolidated Total Assets) for purposes of determining the ability to consummate any such Limited Condition Transaction and any such related transactions; provided that if Parent elects to make such determination as of the date of such definitive agreement(s), then (i) if any of such ratios are no longer complied with or baskets are exceeded as a result of fluctuations in such ratio or basket (including due to fluctuations in Consolidated EBITDA, Consolidated Net Income or Consolidated Total Assets of Parent or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Transaction and any such related transactions, such ratios or baskets will not be deemed to have been no longer complied with or exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Transaction and such related transactions are permitted under the Indenture, (ii) such ratios or baskets shall not be tested at the time of consummation of such Limited Condition Transaction and such related transactions, and (iii) during the period on and following the date of any such election by Parent with respect to a given Limited Condition Transaction and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement(s) for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, for purposes of determining whether any unrelated subsequent transaction (including, without limitation, the incurrence of Indebtedness or Liens, the making of Restricted Payments, the making of any Investment, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of Parent, the prepayment, redemption, purchase, defeasance or other satisfaction of Indebtedness, or the designation of an Unrestricted Subsidiary) is permitted under the Indenture, any applicable ratio or basket shall be required to be satisfied (i) on a pro forma basis as set forth above, assuming such Limited Condition Transaction and other related transactions (including any incurrence of Indebtedness and the use of proceeds thereof) have been consummated and (ii) assuming such Limited Condition Transaction and other related transactions (including any incurrence of Indebtedness and the use of proceeds thereof) have not been consummated.

Events of Default

The following events are defined in the Indentures as “Events of Default”:

- (1) the failure to pay interest on any notes when the same becomes due and payable and the default continues for a period of 30 days;
- (2) the failure to pay the principal on any notes, when such principal becomes due and payable, at maturity, upon redemption or otherwise (including the failure to make a payment to purchase notes tendered pursuant to a Change of Control Offer or a Net Proceeds Offer and the failure to make a payment upon a required redemption as described under “—Redemption— Special Mandatory Redemption”) on the date specified for such payment in the applicable offer to purchase;
- (3) a default in the observance or performance of any other covenants or agreements which default continues for a period of 60 days after the applicable Issuer receives written notice specifying the default (and demanding that such default be remedied) from the applicable Trustee or the Holders of at least 25% of the outstanding principal amount of the notes (except, in the case of a default with respect to the covenant described under “—Merger, Consolidation and Sale of Assets,” which will constitute an Event of Default with such notice requirement but without such passage of time requirement);
- (4) the failure to pay at final stated maturity (giving effect to any applicable grace periods and any extensions thereof) the principal amount of any Indebtedness of Parent or any Restricted Subsidiary of Parent (other than Indebtedness owing to Parent or any Restricted Subsidiary), including the notes issued under the other Indentures, or the acceleration of the final stated maturity of any such Indebtedness (which acceleration is not rescinded, annulled or otherwise cured within 20 days of receipt by Parent or such Restricted Subsidiary of notice of any such acceleration), including the notes issued under the other Indentures, if the aggregate principal amount of such Indebtedness, including the notes issued under the other Indenture, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final stated maturity or which has been accelerated (in each case with respect to which the 20-day period described above has passed), aggregates \$100.0 million or more at any time;
- (5) one or more final judgments in an aggregate amount of \$100.0 million or more (net of any amounts which are covered by enforceable insurance policies issued by solvent carriers, to the extent such coverage has not been denied) shall have been rendered against Parent or any of its Significant Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and non-appealable;
- (6) certain events of bankruptcy affecting Parent or any of its Significant Subsidiaries; or
- (7) any Guarantee of a Significant Subsidiary ceases to be in full force and effect or any Guarantee of a Significant Subsidiary is declared to be null and void and unenforceable or any Guarantee of a Significant Subsidiary is found to be invalid or any Guarantor that is a Significant Subsidiary denies its liability under its Guarantee (other than by reason of release of a Guarantor in accordance with the terms of the Indentures).

The Trustees shall not be charged with knowledge of any Default or Event of Default with respect to the notes unless a written notice of such Default or Event of Default shall have been given to an officer of the applicable Trustee with direct responsibility for the administration of the Indentures and the notes, by Parent, the Issuers or any Holder of notes.

If an Event of Default (other than an Event of Default specified in clause (6) above with respect to Parent or the Issuers) shall occur and be continuing, the applicable Trustee or the Holders of at least 25% in principal amount of outstanding USD Notes or CAD Notes, as applicable, may declare the principal of and accrued interest on all such USD Notes or CAD Notes, as applicable, to be due and payable by notice in writing to the applicable Issuer and the applicable Trustee specifying the applicable Event of Default and that it is a “notice of acceleration” (the “*Acceleration Notice*”), and the same shall become immediately due and payable.

If an Event of Default specified in clause (6) above with respect to Parent or the Issuers occurs and is continuing, then all unpaid principal of, and premium, if any, plus accrued and unpaid interest on all of the outstanding notes shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the applicable Trustee or any Holder.

In the event of any Event of Default specified in clause (4) above, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the applicable Trustee or the Holders of the notes, if within 20 days after such Event of Default arose Parent deliver an Officer's Certificate to the applicable Trustee stating that (x) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged or (y) the requisite number of holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default or (z) the default that is the basis for such Event of Default has been cured, it being understood that in no event shall an acceleration of the principal amount of the notes as described above be annulled, waived or rescinded upon the happening of any such events.

Notwithstanding anything herein to the contrary, to the extent any information is not provided within the time periods specified in "— Reports to Holders" above and such information is subsequently provided within 30 days following such time periods, Parent will be deemed to have satisfied its obligations with respect thereto at such time and any Default with respect thereto shall be deemed to have been cured.

The Indentures will provide that, at any time after a declaration of acceleration with respect to the notes as described in the preceding paragraphs, the Holders of a majority in aggregate principal amount of the notes then outstanding may rescind and cancel such declaration and its consequences:

- (1) if the rescission would not conflict with any judgment or decree;
- (2) if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration;
- (3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid;
- (4) if the applicable Issuer has paid the applicable Trustee compensation and reimbursed such Trustee for its expenses, disbursements and advances; and
- (5) in the event of the cure or waiver of an Event of Default of the type described in clause (6) of the description above of Events of Default, the applicable Trustee shall have received an Officer's Certificate and an Opinion of Counsel that such Event of Default has been cured or waived.

No such rescission shall affect any subsequent Default or impair any right consequent thereto.

The Holders of a majority in principal amount of the notes may waive any existing Default or Event of Default under the Indentures, and its consequences, except a default in the payment of the principal of or interest on any notes.

Holders of the notes may not enforce the Indentures or the notes except as provided in the Indentures. Subject to the provisions of the Indentures relating to the duties of the Trustees, the Trustees are under no obligation to exercise any of their respective rights or powers under the Indentures at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustees indemnity satisfactory to the Trustees. Subject to all provisions of the Indentures and applicable law, the Holders of a majority in aggregate principal amount of the then outstanding notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustees or exercising any trust or power conferred on the Trustees. However, the Trustees may refuse to follow any direction or take any action that conflicts with law, the Indentures or the notes, or that, subject to the terms of the Indentures, the Trustees determine may be unduly prejudicial to the rights of other Holders or may involve the Trustees in liability (it being expressly understood that none of the Trustees shall have an

affirmative duty to ascertain whether such action is prejudicial), unless the Trustees are offered security and indemnity satisfactory to each of them against any loss, claim, liability, cost or expense to the Trustees that may result from the Trustees following such direction.

Under the Indentures, the Issuers are required to provide an Officer's Certificate to the applicable Trustee promptly upon any such officer obtaining knowledge of any Default or Event of Default (*provided* that such officers shall provide such certification at least annually whether or not they know of any Default or Event of Default) that has occurred and, if applicable, describe such Default or Event of Default and the status thereof.

Legal Defeasance and Covenant Defeasance

The Issuers may, at their option and at any time, elect to have its respective Obligations and the Obligations of the Guarantors discharged with respect to the applicable outstanding notes ("*Legal Defeasance*"). Such Legal Defeasance means that the Issuers shall be deemed to have paid and discharged the entire indebtedness represented by the applicable outstanding notes, except for:

(1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on the applicable notes when such payments are due;

(2) the Issuers' Obligations with respect to the applicable notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust duties and immunities of the applicable Trustee and the Issuers' Obligations in connection therewith; and

(4) the Legal Defeasance provisions of the applicable Indentures.

In addition, the Issuers may, at their option and at any time, elect to have the obligations of the Issuers released with respect to any or all of certain covenants that are described in the applicable Indentures ("*Covenant Defeasance*") and thereafter any omission to comply with such Obligations shall not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "—Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuers must irrevocably deposit with the applicable Trustee, in trust, for the benefit of the Holders cash (in U.S. dollars with respect to the USD Notes and Canadian dollars with respect to the CAD Notes), Government Securities, rated AAA or better by S&P and Aaa by Moody's, or a combination thereof (or, in each case, if such Rating Agency ceases to rate such securities, the equivalent investment grade credit rating from any Rating Agency selected by the Issuer as a replacement Rating Agency), in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, investment bank or appraisal firm, to pay the principal of, premium, if any, and interest on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Issuers shall have delivered to the applicable Trustee (a) an Opinion of Counsel reasonably acceptable to such Trustee confirming that: (i) the Issuers have received from, or there has been published by, the Internal Revenue Service a ruling; or (ii) since the date of the Indentures, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders and Beneficial Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred and (b) an Opinion of Counsel in Canada reasonably acceptable to such Trustee or an advance income tax ruling from the Canada Revenue Agency confirming that the Holders and Beneficial Holders

will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such deposit and Legal Defeasance and will be subject to Canadian federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuers shall have delivered to the applicable Trustee (a) an Opinion of Counsel reasonably acceptable to such Trustee confirming that the Holders and Beneficial Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred and (b) an Opinion of Counsel in Canada reasonably acceptable to such Trustee or an advance income tax ruling from the Canada Revenue Agency confirming that the Holders and Beneficial Holders will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such deposit and Covenant Defeasance and will be subject to Canadian federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or an Event of Default resulting from transaction occurring contemporaneously with the borrowing of funds, or the borrowing of funds, to be applied to such deposit and the grant of any Lien securing such borrowings);

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, the Indentures (other than a Default or an Event of Default resulting from transaction occurring contemporaneously with the borrowing of funds, or the borrowing of funds, to be applied to such deposit and the grant of any Lien securing such borrowings) or any other material agreement or instrument (including, without limitation, the Senior Secured Credit Facilities) to which the Issuers or any of their respective Subsidiaries is a party or by which the Issuers or any of their respective Subsidiaries is bound;

(6) the Issuers shall have delivered to the applicable Trustee an Officer's Certificate stating that the deposit was not made by the Issuers with the intent of preferring the Holders over any other creditors of the Issuers or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuers or others;

(7) the Issuers shall have delivered to the applicable Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with; and

(8) certain other customary conditions precedent are satisfied.

Satisfaction and Discharge

Each Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the applicable notes at the designated corporate trust office, as expressly provided for in the applicable Indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuers and thereafter repaid to the Issuers or discharged from such trust) have been delivered to the applicable Trustee for cancellation; or

(b) all notes not theretofore delivered to the applicable Trustee for cancellation have become due and payable or will become due and payable within one year (or are to be called for redemption within one year), and the Issuers have irrevocably deposited or caused to be deposited with such Trustee funds in an amount sufficient (in the opinion of a nationally recognized firm of independent certified public accountants) to pay and discharge the entire Indebtedness on the notes not theretofore delivered to such Trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of maturity

or redemption, as the case may be, together with irrevocable instructions from the Issuers directing such Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) the Issuers have paid all other sums payable under the applicable Indenture by the Issuers; and

(3) the Issuers, upon request for written acknowledgement of such satisfaction and discharge, have delivered to the applicable Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent under the applicable Indenture relating to the satisfaction and discharge of such Indenture have been complied with.

In the case of satisfaction and discharge, upon any redemption that requires the payment of the Applicable Premium, the amount deposited with the applicable Trustee shall be sufficient for purposes of clause (1)(b) above and the Indentures to the extent that an amount is deposited with such Trustee equal to the Applicable Premium calculated as of three Business Days prior to the date of such deposit, with any deficit as of the date of redemption (any such amount, the "*Applicable Premium Deficit*") only required to be deposited with such Trustee on or prior to the date of redemption. Any Applicable Premium Deficit shall be set forth in an Officer's Certificate delivered to the applicable Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption.

Modification of the Indentures

From time to time, the applicable Issuer, the Guarantors and the applicable Trustee, without the consent of the Holders of such notes, may amend each of the Indentures for certain specified purposes, including curing ambiguities, defects or inconsistencies, so long as such change does not adversely affect the rights of any of the Holders of such notes in any material respect. In formulating its opinion on such matters, the applicable Trustee may conclusively rely on such evidence as it deems appropriate, including, without limitation, solely on an Opinion of Counsel. Other modifications and amendments of such Indenture may be made with the consent of the Holders of a majority in aggregate principal amount of the then outstanding notes issued under such Indenture, except that, without the consent of each Holder affected thereby, no amendment may:

(1) reduce the amount of notes whose Holders must consent to an amendment;

(2) reduce the rate of, or change the time for payment of, interest, including defaulted interest, on any notes;

(3) reduce the principal of, or change the fixed maturity of, any notes, or change the date on which any notes may be subject to redemption or reduce the redemption price therefor;

(4) make any notes payable in money other than that stated in the notes;

(5) make any change in the contractual provisions of the applicable Indenture protecting the legal right of each Holder to receive payment of principal of and interest on such note on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in aggregate principal amount of notes outstanding to waive Defaults or Events of Default;

(6) after the applicable Issuer's obligation to purchase notes arises thereunder, amend, change or modify in any material respect the obligation of the applicable Issuer to make and consummate a Change of Control Offer in the event of a Change of Control or make and consummate a Net Proceeds Offer with respect to any Asset Sale that has been consummated or, after such Change of Control has occurred or such Asset Sale has been consummated, modify any of the provisions or definitions with respect thereto;

(7) release any Guarantor that is a Significant Subsidiary from any of its obligations under its Guarantee or the applicable Indenture otherwise than in accordance with the terms of such Indenture;

(8) make any change in the provisions of the applicable Indenture described under “—Additional Amounts” that adversely affects the right of any Holder or Beneficial Holder in any material respect or amends the terms of such notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the applicable Issuer agrees to pay Additional Amounts, if any, in respect thereof; or

(9) modify or change the amendment provisions of the notes or the applicable Indenture.

Notwithstanding anything to the contrary herein, prior to the Escrow End Date, any modifications, waivers, amendments, consents or eliminations of any provision under the Indentures or the Escrow Agreement related to any matters described under “—Escrow Related Provisions” or “—Redemption— Special Mandatory Redemption” will require the consent of each Holder affected thereby (except for modifications or amendments that (i) cure any ambiguity, omission, mistake, defect, error or inconsistency, (ii) provide additional rights or benefits to the noteholders or do not materially adversely affect the legal rights under the Indentures or the Escrow Agreement of the noteholders, (iii) evidence or provide for the acceptance and appointment of a successor Escrow Agent, or (iv) conform the text of the Indentures or the Escrow Agreement to any provision of this “Description of Notes” as set forth in an Officer’s Certificate, which may be made by the Issuers and the Trustees or Escrow Agent, as applicable).

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuers, as such, will have any liability for any obligations of the Issuers under the notes, the Indentures or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws.

Governing Law

The Indentures, the notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

The Trustees

Except during the continuance of an Event of Default, the Trustees will perform only such duties as are specifically set forth in the Indentures. During the existence of an Event of Default, the Trustees will exercise such rights and powers vested in them by the Indentures, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs.

The Indentures contain certain limitations on the rights of the Trustees, should they become a creditor of the Issuers, to obtain payments of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. The Trustees will be permitted to engage in other transactions; *provided* that if the Trustees acquire any conflicting interest, they shall eliminate such conflict or resign.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Indentures. Reference is made to the Indentures for the full definition of all such terms, as well as any other terms used herein for which no definition is provided.

“*Acquired Indebtedness*” means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary of Parent or at the time it amalgamates, merges or consolidates with or into Parent or any of its Restricted Subsidiaries or that is assumed in connection with the acquisition of assets from such Person and in each case not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary of Parent or such acquisition, amalgamation, merger or consolidation.

“Acquisition” means the acquisition of the Target Companies pursuant to the Share Purchase Agreement.

“Acquisition Closing Date” means the date that the Acquisition is consummated.

“Affiliate” means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term “control”, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative of the foregoing.

“Applicable Calculation Date” means the applicable date of the transaction giving rise to the need to calculate Consolidated EBITDA, Consolidated Fixed Charge Coverage Ratio, Consolidated Debt Ratio and Consolidated Secured Debt Ratio.

“Applicable Measurement Period” means the most recently completed four consecutive fiscal quarters of the Company immediately preceding the Applicable Calculation Date for which internal financial statements are available.

“Asset Acquisition” means (1) an Investment by Parent or any Restricted Subsidiary of Parent in any other Person pursuant to which such Person shall become a Restricted Subsidiary of Parent or any Restricted Subsidiary of Parent, or shall be amalgamated or merged with or into Parent or any Restricted Subsidiary of Parent, or (2) the acquisition by Parent or any Restricted Subsidiary of Parent of the assets of any Person (other than a Restricted Subsidiary of Parent) that constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

“Asset Sale” means any direct or indirect sale, issuance, conveyance, transfer, lease, assignment or other transfer for value by Parent or any of its Restricted Subsidiaries (including any Sale and Leaseback Transaction) to any Person other than Parent or a Restricted Subsidiary of Parent of: (1) any Capital Stock of any Restricted Subsidiary of Parent (other than directors’ qualifying shares and shares issued to foreign nationals as required under applicable law); or (2) any other property or assets of Parent or any Restricted Subsidiary of Parent other than in the ordinary course of business; *provided, however*, that Asset Sales or other dispositions shall not include:

(a) a transaction or series of related transactions for which Parent or its Restricted Subsidiaries receive aggregate consideration of less than \$25.0 million;

(b) the sale, lease, conveyance, disposition or other transfer of all or substantially all of the assets of Parent or the Issuers as permitted under the covenant described under “—Certain Covenants— Merger, Consolidation and Sale of Assets”;

(c) the sale, discount or other disposition of inventory;

(d) the sale or discount of accounts receivable in connection with the compromise or collection thereof;

(e) disposals or replacements of obsolete, worn-out or no longer useful equipment or machinery;

(f) the sale or other disposition of cash or Cash Equivalents;

(g) any Restricted Payment that is not prohibited by the covenant described under “—Certain Covenants— Limitation on Restricted Payments” or any Restricted Payment that constitutes a Permitted Investment;

(h) the abandonment of Intellectual Property Rights no longer used or useful in the conduct of the business of Parent or any of its Subsidiaries;

(i) licenses, sublicenses, leases or subleases granted to others (including licenses of Intellectual Property Rights), and terminations thereof not interfering in any material respect with the business of Parent and its Subsidiaries;

(j) Dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(k) the surrender or waiver of contractual rights and settlement or waiver of contractual or litigation claims by Parent or any Subsidiary;

(l) the unwinding of any Interest Swap Obligation or Currency Agreements pursuant to its terms;

(m) Dispositions of Investments in joint ventures to the extent required by, or made pursuant to customary buy/sell arrangements between, the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(n) Dispositions of property or assets subject to a Recovery Event;

(o) Dispositions made in connection with the consummation of the Acquisition that are necessary or advisable to comply with applicable law or to avoid any impediment to the consummation of the Acquisition under any applicable law;

(p) Dispositions of real property so long as the aggregate net book value of all real property sold or otherwise disposed of by Parent and its Restricted Subsidiaries pursuant to this clause (p) in any fiscal year of Parent shall not exceed \$75.0 million, and during the term of Indentures, shall not exceed \$200.0 million;

(q) any disposition of property or assets, or the issuance of securities, by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(r) the granting of, and dispositions in connection with, Permitted Liens;

(s) foreclosure, condemnation, expropriation or any similar action with respect to any property or other asset of Parent or any of its Restricted Subsidiaries;

(t) any disposition of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(u) any surrender, expiration or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(v) Permitted Intercompany Activities and related transactions; and

(x) Specified Property Sales.

In the event that a transaction (or a portion thereof) meets the criteria of a permitted Asset Sale and would also be a permitted Restricted Payment or Permitted Investment, Parent, in its sole discretion, will be entitled to divide and classify and reclassify such transaction (or a portion thereof) as an Asset Sale and/or one or more the types of permitted Restricted Payments or Permitted Investments.

“Attributable Indebtedness” means, with respect to any Person on any date, in respect of any finance lease, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP.

“Beneficial Holders” means any person who holds a beneficial interest in notes as shown on the books of the Depository or a participant of such Depository.

“*Board of Directors*” means, as to any Person, the board of directors of such Person or any duly authorized committee thereof or, with respect to any Person that is not a corporation, the Person or Persons performing corresponding functions.

“*Board Resolution*” means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the applicable Trustee.

“*Business Day*” means any day other than a Saturday, Sunday or other day on which commercial banks or financial institutions are authorized to close under the laws of, or are in fact closed in, the State of New York, the Province of Ontario or the place of payment.

“*Canadian Restricted Subsidiary*” means any Restricted Subsidiary that is organized under the Laws of Canada or any province or territory thereof.

“*Capital Markets Indebtedness*” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the Securities Act, (b) a private placement to institutional investors that is resold in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC or (c) a private placement to institutional accredited investors.

“*Capital Stock*” means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person; and

(2) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person.

“*Capitalized Lease Obligation*” means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as financing lease obligations under GAAP and, for purposes of this definition, the amount of such obligations at any date shall be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

“*Cash Equivalents*” means:

(1) United States dollars, Canadian dollars, Euros, British Pounds or any national currency of any participating member state of the European Union or such local currencies held by Parent and its Subsidiaries from time to time in the ordinary course of business;

(2) marketable direct obligations issued by, or unconditionally guaranteed by, the United States, the Canadian Government, Canadian crown corporations, the Netherlands, the United Kingdom, Germany, Spain, France or Australia;

(3) marketable direct obligations issued by any agency of the United States or the Canadian Government and backed by the full faith and credit of the United States or Canada, in each case maturing within one year from the date of acquisition thereof;

(4) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody’s (or, in each case, if such Rating Agency ceases to rate such securities, from any Rating Agency selected by the Issuers as a replacement Rating Agency);

(5) commercial paper or corporate bonds maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-2 from S&P or at least P-2 from Moody's (or, in each case, if such Rating Agency ceases to rate such securities, the equivalent investment grade credit rating from any Rating Agency selected by the Issuers as a replacement Rating Agency);

(6) certificates of deposit or bankers' acceptances maturing within one year from the date of acquisition thereof issued by any bank organized under the laws of the United States of America or any state thereof or the District of Columbia or any U.S. branch of a foreign bank having at the date of acquisition thereof combined capital and surplus of not less than \$250.0 million;

(7) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (2) above entered into with any bank meeting the qualifications specified in clause (6) above;

(8) securities issued or directly and fully guaranteed or insured by any state, commonwealth or territory of the United States of America or any province of Canada or any agency, subdivision or instrumentality thereof or by any foreign government (and that at the time of acquisition have an investment grade rating from S&P or Moody's (or, in each case, if such Rating Agency ceases to rate such securities, the equivalent investment grade credit rating from any Rating Agency selected by the Issuers as a replacement Rating Agency)) having maturities of not more than two years after the date of acquisition;

(9) marketable short term money market and similar securities having the highest rating obtainable from S&P or Moody's (or, in each case, if such Rating Agency ceases to rate such securities, any Rating Agency selected by the Issuers as a replacement Rating Agency) at the time of acquisition and in each case maturing within two years after the date of acquisition;

(10) Investments in money market funds that invest substantially all their assets in securities of the types described in clauses (1) through (9) above; and

(11) Foreign Cash Equivalents.

"Cash Management Agreement" means any agreement to provide treasury or cash management services, including deposit accounts, overnight draft, credit cards, debit cards, p-cards (including purchasing cards and commercial cards), funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services and other cash management services.

"CDS" means CDS Clearing and Depository Services Inc.

"CDS & Co." means CDS & Co., the nominee of CDS.

"Change of Control" means the occurrence of one or more of the following events:

(1) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of Parent to any Person or group of related Persons for purposes of Section 13(d) of the Exchange Act (a *"Group"*), together with any Affiliates thereof (whether or not otherwise in compliance with the provisions of the applicable Indenture);

(2) the approval by the holders of Capital Stock of Parent of any plan or proposal for the liquidation or dissolution of Parent (whether or not otherwise in compliance with the provisions of the applicable Indenture); or

(3) any Person or Group shall become the owner, directly or indirectly, beneficially or of record, of shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of Parent.

“*Chinese Facilities*” means the line of credit and other extensions of credit to one or more Wholly-Owned Subsidiaries of Parent that are incorporated under the laws of the People’s Republic of China, in an aggregate principal amount at any time outstanding not to exceed \$10.0 million.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time.

“*Common Stock*” of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock, and includes, without limitation, all series and classes of such common stock.

“*Consolidated EBITDA*” means, for any period, for Parent and its Restricted Subsidiaries on a consolidated basis, an amount equal to:

- (a) Consolidated Net Income for such period; *plus*
- (b) the following to the extent deducted in calculating such Consolidated Net Income (other than clauses (iv) and (v)):
 - (i) Consolidated Interest Expense for such period;
 - (ii) federal, state, local and foreign income tax expense for such period;
 - (iii) depreciation and amortization expense for such period;
 - (iv) expected cost savings, operating expense reductions and synergies for such period related to the consummation of the Acquisition projected by Parent in good faith to result from actions with respect to which substantial steps have been taken, will be taken, or are expected to be taken; *provided* that (A) such cost savings, operating expense reductions and synergies are expected to be realized (in the good faith determination of Parent) within 24 months after the closing date of the Acquisition, which are reasonably identifiable and factually supportable and (B) amounts added-back for any period pursuant to this clause (iv) shall not exceed \$20.0 million during the term of the Indentures (it being understood that no addbacks pursuant to this clause (iv) shall be permitted subsequent to 24 months after the closing date of the Acquisition);
 - (v) expected cost savings, operating expense reductions and synergies for such period related to mergers and other business combinations, acquisitions, Dispositions, restructuring, or cost savings initiatives which are reasonably identifiable and factually supportable and other similar initiatives and projected by Parent in good faith to result from actions with respect to which substantial steps have been taken, will be taken, or are expected to be taken; *provided* that (A) such cost savings, operating expense reductions and synergies are expected to be realized (in the good faith determination of Parent) within 24 months after such transaction or initiative is consummated and (B) amounts added-back for any period pursuant to this clause (v) shall not exceed 10% of Consolidated EBITDA for such period (calculated prior to giving effect to this clause (v)) (it being understood that no addbacks pursuant to this clause (v) with respect to any specific merger, business combination, acquisition, Disposition, restructuring or cost savings initiative shall be permitted subsequent to 24 months after the applicable merger, business combination, acquisition, Disposition, restructuring or cost savings initiative);
 - (vi) non-cash losses, charges and expenses (including non-cash compensation charges but excluding (A) losses, charges and expenses to the extent representing an accrual of or reserve for cash losses, charges or expenses in any future period and (B) write-downs or reserves of account receivables or inventory);
 - (vii) unusual or non-recurring losses, charges and expenses in an aggregate amount not to exceed \$25.0 million during such period;

(viii) cash restructuring and related charges and business optimization expenses in an aggregate amount not to exceed \$25.0 million during such period;

(ix) unrealized losses due to foreign exchange adjustments (including, without limitation, losses and expenses in connection with currency and exchange rate fluctuations);

(x) costs and expenses in connection with the Senior Secured Credit Facilities, Indentures and the Acquisition (including, without limitation, one-time expenses associated with vested and unvested options);

(xi) expenses or charges related to any offering of equity interests, Permitted Investment, acquisition (other than the Acquisition), Disposition, recapitalization or incurrence of permitted Indebtedness (whether or not consummated), including non-operating or non-recurring professional fees, costs and expenses related thereto in an aggregate amount not to exceed \$25.0 million during such period; and

(xii) losses from discontinued operations and non-ordinary course Dispositions; *minus*

(c) the following to the extent included in calculating such Consolidated Net Income: (i) non-cash income or gains, (ii) unrealized gains due to foreign exchange adjustments (including, without limitation, gains in connection with currency and exchange rate fluctuations) and (iii) income or gains from discontinued operations and non-ordinary course Dispositions.

“*Consolidated Fixed Charge Coverage Ratio*” means, with respect to any Person, the ratio of Consolidated EBITDA of such Person during the Applicable Measurement Period to Consolidated Fixed Charges paid in cash for the Applicable Measurement Period.

In addition to and without limitation of the foregoing, for purposes of this definition, “Consolidated EBITDA” and “Consolidated Fixed Charges” shall be calculated after giving effect on a *pro forma* basis for the period of such calculation to:

(1) the incurrence or repayment of any Indebtedness of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) giving rise to the need to make such calculation and any incurrence or repayment of other Indebtedness (and the application of the proceeds thereof), other than the incurrence or repayment of Indebtedness in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Applicable Measurement Period or at any time subsequent to the last day of the Applicable Measurement Period and on or prior to the Applicable Calculation Date, as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Applicable Measurement Period; and

(2) any asset sales or Asset Acquisitions, including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such Person or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Acquired Indebtedness and also including any Consolidated EBITDA (including any *pro forma* expense and cost reductions calculated on a basis consistent with Regulation S-X promulgated under the Exchange Act attributable to the assets that are the subject of the Asset Acquisition or asset sale during the Applicable Measurement Period) occurring during the Applicable Measurement Period or at any time subsequent to the last day of the Applicable Measurement Period and on or prior to the Applicable Calculation Date, as if such asset sale or Asset Acquisition (including the incurrence or assumption of any such Acquired Indebtedness) occurred on the first day of the Applicable Measurement Period. If such Person or any of its Restricted Subsidiaries directly or indirectly guarantees Indebtedness of a third Person, the preceding sentence shall give effect to the incurrence of such guaranteed Indebtedness as if such Person or any Restricted Subsidiary of such Person had directly incurred or otherwise assumed such other Indebtedness that was so guaranteed.

Furthermore, in calculating “Consolidated Fixed Charges” for purposes of determining the denominator (but not the numerator) of the Consolidated Fixed Charge Coverage Ratio:

(1) interest on outstanding Indebtedness determined on a fluctuating basis as of the Applicable Calculation Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Applicable Calculation Date; and

(2) notwithstanding clause (1) of this paragraph, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Interest Swap Obligations, shall be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements.

“*Consolidated Fixed Charges*” means, with respect to any Person for any period, the sum, without duplication, of:

(1) Consolidated Interest Expense; *plus*

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock of any Restricted Subsidiary; *plus*

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Capital Stock.

“*Consolidated Interest Expense*” means, with respect to any Person for any period, the sum of, without duplication:

(1) the aggregate of the interest expense of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including, without limitation: (a) any amortization of debt discount and amortization or write off of deferred financing costs; (b) the net costs under Interest Swap Obligations; (c) all capitalized interest; and (d) the interest portion of any deferred payment obligation; and

(2) the interest component of Capitalized Lease Obligations paid and/or scheduled to be paid by such Person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP;

provided, that, notwithstanding anything herein to the contrary, interest in connection with the notes shall not constitute Consolidated Interest Expense to the extent (and for so long as) the notes have been funded into escrow to fund the Acquisition and remains in escrow.

“*Consolidated Net Income*” means, for any period, for Parent and its Subsidiaries on a consolidated basis, net income (or loss) for such period; *provided* that Consolidated Net Income shall exclude:

(a) extraordinary gains and extraordinary losses for such period,

(b) solely for the purpose of determining the amount available for Restricted Payments under clause (iii)(w) of the first paragraph of the covenant described under “—Certain Covenants—Limitation on Restricted Payments,” any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuers, Parent or a Guarantor by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than restrictions that have been waived or otherwise released), except that Parent’s equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary to the Issuers, Parent or another Restricted Subsidiary as a dividend or other distribution (subject in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause); and

(c) any income (or loss) for such period of any Person if such Person is not a Subsidiary, except that Parent’s equity in the net income of any such Person for such period shall be included in Consolidated Net Income

up to the aggregate amount of cash actually distributed by such Person during such period to Parent or a Subsidiary as a dividend or other distribution.

“Consolidated Debt Ratio” as of any date of determination means, the ratio of (1) Consolidated Total Indebtedness of Parent and its Restricted Subsidiaries as of the end of the Applicable Measurement Period to (2) Parent’s Consolidated EBITDA for the Applicable Measurement Period, in each case with such *pro forma* adjustments to Consolidated Total Indebtedness and Consolidated EBITDA as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of “Consolidated Fixed Charge Coverage Ratio.”

“Consolidated Secured Debt Ratio” as of any date of determination means, the ratio of (1) Consolidated Total Secured Indebtedness of Parent and its Restricted Subsidiaries as of the end of the Applicable Measurement Period to (2) Parent’s Consolidated EBITDA for the Applicable Measurement Period, in each case with such *pro forma* adjustments to Consolidated Total Indebtedness and Consolidated EBITDA as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of “Consolidated Fixed Charge Coverage Ratio.”

“Consolidated Total Assets” means the total consolidated assets of Parent and its Restricted Subsidiaries, as shown on the most recent consolidated balance sheet of Parent and its Restricted Subsidiaries, calculated on a *pro forma* basis after giving effect to any subsequent acquisition or Disposition of a Person or business.

“Consolidated Total Indebtedness” means, as at any date of determination, an amount equal to the sum of (1) the aggregate amount of all outstanding Indebtedness of Parent and its Restricted Subsidiaries on a consolidated basis consisting of Indebtedness for borrowed money, obligations in respect of purchase money Indebtedness and Capitalized Lease Obligations and debt obligations evidenced by promissory notes and similar instruments; (2) all direct or contingent obligations arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties and similar instruments; (3) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business) solely to the extent such obligation is evidenced by a note or similar instrument and such obligation is included as a liability on the balance sheet of Parent and its Subsidiaries in accordance with GAAP; and (4) all Guarantees with respect to Indebtedness of the types specified in clauses (1) through (3) above of another Person.

“Consolidated Total Secured Indebtedness” means, as of any date of determination means, the aggregate amount of all outstanding Consolidated Total Indebtedness of Parent and its Restricted Subsidiaries that is secured by Liens as of the end of the Applicable Measurement Period.

“Credit Facilities” means one or more debt facilities, including the Senior Secured Credit Facilities, or other financing arrangements (including, without limitation, commercial paper facilities or indentures) providing for revolving credit loans, term loans, receivables financing, bankers acceptances, letters of credit, debt securities or other indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, refundings, replacements or refinancings thereof and any indentures or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof, whether or not by the same or any other agent, investor, lender or group of lenders (whether or not such added or substituted parties are banks or other institutional lenders), in each case, whether or not any such amendment, supplement, modification, extension, renewal, restatement, refunding, replacement or refinancing occurs simultaneously with the termination or repayment of a prior Credit Facility.

“Currency Agreement” means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect Parent or any Restricted Subsidiary of Parent against fluctuations in currency values.

“Default” means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

“*Depository*” means Cede & Co., CDS Clearing and Depository Services Inc. and such other Person as is designated in writing by Parent or the Issuers and acceptable to the Trustees to act as depository in respect of one or more notes.

“*Designated Non-Cash Consideration*” means the Fair Market Value of non-cash consideration received by Parent or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as “Designated Non-Cash Consideration” pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

“*Disqualified Capital Stock*” means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event (other than an event which would constitute a Change of Control), matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof (except, in each case, upon the occurrence of a Change of Control) on or prior to the final maturity date of the notes; *provided, however*, only the portion of Capital Stock which is so redeemable or repurchasable prior to such date will be deemed to be Disqualified Capital Stock.

“*Disposition*” or “*Dispose*” means the sale, transfer, license, lease or other disposition of any property by Parent or any Subsidiary, including any Sale and Leaseback Transaction and any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding any Recovery Event.

“*Eligible Escrow Investments*” means (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include certificates of deposit, bankers’ acceptances or interest-bearing time deposits that are made with the Trustees or with any member of the Federal Deposit Insurance Corporation, provided that such investments are: (A) fully insured by the Federal Deposit Insurance Corporation; (B) made with any bank (including the Trustees or any Affiliate thereof) having undivided capital and surplus of at least \$100.0 million, the debt obligations (or in the case of the principal bank holding company, debt obligations of the bank holding company) of which are rated in the top 2 tier categories by at least one of the recognized rating agencies at the time of purchase; or (C) continuously secured as to principal, to the extent not insured by the Federal Deposit Insurance Corporation, by items listed in clause (A) or (B) above, or other marketable securities eligible as security for the deposit of trust funds under applicable regulations of the Comptroller of the Currency of the United States of America, having a market value (exclusive of accrued interest) not less than the amount of such deposit.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

“*Existing Notes*” means Parent’s existing 5.375% Senior Notes due 2025.

“*Fair Market Value*” means, with respect to any asset or property, the price which could be negotiated in an arm’s-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value shall be determined by the Board of Directors of Parent or the Issuers acting reasonably and in good faith and shall be evidenced by a Board Resolution of the Board of Directors of Parent or the Issuers.

“*FATCA*” means (a) Sections 1471 through 1474 of the Code, as of the Issue Date (including regulations and guidance thereunder), (b) any amended or successor version thereof that is substantively comparable and not materially more onerous to comply with, (c) any agreement (including any intergovernmental agreement) entered into in connection therewith, including pursuant to Section 1471(b)(1) of the Code or (d) any law, regulation, rule or practice implementing an intergovernmental agreement or approach thereto or therewith.

“Foreign Cash Equivalents” means certificates of deposit or bankers acceptances of any bank organized under the laws of the United Kingdom, Canada, Singapore, Australia, China or any country that is a member of the European Union, whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody’s is at least P-1 or the equivalent thereof, in each case with maturities of not more than one year from the date of acquisition.

“GAAP” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession of the United States, which were in effect as of the Issue Date.

“Government Securities” means direct obligations of, or obligations guaranteed by, the United States, Canada or the United Kingdom (including, in each case, any agency or instrumentality thereof) for the payment of which obligations or guarantees the full faith and credit of the United States, Canada or the United Kingdom is pledged and which are not callable or redeemable at the issuer’s option.

“Indebtedness” means, with respect to any Person, without duplication:

- (1) all Obligations of such Person for borrowed money;
- (2) all Obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all Capitalized Lease Obligations of such Person;
- (4) all Obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all Obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business and any earn-out obligation until such obligation becomes a liability on the balance sheet of Parent and its Restricted Subsidiaries in accordance with GAAP and if not paid when due and payable);
- (5) all Obligations for the reimbursement of any obligor on any letter of credit, banker’s acceptance or similar credit transaction which is issued in respect of Indebtedness referred to in clauses (1) through (4) above and clause (8) below;
- (6) guarantees and other contingent obligations in respect of Indebtedness referred to in clauses (1) through (5) above and clause (8) below;
- (7) all Obligations of any other Person of the type referred to in clauses (1) through (6) above that are secured by any Lien on any property or asset of such Person, the amount of such Obligation being deemed to be the lesser of the fair market value of such property or asset or the amount of the Obligation so secured;
- (8) all net Obligations under Currency Agreements and interest swap agreements of such Person; and
- (9) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any.

For purposes hereof, the “maximum fixed repurchase price” of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indentures, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by Parent or the Issuers. In addition, the term “Indebtedness” shall not include (i) deferred or prepaid revenue, (ii) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed

obligations of the seller, (iii) accrued expenses and (iv) obligations in respect of operating leases. For all purposes hereof, the Indebtedness of the Company and its Wholly-Owned Subsidiaries shall exclude intercompany liabilities arising from their cash management and accounting operations and intercompany loans, advances or Indebtedness among the Company and its Wholly-Owned Subsidiaries having a term not exceeding 364 days (inclusive of any rollover or extensions of terms) and made in the ordinary course of business.

“Independent Financial Advisor” means a firm: (1) that does not, and whose directors, officers and employees or Affiliates do not, have a direct or indirect financial interest in Parent or the Issuers and (2) that, in the judgment of the Board of Directors of Parent or the Issuers, is otherwise independent and qualified to perform the task for which it is to be engaged.

“Indian Facilities” means the line of credit and other extensions of credit to one or more Wholly-Owned Subsidiaries of Parent that are incorporated under the laws of India, in an aggregate principal amount at any time outstanding not to exceed \$5.0 million.

“Initial Purchasers” means the initial purchasers party to the Purchase Agreement.

“Interest Swap Obligations” means the obligations of any Person pursuant to any arrangement with any other Person, whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such other Person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

“International Restricted Subsidiary” means any Restricted Subsidiary that is not a U.S. Restricted Subsidiary.

“Investment” means, with respect to any Person, any direct or indirect loan or other extension of credit (including, without limitation, a guarantee) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person. *“Investment”* shall exclude extensions of trade credit by Parent and its Restricted Subsidiaries on commercially reasonable terms. If Parent or any Restricted Subsidiary of Parent sells or otherwise disposes of any Common Stock of any direct or indirect Wholly Owned Restricted Subsidiary of Parent such that, after giving effect to any such sale or disposition, Parent no longer owns, directly or indirectly, 100% of the outstanding Common Stock of such Restricted Subsidiary, Parent shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Common Stock of such Restricted Subsidiary not sold or disposed of.

For purposes of “—Certain Covenants—Limitation on Restricted Payments” and “—Designation of Restricted and Unrestricted Subsidiaries”:

(1) *“Investment”* will include the portion (proportionate to Parent’s equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of Parent at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, Parent will be deemed to continue to have a permanent *“Investment”* in an Unrestricted Subsidiary in an amount (if positive) equal to (a) Parent’s *“Investment”* in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to Parent’s equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of Parent or the Issuers in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of Parent or the Issuers.

“Intellectual Property Rights” mean, collectively the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights.

“Investment Grade Rating” means a rating of Baa3 or better by Moody’s and BBB- or better by S&P (or its equivalent under any successor rating categories of S&P) (or, in each case, if such Rating Agency ceases to rate the notes for reasons outside of the control of the Issuers, the equivalent investment grade credit rating from any Rating Agency selected by the Issuers as a replacement Rating Agency).

“Issue Date” means _____, 2021.

“Lien” means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest).

“Limited Condition Transaction” means (A) any acquisition or other Investment, including by way of merger, amalgamation or consolidation, by Parent or one or more of its Restricted Subsidiaries, with respect to which Parent or such Restricted Subsidiaries have entered into an agreement or are otherwise contractually committed to consummate and the consummation of which is not expressly conditioned upon the availability of, or on obtaining, financing from a third party non-Affiliate, (2) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock, (3) any Restricted Payment requiring irrevocable notice in advance thereof and (4) any Asset Sale or a disposition excluded from the definition of “Asset Sale”.

“Moody’s” means Moody’s Investors Service, Inc., or any successor to the rating agency business thereof.

“Net Cash Proceeds” means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (other than the portion of any such deferred payment constituting interest) received by Parent or any of its Restricted Subsidiaries from such Asset Sale net of:

(1) out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, brokerage and sales commissions, and survey, title and recording expenses, transfer taxes and expenses incurred for preparing such asset for sale, payments made in order to obtain a necessary consent or required by applicable law, any relocation expenses incurred as a result of the Asset Sale and other fees and expenses, including title and recordation expenses);

(2) taxes paid or payable, or estimated in good faith to be payable as a result of the Asset Sale, after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness that is secured by the property or assets that are the subject of such Asset Sale; and

(4) appropriate amounts to be provided by Parent or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by Parent or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale.

“Obligations” means all obligations for principal, premium, interest, penalties, fees, indemnification, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“Offering Circular” means this offering circular, dated _____, 2021, pursuant to which the notes are being offered to potential purchasers.

“*Officer*” means, with respect to any Person, any of the following: the Chairman of the Board of Directors, Vice Chairman of the Board of Directors, Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, General Counsel, Vice President, Treasurer, Secretary, Assistant Secretary or Assistant Treasurer (including interim officers).

“*Officer’s Certificate*” means, with respect to any Person, a certificate signed on behalf of such Person by an Officer of such Person, which meets the requirements set forth in the Indentures.

“*Opinion of Counsel*” means a written opinion from legal counsel, who may be an employee of or counsel to Parent or the Issuers, or other counsel who is reasonably acceptable to the applicable Trustee.

“*Pari Passu Indebtedness*” means any Indebtedness of Parent, the Issuers or any Guarantor that is equal in right of payment with the notes or the Guarantee of such Guarantor, as applicable.

“*Permitted Intercompany Activities*” means any transactions between or among Parent and its Restricted Subsidiaries that are entered into in the ordinary course of business of Parent and its Restricted Subsidiaries and, in the good faith judgment of Parent are necessary or advisable in connection with the ownership or operation of the business of Parent and its Restricted Subsidiaries, including, but not limited to, (i) payroll, cash management, purchasing, tax, accounting, insurance and hedging arrangements; and (ii) management, technology and licensing arrangements.

“*Permitted Investments*” means:

(1) Investments by Parent or any Restricted Subsidiary of Parent in any Person that is or will become after such Investment a Restricted Subsidiary of Parent or that will merge, amalgamate or consolidate into Parent or a Restricted Subsidiary of Parent;

(2) Investments in Parent by any Restricted Subsidiary of Parent;

(3) Investments in cash and Cash Equivalents;

(4) loans and advances to employees and officers of Parent and its Subsidiaries in the ordinary course of business for reasonable and customary business-related purposes not in excess of \$20.0 million at any one time outstanding;

(5) Currency Agreements and Interest Swap Obligations entered into in the ordinary course of Parent’s or its Restricted Subsidiaries’ businesses and otherwise in compliance with the Indentures;

(6) additional Investments in an aggregate principal amount at any time outstanding not to exceed the greater of (A) \$200.0 million and (B) 30% of Consolidated EBITDA of the Applicable Measurement Period;

(7) Investments received (x) pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditors, suppliers or customers or in good faith settlement of delinquent obligations of such trade creditors, suppliers or customers; (y) as a result of the foreclosure by Parent or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title, or (z) as a result of litigation, or other disputes with Persons who are not Affiliates of Parent;

(8) Investments made by Parent or its Restricted Subsidiaries as a result of consideration received in connection with an Asset Sale made in compliance with the covenant described under “—Certain Covenants—Limitation on Asset Sales”;

(9) Investments represented by guarantees that are otherwise permitted under the Indentures;

(10) Investments the payment for which is Qualified Capital Stock of Parent;

(11) Investments by Parent consisting of obligations of one or more officers, directors or other employees of Parent or any of its Subsidiaries in connection with such officers', directors' or employees' acquisition of shares of capital stock of the Issuers so long as no cash is paid by the Issuers or any of its Subsidiaries to such officers, directors or employees in connection with the acquisition of any such obligations;

(12) any Investment (x) existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date, (y) solely with respect to the Target Companies and their subsidiaries, existing on the Escrow Release Date, so long as such Investment was not made in contemplation of the Acquisition or (z) consisting of any replacement, refinancing, extension, modification or renewal of any Investment existing on the Issue Date (or, with respect to the Target Companies and their subsidiaries, the Escrow Release Date); *provided* that the amount of any such Investment may only be increased (i) as required by the terms of such Investment as in existence on the Issue Date (or, with respect to the Target Companies and their subsidiaries, the Escrow Release Date) or (ii) as otherwise permitted under the Indentures;

(13) stock, obligations or securities received in satisfaction of judgments;

(14) advances, loans, rebates and extensions of credit (including the creation of receivables) to suppliers, customers and vendors, and performance guarantees, in each case in the ordinary course of business;

(15) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(16) securities issued by the World Bank or Federal Bank for Reconstruction and Development;

(17) Investments in the ordinary course of business consisting of endorsements for collection or deposit and customary trade arrangements with customers consistent with past practices;

(18) (i) intercompany advances among Parent and its Subsidiaries arising from their cash management and accounting operations and (ii) intercompany loans, advances, or Indebtedness among Parent and its Subsidiaries having a term not exceeding 364 days (inclusive of any rollover or extensions of terms);

(19) advances of payroll payments to employees in the ordinary course of business;

(20) Investments in prepaid expenses, negotiable instruments held for collection and lease and utility and worker's compensation deposits provided to third parties in the ordinary course of business;

(21) (i) Investments made in accordance with Parent's investment policy as in effect from time to time, and (ii) Investments funded with net proceeds of any issuance of Capital Stock by Parent;

(22) Investments in connection with or related to the Transactions;

(23) promissory notes and other noncash consideration received in connection with any Disposition permitted by the Indentures;

(24) Investments in the ordinary course of business consisting of endorsements for collection or deposit and customary trade arrangements with customers consistent with past practices;

(25) Investment made in connection with Permitted Intercompany Activities and related transactions; and

(26) additional Investments so long as (i) immediately after giving effect to such Investment, no Event of Default exists, and (ii) immediately after giving *pro forma* effect to any such Investment, the Consolidated Debt Ratio shall be less than or equal to 3.00 to 1.00.

“*Permitted Liens*” means the following types of Liens:

(1) Liens for taxes, assessments or governmental charges or claims either (a) not delinquent for a period of more than 30 days or (b) are being contested in good faith by appropriate proceedings and as to which Parent or its Restricted Subsidiaries shall have set aside on its books such reserves as may be required pursuant to GAAP;

(2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen and repairmen, construction Liens and other Liens imposed by law (including Liens imposed under Laws governing the administration of Canadian pension plans) or pursuant to customary reservations or retentions of title incurred in the ordinary course of business for sums not yet delinquent for a period of more than 30 days or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP has been made in respect thereof;

(3) Liens incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business in connection therewith, and pledges and deposits in the ordinary course of business securing liability for reimbursement or indemnification obligations of insurance carriers or to secure the performance of tenders, trade contracts, statutory obligations, surety, stay, customs and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (including those to secure health safety and environmental obligations and exclusive of obligations for the payment of borrowed money);

(4) judgment Liens securing the payment of money (or appeal or other surety bonds relating to such judgments) not giving rise to an Event of Default;

(5) easements, rights-of-way, zoning restrictions and other similar charges or encumbrances in respect of real property not interfering in any material respect with the ordinary conduct of the business of the applicable Person;

(6) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person’s obligations in respect of bankers’ acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(7) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(8) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of Parent or any of its Restricted Subsidiaries, including rights of offset and set-off;

(9) Liens securing Capitalized Lease Obligations and Purchase Money Indebtedness permitted pursuant to clause (13) of the definition of “Permitted Indebtedness”; *provided, however*, that in the case of Purchase Money Indebtedness (a) the Indebtedness shall not be secured by any property or assets of Parent or any Restricted Subsidiary of Parent other than the property and assets so acquired or constructed and the proceeds thereof and (b) the Lien securing such Indebtedness shall be created within 270 days of such acquisition or construction or, in the case of a refinancing of any Purchase Money Indebtedness, within 270 days of such refinancing;

(10) Liens securing Interest Swap Obligations which Interest Swap Obligations relate to Indebtedness that is otherwise permitted under the Indentures;

(11) Liens securing Indebtedness under Currency Agreements;

(12) Liens securing Acquired Indebtedness incurred in accordance with the covenant described under “— Certain Covenants—Limitation on Incurrence of Additional Indebtedness”; *provided that*:

- (a) such Liens secured such Acquired Indebtedness at the time of and prior to the incurrence of such Acquired Indebtedness by Parent or a Restricted Subsidiary of Parent and were not granted in connection with, or in anticipation of, the incurrence of such Acquired Indebtedness by Parent or a Restricted Subsidiary of Parent; and
- (b) such Liens do not extend to or cover any property or assets of Parent or of any of its Restricted Subsidiaries other than the property or assets that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of Parent or a Restricted Subsidiary of Parent and are no more favorable to the lienholders than those securing the Acquired Indebtedness prior to the incurrence of such Acquired Indebtedness by Parent or a Restricted Subsidiary of Parent;
- (13) Liens on assets of a Restricted Subsidiary of Parent that is not a Guarantor to secure Indebtedness of such Restricted Subsidiary that is otherwise permitted under the Indentures;
- (14) leases, subleases, licenses and sublicenses granted to others that do not materially interfere with the ordinary course of business of Parent and its Restricted Subsidiaries;
- (15) banker's Liens, rights of setoff and similar Liens with respect to cash and Cash Equivalents on deposit in one or more bank accounts in the ordinary course of business;
- (16) any interest of title of a lessor under, and Liens arising from filing Uniform Commercial Code financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to leases;
- (17) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties in connection with the importation of goods;
- (18) rights of customers with respect to inventory which arise from deposits and progress payments made in the ordinary course of business;
- (19) Liens on assets of International Restricted Subsidiaries (other than Canadian Restricted Subsidiaries) securing Indebtedness permitted pursuant to clause (14) of the definition of "Permitted Indebtedness";
- (20) additional Liens in an aggregate amount at the time of incurrence not to exceed the greater of (A) \$150.0 million and (B) 20% of Consolidated EBITDA for the Applicable Measurement Period;
- (21) at all times prior to the Escrow Release Date, Liens to secure Obligations under the escrow arrangements in respect of the notes;
- (22) Liens (a) existing as of the Issue Date or (b) solely with respect to the Target Companies and their subsidiaries, existing as of the Escrow Release Date (so long as such Lien was not incurred in contemplation of the Acquisition), to the extent and in the manner such Liens are in effect on the Issue Date or the Escrow Release Date, as applicable;
- (23) Liens securing the notes and the Guarantees;
- (24) Liens of Parent or the Issuers or a Wholly Owned Restricted Subsidiary of Parent or the Issuers on assets of any Restricted Subsidiary of Parent and Liens on assets of Parent or the Issuers in favor of a Wholly Owned Restricted Subsidiary that is a Guarantor;
- (25) Liens deemed to exist in connection with Investments in repurchase agreements;
- (26) Liens of a collection bank arising under the Uniform Commercial Code, or other applicable law, on items in the course of collection;

(27) reservations, limitations provisos and conditions expressed in any original grants from any governmental authority or other grants of real or immovable property, or interests therein, which do not materially affect the use of the affected land or detract from the value thereof;

(28) the rights reserved to or vested in governmental authorities by statutory provisions or by the terms of leases, licenses, franchises, grants or permits, which affect any land, to terminate the leases, licenses, franchises, grants or permits or to require annual or other periodic payments as a condition of the continuance thereof;

(29) Liens in favor of public utilities or to any municipalities or governmental authorities or other public authorities when required by such utilities, municipalities or governmental authorities or such other public authorities in connection with the supply of services or utilities to Parent or any of its Subsidiaries;

(30) Liens (A) on cash advances or escrow deposits in favor of the seller of any property to be acquired in an Investment permitted under the Indentures to be applied against the purchase price for such Investment or otherwise in connection with any escrow arrangements with respect to any such Investment or any disposition permitted under the Indentures (including any letter of intent or purchase agreement with respect to such Investment or disposition) or (B) consisting of an agreement to dispose of any property in a disposition permitted under the Indentures, in each case, solely to the extent such Investment or disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

(31) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(32) in the case of Indebtedness permitted under the Indentures issued into escrow, Liens on the proceeds of such Indebtedness and any cash or Cash Equivalents consisting of prefunded accrued interest on, or additional funds or premium in respect of, such Indebtedness, and any investments with respect to such proceeds, in each case for so long as such funds remain in escrow;

(33) Liens securing Refinancing Indebtedness which is incurred to Refinance any Indebtedness that has been secured by a Lien permitted under the Indentures and that has been incurred without violation of the Indentures; *provided, however*, that such Liens: (i) are no less favorable to the Holders and are not more favorable to the lienholders, in each case in any material respect, with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and (ii) do not extend to or cover any categories of property or assets of the Issuers or any of its Restricted Subsidiaries not securing the Indebtedness so Refinanced.

(34) Liens securing existing or future borrowings under Credit Facilities incurred pursuant to clause (2) of the definition of Permitted Indebtedness;

(35) Liens securing Indebtedness incurred pursuant to clause (17) of the definition of Permitted Indebtedness;

(36) Liens securing Indebtedness incurred pursuant to clause (19) of the definition of Permitted Indebtedness;

(37) Liens in favor of a consignor encumbering assets delivered to Parent or a Restricted Subsidiary on consignment in the ordinary course of business;

(38) deposits to secure the performance of bids, trade contracts, government contracts and leases (other than Indebtedness), statutory obligations, surety, stay, customs and appeal bonds, performance bonds and other obligations of a like nature (including those to secure health safety and environmental obligations) incurred in the ordinary course of business; and

(39) Liens on the Capital Stock of Unrestricted Subsidiaries.

“*Person*” means an individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

“*Preferred Stock*” of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

“*Purchase Agreement*” means the Purchase Agreement dated _____, 2021 by and among the Issuers, Goldman Sachs & Co. LLC and RBC Dominion Securities Inc., as representatives of the several initial purchasers named therein, and the other initial purchasers party thereto.

“*Purchase Money Indebtedness*” means Indebtedness of Parent and its Restricted Subsidiaries incurred for the purpose of financing all or any part of the acquisition, or the cost of installation, construction, repair, replacement or improvement, of fixed or capital assets, property or equipment.

“*Qualified Capital Stock*” means any Capital Stock that is not Disqualified Capital Stock.

“*Rating Agency*” means (1) each of Moody’s and S&P and (2) if Moody’s or S&P ceases to rate the notes for reasons outside of the control of the Issuers, a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act selected by Parent or the Issuers as a replacement agency for Moody’s or S&P, as the case may be.

“*Recovery Event*” means any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any property of the Issuers or any Subsidiary.

“*Refinance*” means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness, in whole or in part. “Refinanced” and “Refinancing” shall have correlative meanings; provided that the principal amount of such Refinancing Indebtedness does not exceed (a) the principal amount of such Indebtedness being refinanced plus (b) the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, premiums (including, without limitation, tender premiums) and other costs and expenses (including, without limitation, original issue discount, upfront fees or similar fees) incurred in connection with such refinancing.

“*Restricted Subsidiary*” of any Person means any Subsidiary of such Person which at the time of determination is not an Unrestricted Subsidiary. Unless otherwise expressly noted herein, the term “Restricted Subsidiary” of Parent includes the Issuers.

“*Sale and Leaseback Transaction*” means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to Parent or a Restricted Subsidiary of any property, whether owned by Parent or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred Parent or such Restricted Subsidiary to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such Property.

“*S&P*” means Standard & Poor’s Global Ratings, or any successor to the rating agency business thereof.

“*SEC*” means the United States Securities and Exchange Commission.

“*Securities Act*” means the United States Securities Act of 1933, as amended.

“*Secured Foreign Credit Facilities*” means (a) the Chinese Facilities, (b) the Indian Facilities, (c) the Singapore Facilities and (d) any other lines of credit, credit agreements or similar facilities or extensions of credit made to one or more International Restricted Subsidiaries (other than Subsidiaries organized under the Laws where Parent, the Issuers and any then-existing Guarantor is organized) in an aggregate principal at any time outstanding not to exceed the greater of \$100.0 million and 20% of Consolidated EBITDA for the Applicable Measurement Period.

“*Senior Secured Credit Facilities*” means the Credit Agreement, dated as of October 27, 2016, by and among the Company, the subsidiary borrowers party thereto, the guarantors party thereto, Bank of America, N.A., as administrative agent, U.S. swing line lender and L/C issuer, Royal Bank of Canada, as Canadian swing line lender and L/C issuer, and the other lenders party thereto, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case, in each case as amended to the date of this Offering Circular and as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding Restricted Subsidiaries of Parent as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders (whether or not such added or substituted parties are banks or other institutional lenders).

“*Share Purchase Agreement*” means the Share Purchase Agreement by and among the persons listed in Schedule 1 thereto, Euro Auctions FZE, Ritchie Bros. UK Holdings Ltd. and Parent (together with all exhibits and schedules thereto, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the Acquisition Closing Date).

“*Significant Subsidiary*,” with respect to any Person, means any Restricted Subsidiary of such Person that satisfies the criteria for a “significant subsidiary” set forth in Rule 1.02(w) of Regulation S-X under the Securities Act.

“*Singapore Facilities*” means the line of credit and other extensions of credit to one or more Wholly-Owned Subsidiaries of the Company that are incorporated under the laws of Singapore, in an aggregate principal amount at any time outstanding not to exceed \$10.0 million.

“*Specified Property Sales*” means the sale of (a) Parent’s Bolton, Ontario auction site and (b) certain other real properties with an aggregate purchase price of \$150.0 million.

“*Subordinated Indebtedness*” means Indebtedness of Parent, the Issuers or any Guarantor that is contractually subordinated in right of payment to the notes or the Guarantee of such Guarantor, as the case may be.

“*Subsidiary*” with respect to any Person, means:

(1) any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances shall at the time be owned, directly or through another Subsidiary, by such Person; or

(2) any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or through another Subsidiary, owned by such Person.

“*Target Companies*” means Euro Auctions Limited, William Keys & Sons Holdings Limited, Equipment & Plant Services Ltd and Equipment Sales Ltd, each being a private limited company incorporated in Northern Island.

“*Tax Act*” means the *Income Tax Act* (Canada).

“*Taxes*” means any present or future tax, duty, levy, impost, assessment or other government charge (including penalties, interest and any other liabilities related thereto) imposed or levied by or on behalf of a Taxing Authority.

“*Taxing Authority*” means any government or any political subdivision or territory or possession of any government or any authority or agency therein or thereof having power to tax.

“*Transactions*” means, collectively, (i) the Acquisition, (ii) this offering of the notes, (iii) entering into, and borrowings under, the Senior Secured Credit Facilities and (iv) all other transactions related to or incidental to, or in

connection with, any of the foregoing (including, without limitation, the payment of fees and expenses in connection with each of the foregoing).

“*Treasury Securities*” means any investment in obligations issued or guaranteed by the United States government or any agency thereof, in each case, maturing no later than the Escrow End Date.

“*Unrestricted Subsidiary*” of any Person means:

(1) any Subsidiary of such Person that at the time of determination shall be or continue to be designated an Unrestricted Subsidiary by the Board of Directors of such Person in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of Parent or the Issuers may designate any Subsidiary (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, Parent, the Issuers or any other Subsidiary of Parent or the Issuers that is not a Subsidiary of the Subsidiary to be so designated; *provided* that:

(1) the applicable Issuer certifies to the applicable Trustee that such designation complies with the covenant described under “—Certain Covenants—Limitation on Restricted Payments” and

(2) each Subsidiary to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of Parent or any of its Restricted Subsidiaries.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary only if:

(1) immediately after giving effect to such designation, the applicable Issuer is able to incur at least \$1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Additional Indebtedness”; and

(2) immediately before and immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing.

Any such designation by the Board of Directors shall be evidenced to the applicable Trustee by promptly filing with such Trustee a copy of the Board Resolution giving effect to such designation and an Officer’s Certificate certifying that such designation complied with the foregoing provisions.

“*U.S. Restricted Subsidiary*” means any Restricted Subsidiary that is organized under the Laws of any state of the United States or the District of Columbia.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the then outstanding aggregate principal amount of such Indebtedness into (b) the sum of the total of the products obtained by multiplying the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

“*Wholly Owned Restricted Subsidiary*” of any Person means any Wholly Owned Subsidiary of such Person which at the time of determination is a Restricted Subsidiary of such Person.

“*Wholly Owned Subsidiary*” of any Person means any Subsidiary of such Person of which all the outstanding voting securities (other than in the case of a Restricted Subsidiary that is incorporated in a jurisdiction other than a State in the United States or the District of Columbia, directors’ qualifying shares or an immaterial

amount of shares required to be owned by other Persons pursuant to applicable law) are owned by such Person or any Wholly Owned Subsidiary of such Person.

BOOK-ENTRY, DELIVERY AND FORM

The notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A (“Rule 144A Notes”). The notes also may be offered and sold in offshore transactions in reliance on Regulation S (“Regulation S Notes”). Except as set forth below, the USD notes will be issued in registered, global form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Except as set forth below, the Canadian notes will be issued in registered, global form in minimum denominations of C\$2,000 and integral multiples of C\$1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the “Rule 144A Global Notes”). Regulation S Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the “Regulation S Global Notes” and, together with the Rule 144A Global Notes, the “Global Notes”). The Global Notes representing USD Notes (the “USD Global Notes”) will be deposited upon issuance with the trustee as custodian for The Depository Trust Company (“DTC”), in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. The Global Notes representing Canadian notes will be deposited with CDS, and registered in the name of CDS & Co., CDS’s nominee. Beneficial interests in the Canadian notes will be shown on, and transfers will be effected only through, records maintained by CDS or its nominee. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the “Restricted Period”), beneficial interests in the Regulation S Global Notes may be held only through Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”) (as indirect participants in DTC in respect of the USD notes) or CDS in respect of the Canadian notes, unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See “—Exchanges between Regulation S Notes and Rule 144A Notes.”

Except as set forth below, the USD Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Except as set forth below, the Global Notes representing Canadian notes may be transferred, in whole and not in part, only to another nominee of CDS or to a successor of CDS or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive notes in registered certificated form (“Certificated Notes”) except in the limited circumstances described below. See “Depository Procedures—DTC, Euroclear and Clearstream—Exchange of Global Notes for Certificated Notes” and “Depository Procedures—CDS—Certificated Notes.” Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Notice to Investors.” Regulation S Notes will also bear the legend as described under “Notice to Investors.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream) and Euroclear and Clearstream and CDS, which may change from time to time.

Depository Procedures – DTC, Euroclear and Clearstream

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “Participants”) and to facilitate the clearance and settlement of transactions in those securities between its participants through electronic book-entry changes in accounts of its participants. The participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to indirect participants such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (collectively, the “Indirect Participants”). Persons who are not participants may

beneficially own securities held by or on behalf of DTC only through its Participants or Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of its Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it:

1. upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and
2. ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants. Investors in the Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants. After the expiration of the Restricted Period (but not earlier), investors may also hold interests in the Regulation S Global Notes through Participants in the DTC system other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "holders" thereof under the indenture for any purpose.

Payments in respect of the principal of, premium on, if any, and interest, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, we and the trustee will treat the Persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither we nor any agent of ours nor the trustee nor its agents has or will have any responsibility or liability for:

1. any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or
2. any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the

responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or us. Neither we nor the trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under “Notice to Investors,” transfers between the Participants will be effected in accordance with DTC’s procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC’s rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the Global Notes for legended notes in certificated form, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither we nor any agent of ours nor the trustee nor its agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

1. DTC (a) notifies us that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, we fail to appoint a successor depositary;
2. we, at our option, notify the trustee in writing that we elect to cause the issuance of the Certificated Notes; or
3. there has occurred and is continuing a Default or Event of Default with respect to the notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures), will bear the applicable restrictive legend referred to in “Notice to Investors,” unless that legend is not required by applicable law, and will be maintained in registered form under Section 5f.103-1(c) of the U.S. Treasury Regulations (and may be transferred only in accordance with such provisions).

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See “Notice to Investors.”

Exchanges Between Regulation S Notes and Rule 144A Notes

Prior to the expiration of the Restricted Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if:

1. such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A; and
2. the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that the notes are being transferred to a Person:
 - (a) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;
 - (b) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and
 - (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction originated by the trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period.

Same Day Settlement and Payment

We will make payments in respect of the notes represented by the Global Notes, including principal, premium, if any, and interest, if any, by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. We will make all payments of principal, premium, if any, and interest, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder’s registered address. The notes represented by the Global Notes are expected to be eligible to trade in DTC’s Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant

Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Depository Procedures – CDS

The following description of the operations and procedures of CDS are provided solely as a matter of convenience. These operations and procedures are solely within the control of the CDS settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

The Canadian notes will be issued in the form of one or more fully registered notes in global form (a "Canadian Dollar Global Note"). Upon issuance, a Canadian Dollar Global Note will be deposited and held by, or on behalf of, CDS (the "Depository") and will be registered in the name of the Depository or its nominee (a "Nominee"), except in the limited circumstances described herein. Ownership of beneficial interests in a Canadian Dollar Global Note will be limited to persons who have book-entry accounts with CDS ("CDS Participants") or persons who hold interests through CDS Participants.

The Canadian issuer expects that under procedures established by CDS:

1. upon deposit of a Canadian Dollar Global Note with CDS, CDS will credit portions of the principal amount of such Canadian Dollar Global Note to the accounts of the CDS Participants designated by the Canadian dollar initial purchasers; and
2. ownership of beneficial interests in a Canadian Dollar Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by CDS (with respect to interests of CDS Participants) and the records of CDS Participants (with respect to other owners of beneficial interests in such Canadian Dollar Global Note).

Beneficial interests in a Canadian Dollar Global Note may not be exchanged for Canadian dollar notes in physical, certificated form except in the limited circumstances described below. A Canadian Dollar Global Note and beneficial interests in such Canadian Dollar Global Note will be subject to restrictions on transfer as described under "Notice to Investors" and "Notice Regarding Canadian Securities Law Matters".

Book-Entry Procedures for the Canadian Dollar Global Note

All interests in a Canadian Dollar Global Note will be subject to the rules and procedures of CDS. The following information on CDS reflects the Canadian issuer's understanding of CDS rules and procedures which may change at any time without notice.

CDS Participants include securities brokers and dealers (including the Canadian dollar initial purchasers), investment dealers, banks, trust companies and other organizations. Indirect access to CDS is available to other organizations that clear through and maintain a custodial relationship with a CDS Participant. Investors who are not CDS Participants may beneficially own securities held by or on behalf of CDS only through CDS Participants or indirect participants in CDS.

So long as a Nominee is the registered owner of a Canadian Dollar Global Note, such Nominee will be considered the sole owner or holder of the Canadian dollar notes represented by such Canadian Dollar Global Note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a Canadian Dollar Global Note:

1. will not be entitled to have the Canadian dollar notes represented by the Canadian Dollar Global Note registered in their names;
2. will not receive or be entitled to receive physical, certificated notes; and

3. will not be considered to be the owners or holders of the Canadian dollar notes under the indenture for any purpose, including with respect to the giving of any direction, instruction, waiver, consent or approval to the Trustees or either of them under the indenture.

As a result, each investor who owns a beneficial interest in a Canadian Dollar Global Note must rely on the rules and procedures of CDS to exercise any rights of a holder of Canadian dollar notes under the indenture (and, if the investor is not a CDS Participant or an indirect participant in CDS, on the procedures of the CDS Participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the Canadian dollar notes represented by a Canadian Dollar Global Note will be made to the Nominee as the registered holder of the Canadian Dollar Global Note. Neither the Canadian issuer nor the Trustees will have any responsibility or liability for the payment of amounts to holders of beneficial interests in a Canadian Dollar Global Note, for any aspect of the records relating to or payments made on account of those interests by CDS, or for maintaining, supervising or reviewing any records of CDS relating to those interests.

Payments by CDS Participants and indirect participants in CDS to the owners of beneficial interests in a Canadian Dollar Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and CDS.

Transfers of beneficial ownership in the Canadian dollar notes represented by a Canadian Dollar Global Note will be effected through records maintained by CDS for such Canadian Dollar Global Note and on the records of CDS Participants (with respect to holders of beneficial interests in the Canadian Dollar Global Note other than CDS Participants). Beneficial holders of interests in a Canadian Dollar Global Note who are not CDS Participants, but who desire to purchase, sell or otherwise transfer beneficial ownership of, or any other interest in, a Canadian Dollar Global Note may only do so through CDS Participants. The ability of a person holding a beneficial interest in a Canadian Dollar Global Note to pledge its interest to a person or entity that does not participate in the CDS system, or otherwise take actions in respect of its interest, may be affected by the lack of a physical certificate.

CDS may discontinue or change these procedures at any time without notice. Neither the Canadian issuer nor the Trustees will have any responsibility for the performance by CDS or its participants or indirect participants of their obligations under the rules and procedures governing its operations.

Certificated Notes

Canadian dollar notes in physical, certificated form will be issued and delivered to each person that CDS identifies as a beneficial owner of the related Canadian dollar notes only if:

1. CDS notifies the Canadian issuer that it is unwilling or unable to continue as Depositary for the Canadian Dollar Global Note and the Canadian issuer is unable to locate a qualified successor;
2. such exchange is required by applicable law, as determined by the Canadian issuer and its counsel;
3. CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Canadian issuer is unable to locate a qualified successor;
4. the Canadian issuer, at its option, elects to terminate the book-entry system and notifies the Trustees that the Canadian issuer elects to cause the issuance of certificated notes;
5. the Canadian issuer determines that CDS is no longer willing, able or qualified to discharge properly its responsibilities as holder of the Canadian Dollar Global Note and the Canadian issuer is unable to locate a qualified successor; or
6. certain other events provided in the indenture that will govern the Canadian notes should occur.

CERTAIN ERISA AND RELATED CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase and holding of the notes (or any interest in a note) by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Laws”), and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each, a “Plan”).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (a “Covered Plan”) and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary must determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws relating to a fiduciary’s duties to the Plan including but not limited to applicable prudence, diversification, delegation of control, conflict of interest and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving “Plan Assets” of any Covered Plan with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. Among other possibilities, the acquisition and/or holding of notes (or any interest in a note) by a Covered Plan with respect to which we, the initial purchasers, or the guarantors or any of our or their respective affiliates (“Transaction Parties”) are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the DOL has issued prohibited transaction class exemptions (“PTCEs”) that potentially may apply to the acquisition and holding of the notes by a Covered Plan. The class exemptions which the DOL has issued include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions between a Covered Plan and a person who is a party in interest or disqualified person as a result of providing services to such Covered Plan (or as a result of being related to a person who provides services to such Covered plan), in general if neither the party in interest or disqualified person nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Covered Plan involved in the transaction and the Covered Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions, or any other exception or exemption, will be satisfied.

Because of the foregoing, the notes and any interests in notes may not be purchased or held by any person investing Plan Assets of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA or the Code or a similar violation of any applicable Similar Laws. There can be no assurance that any of the foregoing exemptions or any other exemption will be available with respect to an otherwise prohibited

transaction arising in connection with an investment in notes or that all of the conditions of any such exemptions will be satisfied or that any exemption would cover all potential transactions that may arise in connection with such an investment. Accordingly, notes (including interests therein) may not be acquired by any person investing “plan assets” of any Plan, unless such acquisition will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or a similar violation of any applicable Similar Laws.

Representation

By acceptance of any notes (and any interests in the notes) each investor will be deemed to represent and warrant that either (1) no portion of the assets used by such purchaser or transferee to purchase or at any time hold any note or any interest in a note constitutes or will constitute assets of any Plan, or (2) the purchase and holding and disposition of a note or interest in a note by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that any fiduciary of a Plan or other person who proposes to use assets of any Plan to invest in the notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA, Section 4975 of the Code, and any applicable Similar Laws, to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA, the Code, or any applicable Similar Laws. Purchasers of notes (including any interest in a note) that are Plans have the exclusive responsibility for ensuring that their purchase and holding the notes (or such interest) complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or any applicable Similar Laws. Plans should consider the fact that none of the Transaction Parties is acting as a fiduciary to any Plan with respect the decision to purchase the units in connection with the offer and sale hereunder, and are not undertaking to provide investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to such decision.

The sale of the notes to a Plan or to a person using assets of any Plan to effect its acquisition of the notes, is in no respect a representation or recommendation by any Transaction Party or their agents or representatives that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan or that such an investment is appropriate for Plans generally or any particular Plan. Neither this discussion nor anything provided in this offering circular is, or is intended to be, investment advice directed at any potential Plan purchasers, or at Plan purchasers generally, and such purchasers of any notes or interests in notes should consult and rely on their own counsel and advisers as to whether an investment in units is suitable for the Plan.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes the U.S. federal income tax considerations generally applicable to the ownership and disposition of the notes by an initial holder that acquires the notes pursuant to this offering at the initial offering price and hold the notes as capital assets (generally, property held for investment purposes) for U.S. federal income tax purposes. This discussion does not apply to holders subject to special rules, including brokers, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, tax-exempt organizations, insurance companies, banks, thrifts and other financial institutions, real estate investment trusts, regulated investment companies, persons liable for alternative minimum tax, partnerships or other pass-through entities (and any investors thereof), persons that hold the notes as part of a hedging, integration, conversion or constructive sale transaction or a straddle, certain U.S. expatriates, “controlled foreign corporations,” “passive foreign investment companies,” persons required to accelerate the recognition of any item of gross income with respect to the notes as a result of such income being recognized on an applicable financial statement, a Non-U.S. Holder (as defined below) that holds Canadian notes, or persons whose functional currency is not the U.S. dollar.

This discussion does not purport to be a complete analysis of all of the potential U.S. federal income tax considerations that may be relevant to a holder in light of their particular circumstances. Furthermore, it does not address any aspect of other U.S. federal tax laws, such as estate or gift tax laws or the 3.8% tax on certain net investment income, or any applicable state, local or non-U.S. tax laws. Each prospective investor should consult its own tax adviser as to the U.S. federal, state, local, non-U.S. and any other tax consequences of the ownership and disposition of the notes. This discussion is based on the Code, its legislative history, existing and proposed Treasury regulations, published Internal Revenue Service (“IRS”) rulings and other administrative pronouncements and court decisions, all as in effect as of the date hereof, and any of which may be repealed, revoked or modified (possibly with retroactive effect) so as to result in U.S. federal income tax consequences different from those discussed below.

A “U.S. Holder” is a beneficial owner of the notes who, for U.S. federal income tax purposes, is (i) a citizen or individual resident of the United States, (ii) a corporation (or other entity that is treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any State thereof, any political subdivision thereof, or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust (A) if a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons, within the meaning of Section 7701(a)(30) of the Code, are authorized to control all substantial decisions of the trust, or (B) that has validly elected to be treated as a U.S. person for U.S. federal income tax purposes. A “Non-U.S. Holder” is a beneficial owner of a note (other than a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the notes, the U.S. federal income tax treatment of a partner, beneficiary, or other stakeholder will generally depend on the status of that person and the tax treatment of the partnership. A partner, beneficiary, or other stakeholder in a partnership or other pass-through entity or arrangement holding the notes should consult its own tax adviser with regard to the U.S. federal income tax treatment of its investment in the notes.

U.S. Holders

Interest on the Notes

It is expected (and this discussion assumes) that the notes will be issued without original issue discount for U.S. federal income tax purposes. Accordingly, payments of stated interest on the notes (including any additional amounts and tax withheld from such interest or additional amounts) generally will be taxable to a U.S. Holder as ordinary income at the time that the interest is paid or accrued, in accordance with the U.S. Holder’s regular method of accounting for U.S. federal income tax purposes.

A U.S. Holder that holds Canadian notes and that uses the cash method of tax accounting will be required to include in income the U.S. dollar value of the Canadian dollar-denominated interest payments based on the spot rate of exchange on the date of receipt. No foreign currency exchange gain or loss will be recognized with respect to the receipt of such payment (other than foreign currency exchange gain or loss realized on the disposition of the Canadian Dollars so received).

A U.S. Holder that uses the accrual method of tax accounting will accrue interest income on a Canadian note in Canadian Dollars, and translate the amount accrued into U.S. dollars based on:

- the average exchange rate in effect during the interest accrual period, or portion thereof, within such U.S. Holder's taxable year; or
- at such U.S. Holder's election, the spot rate of exchange on (1) the last day of the accrual period, or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year, or (2) the date of receipt, if such date is within five business days of the last day of the accrual period. Such election must be applied consistently by the U.S. Holder to all debt instruments from year to year and can be changed only with the consent of the IRS.

A U.S. Holder that uses the accrual method of tax accounting will recognize foreign currency exchange gain or loss on the receipt of an interest payment equal to the difference between (i) the value of the Canadian Dollars received as interest, as translated into U.S. dollars using the spot rate of exchange on the date of receipt and (ii) the U.S. dollar amount previously included in income with respect to such payment. Such foreign currency exchange gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on such notes.

Interest and Additional Amounts paid or accrued on the Canadian notes will be treated as foreign source income for U.S. federal income tax purposes. Such interest will generally be treated as "passive category income" for U.S. foreign tax credit purposes. In the event any non-U.S. tax is withheld from interest (including any Additional Amounts) paid on the Canadian notes, a U.S. Holder may be able to claim a foreign tax credit (or a deduction in lieu of credit) in respect of such taxes, subject to applicable limitations. The rules governing foreign tax credits are complex. Prospective U.S. Holders should consult their own tax advisers with respect to the application of the foreign tax credit rules to interest paid or accrued on the Canadian notes.

Interest paid or accrued on the USD notes will be treated as domestic source income for U.S. federal income tax purposes.

Sale, Exchange, Redemption or Other Taxable Disposition of the Notes

Except as noted below with respect to foreign currency exchange gain or loss, a U.S. Holder will generally recognize gain or loss upon the sale, exchange, redemption or other taxable disposition of a note in an amount equal to the difference, if any, between the amount realized upon the sale, exchange, redemption or other taxable disposition (reduced by any amounts attributable to accrued but unpaid interest, which will be taxable as ordinary income in the manner described above) and the U.S. Holder's adjusted tax basis in the note.

A U.S. Holder's adjusted tax basis in a USD note will generally be the amount paid for such note. Subject to the discussion below, a U.S. Holder's adjusted tax basis of a Canadian note will generally be the U.S. dollar value of the Canadian Dollar purchase price calculated at the spot rate of exchange on the date of purchase, and the amount realized by a U.S. Holder upon the disposition of a Canadian note will generally be the U.S. dollar value of the Canadian Dollars received, calculated at the spot rate of exchange on the date of disposition.

If the Canadian notes are traded on an established securities market, a U.S. Holder of such notes that uses the cash method of tax accounting, and if it so elects, a U.S. Holder of such notes that uses the accrual method of tax accounting, will determine the U.S. dollar values of its adjusted tax basis in the applicable note and the amount realized on the disposition of such note by translating Canadian Dollar amounts at the spot rate of exchange on the settlement date of the purchase or the disposition, respectively. The election available to accrual basis U.S. Holders discussed above must be applied consistently by the U.S. Holder to all debt instruments from year to year and can be changed only with the consent of the IRS.

Except as described below, any gain or loss that a U.S. Holder recognizes upon the sale, exchange, redemption or other taxable disposition of a note will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the note for more than one year. Long-term capital gain of certain non-corporate U.S. Holders, including individuals, may be eligible for reduced rates of taxation. Such gain or loss will generally be

treated as U.S. source income or loss for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses may be limited.

Gain or loss recognized by a U.S. Holder on a disposition of a Canadian note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in the Canadian Dollar to U.S. dollar exchange rate during the period in which the U.S. Holder held such note. Such foreign currency exchange gain or loss will equal the difference between the U.S. dollar value of the Canadian Dollar purchase price calculated at the spot rate of exchange on the date (1) the note is disposed of (or the spot rate on the settlement date, if applicable) and (2) of purchase (or the spot rate on the settlement date, if applicable). A U.S. Holder of a Canadian note may also recognize foreign currency exchange gain or loss in respect of accrued interest upon a disposition of such note, as discussed above under "—Interest on the Notes." The recognition of aggregate foreign currency exchange gain or loss upon a disposition of a Canadian note will be limited to the amount of overall gain or loss realized on the disposition of such note.

Required Disclosure with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals who hold certain foreign financial assets (which may include notes) are required to disclose information relating to such assets, subject to certain exceptions (including an exception for the notes held in accounts maintained by certain financial institutions). Under certain circumstances, a U.S. Holder that is an entity may also be subject to these rules. U.S. Holders are urged to consult their own tax advisers regarding the disclosure requirements relating to their ownership of the notes.

Reportable Transaction Reporting

Under applicable Treasury Regulations, a U.S. Holder who participates in "reportable transactions" (as defined in the Treasury Regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. The Treasury Regulations could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Canadian notes as a reportable transaction if this loss exceeds the relevant threshold in the Treasury Regulations. U.S. Holders are urged to consult their own tax advisers to determine the tax reporting obligations, if any, including any requirement to file IRS Form 8886, with respect to the ownership or disposition of the notes or any related transaction such as the disposition of any Canadian Dollars received in respect of the notes.

Non-U.S. Holders of USD Notes

Interest on the USD Notes

Interest on the USD notes will be treated as domestic source for U.S. federal income tax purposes and thus potentially subject to U.S. income and withholding tax. However, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on payments of interest on the USD notes provided that (1) such interest is not effectively connected with the conduct of a trade or business within the United States by the Non-U.S. Holder (and, if a tax treaty applies, such interest is not attributable to a permanent establishment or fixed base maintained within the United States by the Non-U.S. Holder) and (2) the Non-U.S. Holder (a) does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the USD issuer entitled to vote, (b) is not a controlled foreign corporation related to the USD issuer (within the meaning of the Code), and (c) certifies, under penalties of perjury, to the applicable withholding agent on IRS Form W-8BEN or W-8BEN-E (or appropriate substitute form) that it is not a U.S. person and that no withholding is required pursuant to the Foreign Account Tax Compliance Act ("FATCA") (discussed below), and provides its name, address and certain other required information or certain other certification requirements are satisfied.

If interest on the USD notes is not effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Holder but such Non-U.S. Holder cannot satisfy the other requirements outlined in the preceding paragraph, interest on the USD notes generally will be subject to U.S. federal withholding tax (currently imposed at a 30% rate), unless the withholding tax rate is reduced or eliminated by an applicable income tax treaty, and such Non-U.S. Holder is a qualified resident of the treaty country and complies with certain certification requirements.

Sale, Exchange, Redemption or Other Taxable Disposition of the USD Notes

Except with respect to accrued but unpaid interest, which generally will be taxed as described above under “—Interest on the USD Notes,” or below under “—Interest or Gain Effectively Connected with a Trade or Business in the United States,” a Non-U.S. Holder generally will not be subject to U.S. federal income tax (or any withholding thereof) with respect to gain, if any, recognized upon the sale, exchange, retirement or other disposition of USD notes unless (1) the gain is effectively connected with the conduct of a trade or business within the United States by the Non-U.S. Holder and, if a tax treaty applies, is attributable to a permanent establishment or fixed base of the Non-U.S. Holder within the United States, or (2) in the case of a Non-U.S. Holder that is an individual, such holder is present in the United States for 183 or more days in the taxable year in which the sale, exchange, retirement or other disposition occurs and certain other conditions are satisfied.

An individual Non-U.S. Holder who is subject to U.S. federal income tax because the Non-U.S. Holder was present in the United States for 183 days or more during the year of sale, exchange, retirement or other disposition of the notes generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the gain derived from such sale, exchange, retirement or other disposition, which may be offset by certain U.S.-source capital losses.

Interest or Gain Effectively Connected with a Trade or Business in the United States

Interest on a USD note or gain from a disposition of a USD note that is effectively connected with the conduct of a trade or business in the United States (and, if a tax treaty applies, such interest is attributable to a permanent establishment or fixed base within the United States) generally will be subject to U.S. federal income tax on a net income basis (but not U.S. withholding tax), in the same manner as if the Non-U.S. Holder were a U.S. person, and, in the case of a Non-U.S. Holder that is a foreign corporation, may also be subject to an additional branch profits tax (currently imposed at a rate of 30%, or a lower applicable treaty rate) on its effectively connected earnings and profits, subject to adjustments. In order to avoid U.S. federal withholding tax on interest on the USD Notes, the Non-U.S. Holder should deliver to the applicable withholding agent a properly executed IRS Form W-8ECI in order to claim an exemption from U.S. federal withholding tax.

Foreign Account Tax Compliance Act

Under FATCA, withholding (currently at a rate of 30%) generally will be required in certain circumstances on interest payable on the USD notes held by or through certain “foreign financial institutions” (including investment funds), unless such institution (i) enters into, and complies with, an agreement with the IRS to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain U.S. persons or by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold on certain payments, or (ii) if required under an intergovernmental agreement between the United States and an applicable foreign country, reports such information to its local tax authority, which will exchange such information with the U.S. authorities. An intergovernmental agreement between the United States and an applicable foreign country, or other guidance, may modify these requirements. Accordingly, the entity through which the USD notes are held will affect the determination of whether such withholding is required. Similarly, interest payable on the USD notes held by an investor that is a non-financial non-U.S. entity that does not qualify under certain exemptions generally will be subject to withholding at a rate of 30%, unless such entity either (i) certifies that such entity does not have any “substantial United States owners” or (ii) provides certain information regarding the entity’s “substantial United States owners,” which will in turn be provided to the United States Department of the Treasury. Prospective investors are urged to consult their tax advisors regarding the possible implications of these rules on an investment in the USD notes.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Canadian notes, and, solely with respect to payments by a guarantor that is a resident of Canada for purposes of the Canadian Tax Act (as defined below) (in this summary, a “Canadian guarantor”), the USD notes, as a beneficial owner pursuant to this offering and who, for the purposes of the Income Tax Act (Canada) (the “Canadian Tax Act”) and any applicable tax treaty or convention, at all relevant times, (a) is not resident or deemed to be resident in Canada, (b) deals at arm’s length with each Issuer, the guarantors and the initial purchasers and is not affiliated with any of the Issuers, the guarantors or the initial purchasers, (c) deals at arm’s length with any transferee resident or deemed to be resident in Canada to whom the purchaser disposes of, or is deemed to have disposed of, the notes, (d) does not use or hold, and is not deemed to use or hold, the notes in connection with a business carried on in Canada, (e) is not a “specified non-resident shareholder” of the Canadian issuer and is not a person who does not deal at arm’s length with a “specified shareholder” of Canadian issuer (in each case as defined in subsection 18(5) of the Canadian Tax Act), and (f) is entitled to receive all payments made in respect of the notes (including all principal and interest) (a “Non-Resident Holder”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere or that is an “authorized foreign bank,” as defined in the Canadian Tax Act. Such holders should consult their own tax advisors.

This summary is based upon the current provisions of the Canadian Tax Act and the regulations thereunder, the current administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”) published in writing and publicly available prior to the date hereof and all specific proposals to amend the Canadian Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Canadian Tax Proposals”). This summary assumes that all such Canadian Tax Proposals will be enacted in the form proposed. No assurance can be given that the Canadian Tax Proposals will be enacted in the form proposed, or at all. Except for the foregoing, this summary does not otherwise take into account or anticipate any changes in law or in the administrative policies and assessing practices of the CRA, whether by judicial, governmental or legislative decision or action nor does it take into account tax legislation or considerations of any province or territory of Canada or any jurisdiction other than Canada.

This summary is of a general nature only, is not exhaustive of all Canadian federal income tax consequences and is not intended to be, nor should it be construed to be, legal, business or tax advice to any particular Non-Resident Holder. The tax liability of each Non-Resident Holder will depend on the Non-Resident Holder’s particular circumstances. Accordingly, it is recommended that Non-Resident Holders consult their own tax advisors with respect to their own particular circumstances.

Amounts paid or credited, or deemed to be paid or credited, to a Non-Resident Holder on the Canadian notes as, on account of, in lieu of, or in satisfaction of, interest, premium or principal, including in respect of a redemption, purchase for cancellation and payment on maturity by Canadian issuer will not be subject to Canadian withholding tax. No Canadian withholding tax will apply to any proceeds received by a Non-Resident Holder on a disposition of a Canadian note.

A Non-Resident Holder will not be subject to any other tax under the Canadian Tax Act in respect of the receipt of any interest, premium, or principal on the Canadian notes, or in respect of any proceeds received by the Non-Resident Holder on a disposition of the Canadian notes, including a redemption, purchase for cancellation, and payment on maturity by Canadian issuer.

Amounts paid or credited by a Canadian guarantor to a Non-Resident Holder on any of the notes as, on account of, in lieu of, or in satisfaction of, interest, premium or principal, will not be subject to Canadian withholding tax.

NOTICE TO INVESTORS

The notes have not been registered under the Securities Act or any securities laws of any jurisdiction, and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as such terms are defined under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act and such other securities laws. Accordingly, the notes are being offered hereby only (1) to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (2) outside of the U.S., in compliance with Regulation S under the Securities Act, to non-U.S. persons who will be required to make certain representations to us and others prior to an investment in the notes. The notes have not been, and will not be, qualified for distribution to the public under the securities laws of any province or territory of Canada and as such to the extent the notes are offered or sold to or for the benefit of residents of Canada, such offers or sales will only be made to accredited investors on a private placement basis in reliance on certain exemptions available pursuant to the securities laws of the provinces of Canada. For details about deemed representations and agreements by purchasers required under applicable Canadian securities laws, see “Notice regarding Canadian Securities Law Matters” below.

Each purchaser of the notes that is purchasing in a sale made in reliance on Rule 144A or Regulation S will be deemed to have represented and agreed as follows:

- (1) The purchaser
 - (a) is a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A and (ii) is acquiring the notes for its own account or for the account of another qualified institutional buyer, or
 - (b) is not a U.S. person, as such term is defined in Rule 902 under the Securities Act, and is purchasing the notes in accordance with Regulation S.
- (2) The purchaser
 - (a) is a United States person as defined in Section 7701(a)(30) of the Code; or
 - (b) is not a United States person as defined in Section 7701(a)(30) of the Code and (i) qualifies for an exemption from U.S. federal withholding tax with respect to payments of interest pursuant to an applicable income tax treaty to which the United States is a party, (ii) (A) does not, actually or constructively, own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code, (B) is not a controlled foreign corporation, as defined in Section 957 of the Code, related to us through actual or constructive stock ownership for U.S. federal income tax purposes and (C) is not a bank making an extension of credit pursuant to a loan agreement entered into in the ordinary course of the purchaser’s trade or business, or (iii) has a trade or business (or, if a treaty applies, a permanent establishment) in the United States and is entitled to a full exemption from U.S. federal withholding tax on interest paid on the notes because such interest is effectively connected with such trade or business (or permanent establishment, as the case may be). Upon the reasonable request of the Issuer, the purchaser shall deliver to the Issuer such properly completed and executed documentation (including, for the avoidance of doubt, the appropriate IRS Form W-8, W-9 or any successor forms) certifying to the foregoing under penalties of perjury.
- (3) The purchaser understands that the notes are being offered in transactions not involving any public offering in the U.S. within the meaning of the Securities Act, that the notes have not been registered under the Securities Act or any securities laws of any jurisdiction and that
 - (a) the notes may be offered resold, pledged or otherwise transferred only (i) to a person who is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, in a transaction meeting the requirements of Rule 144, outside the U.S. to a non-U.S. person in a transaction meeting the requirements of Rule 904 under the Securities Act, or in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel, if we so request), (ii) to us or

- (iii) pursuant to an effective registration statement and, in each case, in accordance with any applicable securities laws of any state of the U.S. or any other applicable jurisdiction, and
 - (b) the purchaser will, and each subsequent noteholder is required to, notify any subsequent purchaser from it of the resale restrictions set forth in (a) above.
- (4) The purchaser confirms that
- (a) such purchaser has such knowledge and experience in financial and business matters, that it is capable of evaluating the merits and risks of purchasing the notes and that such purchaser and any accounts for which it is acting are each able to bear the economic risks of its or their investment,
 - (b) such purchaser is not acquiring the notes with a view towards any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any state of the U.S. or any other applicable jurisdiction; *provided* that the disposition of its property and the property of any accounts for which such purchaser is acting as fiduciary will remain at all times within its control, and
 - (c) such purchaser has received a copy of this offering circular and acknowledges that such purchaser has had access to such financial and other information and has been afforded an opportunity to ask such questions of our representative and receive answers thereto as it has deemed necessary in connection with its decision to purchase the notes.
- (5) The purchaser understands that the certificates evidencing the notes will, unless otherwise agreed by us and the noteholder thereof, bear a legend substantially to the following effect:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN COMPLIANCE WITH REGULATION S, ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF

ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. BY ITS ACCEPTANCE HEREOF, THE HOLDER OF THIS NOTE FURTHER AGREES THAT IT WILL GIVE EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. IN THE CASE OF REGULATION S NOTES: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

BY ITS ACQUISITION OF THIS SECURITY OR ANY INTEREST HEREIN, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (COLLECTIVELY, "SIMILAR LAWS"), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF U.S. DEPARTMENT OF LABOR REGULATION 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA) OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY OR ANY INTEREST HEREIN WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS."

- (6) By acceptance of a note or any interest in a note, each purchaser and subsequent transferee shall be deemed to have represented and warranted that either (1) no portion of the assets used by such purchaser or transferee to purchase or hold any note or any interest in a note constitutes or will constitute assets of any employee benefit plan subject to Title I of ERISA, any plan, account or other arrangement subject to Section 4975 of the Code or provisions under any Similar Laws, or including any entity whose underlying assets are considered to include "plan assets" (within the meaning of Section 3(42) of ERISA and DOL Regulation 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA) of any such plan, account or arrangement or (2) the purchase and holding and disposition of a note or interest in a note by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.
- (7) The purchaser acknowledges that we and the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the foregoing acknowledgements, representations and agreements deemed to have been made by it are no longer accurate, it will promptly notify the initial purchasers. If such purchaser is acquiring the notes as a fiduciary or agent for one or more investor accounts, such purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

NOTICE REGARDING CANADIAN SECURITIES LAW MATTERS

This offering is being made to purchasers in the United States, Canada and elsewhere by the Issuers, including the Canadian issuer, a corporation located in the Province of British Columbia, Canada, pursuant to an exemption from the prospectus requirements of applicable Canadian securities laws. Purchasers of notes located or resident in Canada may only acquire notes pursuant to the Canadian offering memorandum prepared for use in Canada, and not pursuant to this offering circular. Each purchaser of Canadian notes pursuant to this offering circular shall, by agreeing to purchase any such notes, be deemed to have represented to the applicable Issuer and the dealer from whom the purchase confirmation is received that it is not located in, or a resident of, the Province of British Columbia or any other province or territory of Canada and it is purchasing such notes as principal, and that it acknowledges that such notes will be subject to Canadian resale restrictions, that it should consult with Canadian legal counsel before making any resale of such notes to a purchaser in Canada, and that it is hereby notified by way of this document (and it acknowledges such notification) of the following legend and that such notes may bear or be subject to the following restrictive legend in substantially the following form in addition to any other legend they may bear::

“IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 – RESALE OF SECURITIES, UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THESE NOTES MUST NOT TRADE THE NOTES IN CANADA BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) THE DATE OF THE DISTRIBUTION OF SUCH NOTES, AND (ii) THE DATE RITCHIE BROS. HOLDINGS LTD. BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES

Set out below is a summary of certain limitations on the enforceability of the guarantees in each of the jurisdictions in which guarantees are being provided. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the notes offered hereby. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply, and could adversely affect your ability to enforce your rights and to collect payment in full under the notes offered hereby and the guarantees.

Also set out below is a brief description of certain aspects of insolvency law, in force as of the date hereof, in the European Union, Australia, Canada, the Netherlands, Japan, the United Kingdom, the United States, Mexico and Ireland. In the event that any one or more of the guarantors experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

European Union

Several of the guarantors are organized under the laws of Member States of the European Union.

Pursuant to the Regulation (EU) 2015/848 of the European Parliament and of the Council dated May 20, 2015 on insolvency proceedings (recast), as amended (the "E.U. Insolvency Regulation"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its "centre of main interests" (which according to Article 3(1) of the E.U. Insolvency Regulation is "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties") is situated shall have jurisdiction to commence main insolvency proceedings relating to such debtor. The determination of where a debtor has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

There is a rebuttable presumption under Article 3(1) of the E.U. Insolvency Regulation, that the centre of main interests of a company or legal person is to be located in the Member State of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another Member State within a three-month period prior to the request for the opening of insolvency proceedings. Specifically, it should be possible to rebut this presumption where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State. In this regard, special consideration should be given to creditors and their perception as to where a debtor conducts the administration of its interests. In the event of a shift in the centre of main interests, this may require informing the creditors of the new location from which the debtor is carrying out its activities in due course (e.g., by drawing attention to the change of address in commercial correspondence or otherwise making the new location public through other appropriate means).

If the centre of main interests of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the E.U. Insolvency Regulation would be commenced in such jurisdiction, and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the E.U. Insolvency Regulation, with these proceedings governed by the *lex fori concursus*, i.e., the local laws of the court opening such main insolvency proceeding. Insolvency proceedings opened in one Member State under the E.U. Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State.

The effects of those main proceedings, however, do not affect third party rights in rem situated in a territory of another Member State in accordance with Article 10 of the E.U. Insolvency Regulations. If the "centre of main interests" of a debtor is in one Member State (other than Denmark) under Article 3(2) of the E.U. Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "territorial proceedings" (secondary proceedings) only in the event that such debtor has an "establishment" (in the meaning of and as defined in Article 2(10) of the E.U. Insolvency Regulation) in the territory of such other Member State. An "establishment" means any place of operations where a debtor carries out or has carried out in the three month period prior to the request to open main insolvency proceedings a non transitory economic activity with human means and assets.

The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the E.U. Insolvency Regulation. Irrespective of whether the insolvency proceedings are main or territorial proceedings, such proceedings will always, subject to certain exemptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court which has assumed jurisdiction for the insolvency proceedings of the debtor.

The courts of all Member States must recognize the judgment of the court commencing main proceedings, which will be given the same effect in the other Member States so long as no secondary proceedings have been commenced there. The insolvency administrator appointed by a court in a Member State which has jurisdiction to commence main proceedings (because the debtor's "centre of main interests" is there) may exercise the powers conferred on it by the laws of that Member State in another Member State (such as to remove assets of the debtor from that other Member State) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other Member State or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other Member State where the debtor has assets. The E.U. Insolvency Regulation has created a treatment for groups of companies experiencing difficulties by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of our group's members.

In the event that any guarantor organized under the laws of Member States of the European Union experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings will be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the relevant guarantor or any other company. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other and there is no assurance as to how the insolvency laws of the potentially involved jurisdictions will be applied in relation to one another.

Effects of EU Directive 2019/1023 on Restructuring and Insolvency

On July 16, 2019, the Directive (EU) 2019/1023 of the European Parliament and the Council of June 20, 2019, on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 ("E.U. Restructuring Directive") entered into force. The Member States are required to pass national laws to implement the directive by July 17, 2021, at the latest.

The E.U. Restructuring Directive aims to harmonize the laws and procedures of Member States concerning preventive restructurings and insolvencies, to put in place key principles for all member states on effective preventive restructuring and second chance frameworks, and measures to make all types of insolvency procedures more efficient by reducing their length and associated costs and improving their quality. The key feature of the E.U. Restructuring Directive is the introduction of a preventive restructuring framework. The E.U. Restructuring Directive sets out minimum EU standards to be applied by the Member States (i.e., minimum harmonization). Whereas certain features of the E.U. Restructuring Directive need to be transposed into national legislation, the E.U. Restructuring Directive leaves a large degree of discretion regarding the implementation of certain other features. In particular, when implementing the E.U. Restructuring Directive, Member States must ensure that, under their national laws, companies will have access to a pre-insolvency restructuring framework which permits a haircut of debt and other restructuring measures on the basis of a majority vote with a majority of not more than 75% of the amount of claims in each class and where applicable a majority by numbers (meaning, for instance, that an opposing creditor can be outvoted by the majority). The E.U. Restructuring Directive also provides for cross-class cramdown, i.e., even if the creditors of one class voting on the restructuring plan did not consent to the restructuring plan with the required majority, the restructuring plan might still be adopted and take effect for the dissenting creditors. Further, the E.U. Restructuring Directive provides for a stay on enforcement, which needs to be transposed into national legislation.

The implementation of the E.U. Restructuring Directive into national legislation might also include priority ranking for new financing. Although the E.U. Restructuring Directive also foresees a number of safeguards protecting creditors from abuse and although it is not clear how exactly the E.U. Restructuring Directive will be implemented in individual Member States, the current domestic insolvency law of some Member States may change – or have already changed

– substantially if they lack any of the mechanisms that the E.U. Restructuring Directive will make mandatory. This might have considerable repercussions for the position of creditors of a Member State legal entity. The description of the current Member State domestic insolvency regimes must, therefore, be read with the understanding that they may still change substantially.

Australia

Guarantees

As of the date of this offering circular, two of the guarantors are incorporated under the laws of the Commonwealth of Australia (the “Australian Guarantors”). A guarantee provided by a company incorporated under the Corporations Act 2001 (Cth) may be unenforceable if:

the company does not have the power, under its constituent document, to provide the guarantee in the circumstances of the case; or

the directors do not exercise their duty to act in good faith for the benefit of the company and for a proper purpose in giving the guarantee.

In determining whether there is sufficient benefit, all relevant facts and circumstances of the transaction need to be considered by the directors, including the benefits and detriments to the guarantor in giving the guarantee, and the respective benefits to the other parties involved in the transaction. The issue is particularly relevant where a company provides a guarantee in relation to the obligations of another member of its corporate family, as is the case for the guarantees given by the Australian Guarantors with respect to the notes offered hereby. In determining whether there is sufficient benefit, the directors need to give primary consideration to the benefits and detriments to the guarantor in giving the guarantee, in addition to the benefits to the other members of the corporate family.

Whether a guarantee entered into in breach of directors’ duties can be avoided against a party relying on the guarantee depends on certain factors, including whether the party knew of or suspected the breach. Under Australian law, a person is entitled to assume that the directors have properly performed their duties to the company unless that person knows or suspects that they have not done so.

Insolvency

Insolvency proceedings with respect to the Australian Guarantors would be likely to proceed under, and be governed by, Australian insolvency law. The procedural and substantive provisions of Australian insolvency laws afford debtors and unsecured creditors only limited protection from the claims of secured creditors.

There are four principal corporate insolvency processes in Australia: administration (sometimes referred to as voluntary administration); deed of company arrangement; receivership; and liquidation (also referred to as winding up). There is also a fifth less common regime, which is a creditor’s scheme of arrangement. A brief description of each is set out below.

Administration

Under Section 435A of the Corporations Act 2001 (Cth) (the “Corporations Act”), the object of administration is to provide for the business, property and affairs of an insolvent company to be administered in a way that maximizes the chances of the company, or as much as possible of its business, continuing in existence. Alternatively, if it is not possible for the company or its business to continue in existence, the object of the administration is to achieve a better return for the company’s creditors and members than would result from an immediate winding up of the company. In the vast majority of cases, a company is put into administration by resolution of its board of directors if the board of directors resolves that the company is insolvent or is likely to become insolvent at some future time.

In some cases an administrator may be appointed by a secured creditor who is entitled to enforce its security over the whole or substantially the whole of the company’s property. However, a secured creditor will usually prefer to appoint a receiver (pursuant to a contractual right in its security) who, unlike an administrator, will primarily act in the interests of the secured creditor to realize the secured property (even though a receiver also owes various duties to the company

in its capacity as agent and an officer of the company). A secured creditor with a security interest over the whole or substantially the whole of the company's property has a limited period following the appointment of an administrator in which to appoint a receiver, should it wish to do so.

Administration is only intended to last for a short period, during which time the administrator controls the company and acts as its agent. The powers of the directors and officers are suspended, though they remain in office and have a duty to assist the administrator. The administrator's role is to assess the company's situation and to report to creditors on the three available options (liquidation, execution of a deed of company arrangement or to return the company to the control of its directors) and report to creditors as to which option should be followed.

To permit the administrator the opportunity to do this, during the administration there is a moratorium on the enforcement of certain types of creditors' claims and actions against the company and its property (subject to certain exceptions) and a stay on legal proceedings that will prevent, among other things, security being enforced (subject to certain exceptions, including the right of a secured creditor to appoint a receiver in certain circumstances, as referred to above).

Deed of Company Arrangement

A deed of company arrangement is an agreement binding on the company and its creditors (and sometimes others) in the nature of a compromise. By force of the Corporations Act, the agreement is one which will bind unsecured creditors whose debts are provable whether or not those creditors vote in favor of it, provided that a simple majority (in number, unless a poll is conducted, in which case it is by number and value) votes in favor of the deed of company arrangement.

The Corporations Act is relatively flexible on the contents of the deed of company arrangement. Once the deed of company arrangement is executed, the administration terminates and the moratorium restrictions come to an end and are replaced by the provisions of the deed, which may include similar moratorium protections in respect of creditor claims.

The deed administrator may be tasked by the deed with realizing assets, closing down the business, restructuring the company or pursuing litigation with a view to the payment of dividends to creditors. The deed may apply a moratorium, compromise creditors' claims, provide for the payment of creditors by installment or specify that different creditors are to receive different treatment, provided that the deed is not unfairly prejudicial to a creditor or creditors as a whole. This is usually assessed by comparing the return that a creditor is entitled to receive under the deed with the return that the creditor could expect to receive if the company was liquidated.

Secured creditors may continue to deal with the property over which they have security and are not bound by the deed, unless the secured creditor voted in favor of the deed (and the deed restricts its ability to enforce its security) or it is prevented from enforcing by a court order.

In the event that a guarantor enters into a deed of company arrangement, creditors may lose various rights in respect of the guarantor, including their right to bring a claim against the guarantor. They may be left with a right to prove any claim against a fund established under a deed of company arrangement, which may not be sufficient to satisfy the guarantee.

Receivership

The right to appoint a receiver is a contractual right granted by the company to a creditor pursuant to its security. Whilst a receiver is appointed as agent of the company for liability purposes, the receiver's primary responsibility is to act in the best interests of its appointee. A receiver's appointment and powers are generally governed by the terms of the security agreement under which it is appointed. The receiver's principal task is to take possession and control of the secured property, realize the property subject to the security and pay the proceeds to the security holder. Receivership is a regime implemented for the benefit of the secured creditor that appoints the receiver. In contrast, both administration and liquidation are regimes aimed at securing the best outcome for all of the company's creditors and members as a whole.

As an officer of the company, a receiver owes certain duties to the company, unsecured creditors and shareholders. Where a company grants security over an asset, the proceeds of enforcement must generally be remitted to the holder of the security, unless there are claims ranking in priority to the holder of the security, as summarized below:

- (1) if the proceeds are from contracts of insurance and the insurance policy is in respect of liability to third parties, the proceeds must be paid to the third party in respect of whom the liability was incurred;
- (2) auditor's fees and expenses for the period between when the Australia Securities Investments Commission has refused consent to the auditor's resignation and the date the receiver was appointed;
- (3) wages, superannuation contributions and superannuation guarantee charges payable by the company in respect of services rendered to the company by the employees prior to the date the receiver was appointed;
- (4) all amounts due on or before the date the receiver is appointed in respect of leave of absence owing to employees;
- (5) retrenchment payments; and
- (6) all amounts that have been advanced by other parties to the company for the purpose of paying wages, superannuation contributions or payments in respect of leave of absence or termination of employment.

During a receivership, there is no moratorium in place and other creditors may pursue debts and claims against the company provided that the company is not also in administration or liquidation.

Liquidation

The purpose of a liquidation is to enable the realization of all of a company's assets, the calling up of partly paid shares and the distribution of the proceeds among the company's creditors and (if there is a surplus after paying creditors) a distribution of the surplus to members. The distribution of proceeds will be subject to statutory priority rules. The company's existence will then be brought to an end by deregistration.

Generally speaking, to the extent that their security is sufficient, secured creditors stand outside the liquidation and therefore do not have to prove their debts. Secured creditors also have the right to appoint a receiver and manager and enforce against the secured property during the liquidation. Secured creditors are generally entitled to sell the assets subject to their security or have them sold and to receive the proceeds (subject to the rights of any prior security holders).

Creditor's Scheme of Arrangement

A scheme of arrangement is an arrangement or compromise which binds the company and its creditors even though a minority of those creditors may oppose it. Schemes of arrangement are rarely used in an insolvency context, as they require an extended court approval process and the approval of 75% in value and 50% in number of each class of affected creditor. A scheme of arrangement is most commonly used where a company is seeking to restructure all or some of its term debt rather than to compromise the claims of creditors generally.

Voidable transactions

Under Australian law, if an order to wind-up were to be made against the Australian Guarantors and a liquidator was appointed, the liquidator would have the power to investigate the validity of past transactions and may seek various court orders, including orders to void certain transactions entered into prior to the winding-up of the Australian Guarantors and for the repayment of money. These include transactions entered into within a specified period of the winding-up that a court considers uncommercial transactions or transactions entered into when winding-up is imminent that have the effect of preferring a creditor or creditors or otherwise defeating, delaying or interfering with the rights of creditors.

In Australia, under the Corporations Act 2001 (Cth), a guarantee (or payment under a guarantee) may be set aside (subject to certain defences) if the guarantor is being wound up and the guarantee (or payment) is found by a court, on the application of the company's liquidator, to be an "insolvent transaction."

A transaction of a company is an insolvent transaction if it is:

- (a) an “unfair preference” (as defined below) given by the company to a creditor of the company, or
- (b) an “uncommercial transaction” (as defined below) of the company,

and the company was insolvent at the time or became insolvent because of the transaction (or an act or omission made for the purpose of giving effect to the transaction).

An unfair preference is given by a company to a creditor if a transaction to which the company and the creditor are parties results in the creditor receiving from the company, in respect of an unsecured debt that the company owes to the creditor, more than the creditor would otherwise receive from the company if it were to prove for the debt in a winding up.

Uncommercial transactions are those which a reasonable person in the company’s circumstances would not have entered into having regard to any relevant matter including:

- (a) the benefits (if any) to the company of entering into the transaction;
- (b) the detriment to the company of entering into the transaction; and
- (c) the respective benefits to other parties of entering into the transaction.

A liquidator is empowered to challenge any insolvent transaction if it was entered into, or an act was done for the purpose of giving effect to it, by the company in the six months ending on the “relation back day” (which will usually be the date on which any application to the court to wind-up the company was made or where immediately before the winding up order was made the company was under administration, the date of commencement of the administration). Any insolvent transaction which is also an uncommercial transaction of the company may be challenged if it was entered into, or an act was done for the purpose of giving effect to it, by the company in the two years ending on the relation back day.

Where a related entity of the company is a party to the insolvent transaction, the period of challenge is four years ending on the relation back day. If the transaction were entered into for a purpose including the purpose of defeating, delaying or interfering with the rights of any or all of the creditors of the company on a winding up, the period of challenge is ten years.

Where a company was under administration or subject to a deed of company arrangement immediately before the company resolved, or a court ordered, that the company be wound up, an uncommercial transaction or an unfair preference may be challenged by a liquidator if the transaction was entered into, or an act was done for the purpose of giving effect to it, by the company during the period from the relation back day and ending when the company made the resolution, or when the court made the order, that the company be wound up, and the transaction, or the act done for the purpose of giving effect to it, was not entered into, or done on behalf of, the company by, or under the authority of, the administrator of the company or the administrator of the deed of company arrangement (as applicable).

Canada

The Canadian issuer and several of the guarantors are organized under the laws of Canada. In the event of the insolvency of the Canadian issuer or a Canadian guarantor, bankruptcy or insolvency proceedings may, therefore, be initiated in Canada and Canadian bankruptcy and insolvency law may govern those proceedings.

Insolvency Proceedings

Formal insolvency proceedings in Canada may be initiated in a number of ways, generally pursuant to the federal *Companies’ Creditors Arrangement Act* (the “CCAA”) (applicable to a company or affiliated companies having debts in excess of C\$5,000,000) or the *Bankruptcy and Insolvency Act* (the “BIA”) (applicable to all companies). Insolvency proceedings generally include a stay preventing creditors from taking direct enforcement action without leave of the supervising court. Claims of creditors are generally addressed within the proceeding.

Proceedings under the CCAA are commenced before a superior court, usually by a debtor company or creditor, and can be used to effect a sale of the debtor company/companies, its assets, and/or to propose a plan of compromise and arrangement (a “Plan”) with creditors. Under a Plan, creditors with substantially similar interests are organized into classes and must vote on the Plan. If passed by the requisite threshold of creditors in each class, being a majority in number representing 2/3 of value of the creditor claims voting in that class, and approved by the supervising court, the Plan is binding on all affected creditors. Accordingly, creditors of the Canadian issuer or the Canadian guarantors may have their claims compromised by a Plan without their consent. Where an asset sale is effected through a CCAA proceeding, court approval is required, but a creditor vote is not. The court also has the authority to grant reverse vesting orders, which facilitate the conveyance of the equity interest of a debtor company to a purchasing entity free and clear of unwanted liens and encumbrances, and the assignment of unwanted liabilities and assets to a residual company or trust.

In addition, the CCAA grants broad jurisdiction for the supervising court to grant a variety of unique remedies depending on the circumstances, and it is not possible to predict what relief the court may grant and effect on the creditors of the Canadian issuer or the Canadian guarantors. A CCAA court has broad discretion to grant charges having a priority over all other creditors, including charges securing the fees and disbursements of professionals, interim financing, and the indemnification of directors and officers. In such a circumstance, the court must consider a number of factors, including whether any creditor affected by the proposed charges may be materially prejudiced. The court may provide protections in the face of material prejudice. However, this power is discretionary, and we cannot predict whether, or to what extent, holders of the notes offered hereby would be compensated for any delay in payment or loss of value.

Proceedings under the BIA include a proposal to creditors, receivership or a bankruptcy. A proposal proceeding is similar to the CCAA, though the provisions of the BIA are generally more restrictive. While much of the relief available in a BIA proposal requires court approval, commencing a proposal proceeding (and thereby effecting a stay of proceedings) and presenting a proposal to creditors does not require court approval and can be done relatively quickly. In addition, distributions to creditors in a proposal are subject to a levy payable to the Superintendent of Bankruptcy, a government official. In the event that the debtor’s proposal to its creditors is either rejected by any class of unsecured creditors at a meeting held to approve such proposal (with the same voting thresholds as the CCAA noted above) or by the court when the proposal is put before the court for approval, the debtor is deemed bankrupt. Notably, if a proposal is rejected by a class of secured creditors but accepted by each class of unsecured creditors, the proposal does not automatically fail. The secured class rejecting the proposal is left to pursue rights and remedies in respect of their security, while the proposal is submitted to the court for approval.

A bankruptcy under the BIA is a liquidation proceeding whereby a licenced insolvency trustee is appointed and all assets of the debtor company vest in the trustee, subject to the claims of secured creditors. The trustee then administers a claims process to determine the unsecured creditors of the bankrupt company, and distributes assets in accordance with the priority regime set out in the BIA (after the payment of secured creditors). Distributions in a bankruptcy are subject to a levy payable to the Superintendent of Bankruptcy, a government official.

A receiver and/or receiver-manager (collectively a “Receiver”) appointed under the BIA takes control of some or all of the assets of a company under the supervision of a supervising superior court. The application to appoint a Receiver is brought by a secured creditor. The court is granted broad discretion to empower the Receiver, and it is not possible to innumerate all the powers a Receiver may be vested with. Generally it includes the power to operate the debtor’s business if desirable, and to sell the business either as a going concern or piece-meal. The order appointing a Receiver generally includes a stay of proceedings, and may grant the Receiver a priority charge for its fees, disbursements and borrowings in priority to all other creditors, including secured creditors. In such a circumstance, the court must consider a number of factors, including whether any creditor affected by the proposed order may be materially prejudiced. The court may provide protections in the face of material prejudice. However, this power is discretionary, and we cannot predict whether, or to what extent, holders of the notes offered hereby would be compensated for any delay in payment or loss of value.

It is also possible for secured creditors to appoint a Receiver pursuant to the provisions of their security documents. While these Receivers are not generally supervised by a court and there is not a stay of proceedings, they often have the ability to sell the debtors assets free and clear of the claims of unsecured creditors pursuant to the security document and relevant statutory regimes governing priority.

Various federal and provincial corporate statutes provide the ability of companies to propose a plan of arrangement to their creditors and/or shareholders. The provisions of these statutes vary by jurisdiction, but generally allow for the compromise and restructuring of debts if approved by the requisite majority of creditors and under the supervision of the court. They also generally permit a stay of proceedings.

Priority of Payments

In an insolvency proceeding, the priority of payments among secured creditors is generally governed by various federal and provincial statutes providing security and other priority regimes. In addition, both the BIA and CCAA contain certain priority charges. The effect and priority of claims can also be affected by bankruptcy or other insolvency proceedings.

Generally, creditors having security over a particular asset of the debtor company are entitled to be paid in priority to unsecured creditors. The validity of the security and the priority as between creditors is governed by the applicable statute providing the security. Subject to certain preferred claims set out in the BIA, unsecured creditors generally share the distributions available to unsecured creditors *pari passu*.

In addition, certain other statutes, including those relating to taxation, pensions, and environmental matters, may provide for priority charges in favour of the federal or provincial governments for various obligations. These charges can have priority over secured and/or unsecured creditors in relation to certain assets, or the assets of a debtor company generally.

As noted above, it is also possible for the court to grant certain charges in insolvency proceedings, and to determine their priority.

Foreign Proceedings

In the event of a foreign insolvency proceeding, both the CCAA and the BIA allow a representative, authorized in a foreign proceeding in respect of a debtor, to seek recognition of the foreign insolvency proceeding in Canada (which is similar to a Chapter 15 type proceeding under the U.S. Bankruptcy Code). The CCAA and the BIA each provide for a modified version of the UNCITRAL model insolvency law (collectively, the “Recognition Provisions”). The Recognition Provisions allow an authorized representative to apply for recognition of the foreign insolvency proceeding as either a “foreign main proceeding” or a “foreign non-main proceeding.” The determination of the type of proceeding is based upon the centre of main interest (“COMI”) of the debtor. If the court determines that the foreign proceeding is a “foreign main proceeding”, the court must grant a stay of proceedings in Canada and must prohibit the debtor from selling or otherwise disposing of any of its property in Canada outside the ordinary course of its business, and may grant additional relief permitted under the CCAA/BIA, including the recognition of relief granted in the foreign jurisdiction which may differ from the relief normally available in Canada. If the court determines that the foreign proceeding is a “foreign non-main” proceeding, the court may, but is not required to, grant a stay of proceedings in Canada, although the recognition order must be consistent with any order that may be made under the CCAA/BIA, as applicable prohibit the debtor from selling any of its property in Canada outside the ordinary course of business, and grant any other relief permitted under the CCAA/BIA, including the recognition of relief granted in the foreign jurisdiction which may differ from the relief normally available in Canada. In the event that the foreign proceeding results in the approval of a restructuring plan, the Canadian court may grant an order providing that such plan and/or an order approving such plan shall be recognized and have full force and effect in Canada. Under the Recognition Provisions a court may issue an order on any terms and conditions that the court considers appropriate in the circumstances. Nothing in the Recognition Provisions prevents the court from refusing to do something that would be contrary to public policy.

Reviewable Transactions

The guarantees of the Canadian guarantors may be subject to review under applicable Canadian federal bankruptcy and insolvency laws and applicable provincial and territorial fraudulent conveyance, assignment and preference laws or comparable provisions of applicable laws if a bankruptcy, insolvency or arrangement proceeding or a lawsuit pursuant to fraudulent conveyance, assignment and preference laws is commenced by or in respect of the Canadian guarantors. Under these laws, a court could void the obligations under the relevant guarantee or subordinate the

guarantee to the Canadian guarantor's other debt, if, among other things, the Canadian guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- issued the guarantee with the intention to delay, hinder, defeat or defraud creditors or others, noting however that if such occurs in the context of a related party transaction, the intention may be, in certain circumstances, by statute, presumed or not be a necessary element;
- received no consideration, or consideration of less than fair market value for issuing the guarantee at the time it issued the guarantee;
- was insolvent at the time of issuing the guarantee or rendered insolvent by reason of issuing the guarantee, noting that under some provincial and territorial fraudulent conveyance and assignment laws, insolvency may not be a necessary element;
- intended to incur, or believed that it would incur, debts beyond its ability to pay as they mature or for other fraudulent reasons; or
- had the effect of giving the beneficiaries of the guarantee a preference over another creditor, and under federal bankruptcy and insolvency legislation and in the case of arm's length parties, the debtor's intention to prefer is not rebutted.

The test of insolvency for purposes of these fraudulent transfer and preference laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent or preference transfer has occurred. Under the BIA, a Canadian guarantor would be considered an insolvent person if:

- it is unable to meet its obligations as they generally become due;
- it has ceased paying its current obligations in the ordinary course of business as they generally become due; or
- the aggregate of its property is not, at fair valuation, sufficient, or if disposed at a fairly conducted sale under legal process, would not be sufficient to enable payment of all its obligations, due and accruing due.

It is possible in such proceedings that the issuance of the guarantee would be voided or that the guarantee would be subordinated to the Canadian guarantor's other debt. If such a case were to occur, the guarantee could also be subject to the claim that the guarantee was incurred for our benefit and only indirectly for the benefit of the relevant Canadian guarantor and that, as a result, the obligations of the relevant Canadian guarantor were incurred for less than fair consideration.

If a Canadian court were to find that the guarantee was a transfer at undervalue, preference or other similar voidable transaction, the Canadian court could, among other things, have the guarantee set aside or voided. In the event of a finding that a transfer at undervalue or similar voidable transaction has occurred, holders of the notes offered hereby may not receive any repayment on the notes offered hereby. Further, the voiding of the guarantees made in connection with the offering of the notes hereunder could result in an event of default with respect to our other debt that could result in acceleration of such debt.

The Netherlands

Fraudulent transfer and its consequences under Dutch law

To the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its liquidator in bankruptcy, if (i) it performed such acts without an obligation to do so (onverplicht), (ii) generally

the creditor concerned or, in the case of its bankruptcy, any creditor was prejudiced as a consequence of the act, and (iii) at the time the act was performed both it and (unless the act was for no consideration (om niet)) the party with or towards which it acted, knew or should have known that one or more of its creditors (existing or future) would be prejudiced. In addition, in the case of such a bankruptcy, the liquidator may nullify the debtor's performance of any due and payable obligation (including (without limitation) an obligation to provide security for any of its or a third party's obligations) if (i) the payee knew that a request for bankruptcy had been filed at the moment of payment, or (ii) the performance of the obligation was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

Bankruptcy proceedings under Dutch law

Under Dutch law, there are two corporate insolvency regimes:

(1) a moratorium of payments (*surséance van betaling*), which is intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern, and

(2) bankruptcy (*faillissement*), which is primarily designed to liquidate and distribute the (value of the) assets of a debtor to its creditors.

Both insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*).

Re 1: A moratorium of payments can be granted only at the request of the debtor. Upon such request, the court will generally grant a provisional moratorium and appoint an administrator (*bewindvoerder*) who, jointly with the company's management, will be in charge of the company and its business undertakings. A definitive moratorium will generally be granted unless there is an objection by creditors admitted to a vote of creditors which jointly represent either (i) at least one-fourth of the total amount of unsecured claims or (ii) at least one-third of all unsecured creditors.

In a moratorium of payments, a composition (*akkoord*) may be offered by the debtor to its creditors. Such a composition will be binding on all unsecured and non-preferential creditors, irrespective whether they voted in favor or against it or whether they were represented at the creditor's meeting called for the purpose of voting on the composition plan, if: (i) it is approved by more than 50% in number of the general unsecured and non-preferential creditors present or represented at the creditor's meeting, representing at least 50% in amount of the general unsecured and non-preferential claims admitted for voting purposes; and (ii) it is subsequently ratified by the court. Consequently, Dutch moratorium of payments proceedings could reduce the recovery of note holders.

Re 2: A debtor can be declared bankrupt by the competent Dutch court either at its own request or at the request of a creditor. When a company is declared bankrupt, the court will appoint a liquidator in bankruptcy proceedings (*curator*) whose primary task is to liquidate the assets of the company and to distribute the proceeds to the company's creditors on the basis of the relative priority of their respective claims and, to the extent claims of certain creditors have equal priority, in proportion to the amount of such claims.

The bankrupt debtor may offer a composition (*akkoord*) to the unsecured and non-preferential creditors. Such a composition will be binding upon all unsecured and non-preferential creditors, if: (i) it is approved by a simple majority of a meeting of the recognized and admitted unsecured and non-preferential creditors representing at least 50% of the amount of the recognized and admitted unsecured and non-preferential claims; and (ii) it is subsequently ratified by the court. Consequently, Dutch bankruptcy proceedings could reduce the recovery of holders of the notes offered hereby.

Re 1/2: A composition offered in a moratorium of payments or in bankruptcy proceedings is not binding on preferential and secured creditors.

Subject to certain exceptions, such as fraudulent conveyance (*Actio Pauliana*), holders of Dutch law security rights may generally enforce their rights in respect of the security separately from bankruptcy or moratorium of payments. In that respect a Dutch moratorium or bankruptcy differs from, e.g., Chapter 11 reorganizations in the United States. During bankruptcy or a moratorium of payments, enforcement by the holder of a security right may be suspended by the court, in each case for a maximum period of four months. A holder of security may be prevented from enforcing its security if such enforcement would be contrary to principles of reasonableness and fairness in the circumstances at hand.

Foreign creditors are, in general, not treated different from creditors that are incorporated or residing in the Netherlands.

Bankruptcy related proceedings in the Netherlands may be time consuming and subject to significant delays and incidental litigation.

Pre-bankruptcy proceeding under Dutch law: the Dutch Scheme

With the entry into force of the Act on Court Confirmation of Extrajudicial Restructuring Plans (Wet homologatie onderhands akkoord) (“CERP”) on 1 January 2021, debtors now also have the possibility to offer a composition outside bankruptcy or moratorium of payments proceedings. The CERP provides for a proceeding to restructure debts of companies in financial distress outside insolvency proceedings (the “Dutch Scheme”). The CERP provides that a debtor or a (on the request of a party authorized to do so under the CERP) court-appointed restructuring expert may offer creditors (including secured creditors) and shareholders a composition plan. Upon confirmation by the court, such plan is binding on the creditors and shareholders to which it has been offered and changes their rights. A composition plan under the CERP can also extend to claims against group companies of the debtor on the account of guarantees for the debtor’s obligations, if inter alia (i) the relevant group companies are reasonably expected to be unable to continue to pay their debts as they fall due and (ii) the Dutch courts would have jurisdiction if the relevant group company would offer its creditors and shareholders a composition plan under the CERP. Jurisdiction of the Dutch courts under the CERP may extend to entities incorporated or residing outside the Netherlands on the basis that there is a connection with the jurisdiction of the Netherlands.

Under the CERP, voting on a composition plan is done in classes. Approval by a class requires a decision adopted with a majority of two-third of the claims of that class that have voted on the plan or, in the case of a class of shareholders, two-thirds of the shares of that class that have voted on the plan. The CERP provides for the possibility for a composition plan to be binding on a non-consenting class (cross-class cram down). Under the CERP, the court will confirm a composition plan if at least one class of creditors (other than a class of shareholders) that can be expected to receive a distribution in case of a bankruptcy of the debtor approves the plan, unless there is a ground for refusal. The court can, inter alia, refuse confirmation of a composition plan on the basis of (i) a request by an affected creditor of a consenting class if the value of the distribution that such creditor receives under the plan is lower than the distribution it can be expected to receive in case of a bankruptcy of the debtor or (ii) a request of an affected creditor of a non-consenting class, if the plan provides for a distribution of value that deviates from the statutory or contractual ranking and priority to the detriment of that class.

Under the CERP, the court may grant a stay on enforcement of a maximum of 4 months, with a possible extension of 4 months. During such period, inter alia:

- (a) all enforcement action against the assets of (or in the possession of) the debtor is suspended, including action to enforce security over the assets of the debtor. Accordingly, during such stay a pledgee of claims may not collect nor notify the debtors of such pledged claims of its rights of pledge;
- (b) the debtor can continue to exercise any authority it had prior to the commencement of the cooling-down period to use, consume and dispose of assets (included secured assets) and to collect pledged claims, in each case in the ordinary course of business and subject to the requirement that the interests of parties affected thereby are sufficiently protected; and
- (c) filings for bankruptcy or moratorium of payments of the debtor are suspended.

Under the CERP, claims of creditors against the Dutch guarantors can be compromised as a result of a composition plan adopted and confirmed in accordance with the CERP. A composition plan under the CERP can extend to claims against entities that are not incorporated under Dutch law and/or are residing outside the Netherlands. Accordingly, the CERP can affect the rights of the trustee and/or the holders of the notes under the indentures governing the notes and therefore the notes.

Limitation on enforcement

Under Dutch ultra vires rules, a legal entity (or its trustee in bankruptcy) may avoid any guarantee or security granted by it (or any other agreement entered into by it), if by granting that guarantee or security (or entering into that other agreement) it exceeded its objects and the beneficiary of the guarantee or security (or the other party to the agreement) knew or should have known (without investigation) that the objects were exceeded.

The objects of a Dutch legal entity are set out in its articles of association. To provide maximum comfort that granting guarantees and security do not exceed the entity's objects, it is recommended that the articles of association expressly provide (and, where necessary, be amended to provide) that the entity may grant guarantees and security in respect of another (legal) person's obligations.

However, there is case law to the effect that the scope of an entity's objects cannot be determined solely on the basis of its articles of association, but that all circumstances must be taken into account. Thus, guarantees or security which are expressly permitted by the articles of association may nonetheless exceed an entity's objects if it is detrimental to the entity's corporate interests. What an entity's corporate interests require, will depend on the circumstances. Case law suggests that in relation to granting guarantees and security in respect of the debts of a Target Company of the entity concerned, two questions may be particularly relevant:

(a) when determining whether granting a guarantee or creating security violates the entity's objects, the entity's interests in the guarantee or security is to be taken into account, but weight may also be put to the interests of the group of which the entity is a member. How much weight may be put to the interests of the group, is influenced by the degree of interrelatedness between the group members: the more the group is interwoven, the more weight may be put to the interest of the group.

(b) the mere fact that an entity grants a guarantee or creates security for debts which exceed its financial capacity, does not necessarily imply that the guarantee or security violates its objects. Weight is to be put to the benefit which the entity may enjoy as a result of the guarantee or security. The relevant benefits may be direct, but also may be indirect and may include specific or general benefits which the entity enjoys as a result of it being a member of the relevant group. If there are such benefits, the guarantee or security will generally be valid, unless it is foreseeable that the guarantee or security will put the continued existence of the entity at risk or the guarantee or security disproportionately prejudices the entity in any other way.

Enforceability of U.S. judgments in the Netherlands

The Netherlands does not have a treaty with the United States providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, would not be directly enforceable in the Netherlands. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in the Netherlands, such party may submit to a Dutch court the final judgment that has been rendered in the United States. If the Dutch court finds that the jurisdiction of the court in the federal or state court in the United States has been based on grounds which are internationally acceptable and that proper legal procedures have been observed, and if recognition and/or enforcement of the judgment is not irreconcilable with a decision of a Dutch court rendered between the same parties or with an earlier decision of a foreign court rendered between the same parties in a dispute that is about the same subject matter and that is based on the same cause, provided that earlier decision can be recognized in the Netherlands, the Dutch court will, in principle, give binding effect to the final judgment which has been rendered in the United States unless such judgment contravenes public policy in the Netherlands.

England and Wales

Three of the guarantors are incorporated under the laws of England and Wales (the "English Guarantors"). Any insolvency proceeding by or against an English Guarantor are likely, but may not necessarily, be based on English insolvency laws as it is incorporated in England, maintains its registered office and conducts the administration of its interests on a regular basis in England and Wales.

The U.K. Cross Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross Border Insolvency in the United Kingdom, provides, however, that a foreign court may have jurisdiction where any English company has its “centre of its main interests” in such foreign jurisdiction, or where it has an “establishment” (being a place of operations in such foreign jurisdiction, where it carries out non transitory economic activities with human means and assets or services).

Accordingly, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced in respect of an English Guarantor or the outcome of such proceedings. The insolvency and other laws of different jurisdictions may be materially different from, or in conflict with, each other including in the areas of the rights of secured and other creditors, the ability to void preferential transfers, the priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdictions’ laws should apply or would adversely affect your ability to enforce your rights under the guarantee in these jurisdictions and limit any amounts that you may receive.

English insolvency law is different to the laws of the United States and other jurisdictions with which investors may be familiar and it is not possible to predict with certainty the outcome of insolvency or similar proceedings with respect to an English Guarantor.

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, including by the company, its directors or a creditor making an application for administration, in or out of court, the company or the holder of a “qualifying floating charge” making an application for administration out of court, or by a creditor filing a petition to wind up the company or the company resolving to do so (in the case of liquidation). A company may be wound up if it is unable to pay its debts, and may be placed into administration if it is, or is likely, to become unable to pay its debts, and the administration is reasonably likely to achieve one of three statutory purposes.

A company is unable to pay its debts if it is insolvent either on a “cash flow” or “balance sheet” basis. A company is cash flow insolvent if it is unable to pay its debts as they fall due. A company is balance sheet insolvent if the value of the company’s assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities.

Administration

Under English insolvency law, English courts are empowered to order the appointment of an administrator in respect of an English company in certain circumstances, at the application of, among others, the company itself, its directors or one or more of its creditors (including contingent and prospective creditors). An administrator can also be appointed (subject to specific conditions) out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor.

The administration of a company must achieve one of the following statutory objectives: (i) the rescue of the company (as distinct from the business carried on by the company) as a going concern (the primary objective); (ii) the achievement of a better result for the company’s creditors as a whole than would be likely if the company were wound up (without first being in administration) (the second objective); or (iii) the realization of some or all of the company’s property to make a distribution to one or more secured or preferential creditors (the third objective). An administrator must attempt to achieve the objectives of administration in order, unless he thinks either that it is not reasonably practicable to achieve the primary objective, or that the secondary objective would achieve a better result for the company’s creditors as a whole. Therefore, the administrator cannot pursue the third objective unless he thinks that it is not reasonably practicable to achieve either the first objective or the second objective and that it will not unnecessarily harm the interests of the creditors of the company as a whole to pursue the third objective.

During the administration, in general, creditors cannot exercise their rights against the company, including, among other things, no proceedings or other legal process may be commenced or continued against the company, or security enforced over the company’s property, except with leave of court or the consent of the administrator. The moratorium does not, however, apply to a “security financial collateral agreement” (such as a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. During the administration of a company, a creditor would not be able to

enforce any security interest (other than security financial collateral arrangements) or guarantee granted by it without the consent of the administrator or the court.

In limited circumstances a secured creditor will be entitled to appoint an administrative receiver and any already appointed must vacate office on the making of an administration order against the company in administration. If the company is already in administration no other receiver may be appointed. A receiver (including an administrative receiver) does not have duties to the general body of creditors in the same way as an administrator and will act solely to realize the assets over which his appointor has security, for the benefit of such appointor. If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying charge using the out of court procedure) in certain circumstances. If an administrator is appointed, any administrative receiver will vacate office, and any receiver of part of the company's property must resign if required to do so by administrator.

Liquidation

Liquidation is a winding up procedure under which the assets of the company are realised and distributed by the liquidator to creditors in the statutory order of priority prescribed by the English Insolvency Act. A liquidator has the power to bring or defend legal proceedings on behalf of the company; to carry on the business of the company as far as it is necessary for its beneficial winding up; to sell the company's property and execute documents in the name of the company; and to challenge antecedent transactions. There are three ways that an English Guarantor may be placed into liquidation or be "wound up"; these are: (i) members' voluntary liquidation (which is a procedure available to solvent companies only); (ii) creditors' voluntary liquidation; and (iii) compulsory winding-up (a court-based procedure).

At the end of the liquidation process the company will normally be dissolved. In the case of a liquidation commenced by way of a court order, no proceedings or other actions may be commenced or continued against the company except by leave of the court and subject to such terms as the court may impose (although security enforcement is not affected). There is no automatic stay in the case of a voluntary winding up—it is for the liquidator to apply to the court for a stay should he require a moratorium.

In addition to the various potential challenges to the guarantee that are outlined below, under English insolvency law, a liquidator has the power to disclaim any onerous property by serving the prescribed notice on the relevant party. Onerous property, for these purposes, is any unprofitable contract and any other property of the company which is unsaleable or not readily saleable or is such that it may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company which may be regarded as detrimental to creditors. A contract will not be unprofitable merely because it is financially disadvantageous, or because the company could have made, or could make, a better bargain. This power does not apply to a contract all the obligations under which have been performed nor can it be used to disturb accrued rights and liabilities. A person sustaining loss or damage as a result of the disclaimer is deemed to be a creditor of the company to the extent of the loss or damage and may prove for the loss or damage in the winding-up.

Priority of Claims

One of the primary functions of liquidation (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the insolvent company and to distribute the realizations made from those assets to its creditors. Under the English Insolvency Act and the Insolvency Rules 1986, creditors are placed into different classes, with the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the Prescribed Part (as defined and described below), distributions cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

The general priority of claims on insolvency is as follows (in descending order of priority):

First ranking claims: holders of fixed charge security and creditors with a proprietary interest in specific assets in the possession (but not full legal and beneficial ownership) of the debtor, but only to the extent of the realizations from those secured assets or with respect to the asset in which they have a proprietary interest;

Second ranking claims: moratorium and certain categories of pre-moratorium debts (known as “priority pre-moratorium debts”) if a company goes into administration or proceedings for the winding-up of the company are commenced within the period of 12 weeks following the end of a moratorium (as to which see below);

Third ranking claims: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

Fourth ranking claims: first, ordinary preferential debts, being contributions to occupational pension schemes, employment claims (wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person and holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date) and bank and building society deposits eligible for compensation under the Financial Services Compensation Scheme (“FSCS”) up to the statutory limit; and secondly, secondary preferential debts, being bank and building society deposits eligible for compensation under the FSCS to the extent that the claims exceed the statutory limit, deposits made through a non-EEA branch of a credit institution that would otherwise have been eligible for FSCS compensation and claims by HMRC for certain amounts of tax held by the company on behalf of employees or customers, including VAT, PAYE income tax, employee NI contributions and Construction Industry Scheme deductions;

Fifth ranking claims: holders of any floating charge security, according to the priority of their security. However, before distributing asset realizations to the holders of floating charges, the Prescribed Part must be set aside for distribution to unsecured creditors;

Sixth ranking claims: (i) provable debts of unsecured creditors and secured creditors to the extent of any unsecured shortfall (these rank equally among themselves unless there are subordination agreements in place between any of them); (ii) statutory interest that arises on debts after the insolvency at either the contractual or a statutory rate; and (iii) non-provable liabilities, being liabilities that do not fall within any of the categories above and which are therefore only recovered in the (unusual) event that all categories above are fully paid. To pay a shortfall, the insolvency officeholder can only use realizations from unsecured assets, as secured creditors are not entitled to any distribution from the Prescribed Part in respect of a shortfall unless the Prescribed Part is sufficient to pay out all unsecured creditors; and

Seventh ranking claims: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subordinated creditors will be ranked according to the terms of the subordination.

An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring fence a certain percentage of the proceeds of enforcement of any floating charge security for the benefit of unsecured creditors (the “Prescribed Part”). Under current law, for floating charges created after 6 April 2020, this applies to 50% of the first £10,000 of the relevant company’s net property and 20% of the remainder over £10,000, with a maximum aggregate cap of £800,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of an English Guarantor’s assets at the time that the floating charges are enforced will be a question of fact at that time.

Foreign currency

Under English insolvency law any debt of a company payable in a currency other than Pounds Sterling (such as euro or U.S. dollars) must be converted into Pounds Sterling at the “official exchange rate” prevailing at the date when the company went into liquidation or administration. This provision overrides any agreement between the parties. The “official exchange rate” for these purposes is the middle market rate in the London Foreign Exchange Market at close

of business as published for the date in question or, if no such rate is published, such rate as the court determines. Accordingly, in the event that an English Guarantor goes into liquidation or administration, holders of the notes may be subject to exchange rate risk between the date that such English Guarantor went into liquidation or administration and receipt of any amounts to which such holders of the notes may become entitled.

Challenges to the guarantee

There are circumstances under English insolvency law in which the granting by an English company of guarantees can be challenged. In most cases this will only arise if an administrator or liquidator is appointed to the company within a specified period (as set out in more detail below) of the granting of the guarantee and, in addition, the company was “unable to pay its debts” when the guarantee was granted or “unable to pay its debts” as a result.

A company will be “unable to pay its debts” if a statutory demand for over £750 is served on the company and remains unpaid for three weeks or the company has failed to secure or compound for it to the reasonable satisfaction of the relevant creditor within such period or if, in England and Wales, an execution on or other process issued on a judgment, decree or order of any court in favor of a creditor of the company is returned unsatisfied in whole or in part or it is proved to the court’s satisfaction that (a) the company is unable to pay its debts as they fall due or (b) that the value of the company’s assets is less than the amount of its liabilities (taking into account contingent and prospective liabilities).

If the guarantee granted by an English Guarantor is challenged under the laws of England and Wales, and the court makes certain findings (as described further below), it may be permitted to:

- avoid or invalidate all or a portion of such English Guarantor’s obligations under the guarantee provided by such English Guarantor;
- direct that the holders of the notes return any amounts paid by or realised from such English Guarantor under a guarantee to the guarantor or to a fund for the benefit of such English Guarantor’s creditors; and/or
- take other action that is detrimental to the holders of the notes.

The Issuers and the guarantors cannot be certain that, in the event that the onset of an English Guarantor’s insolvency (as described further below) is within any of the requisite time periods set out below, the grant of a guarantee in respect of the notes would not be challenged or that a court would uphold the transaction as valid.

The United Kingdom has implemented temporary restrictions on certain types of enforcement action in respect of unpaid debts in response to the coronavirus pandemic. Specifically, the Corporate Insolvency and Governance Act: (i) prevents any statutory demands made against companies in the period between March 1, 2020 and September 30, 2021, from being used as the basis of a winding-up petition; and (ii) in respect of any winding-up petition presented in the period from April 27, 2020 to September 30, 2021, creates an additional condition that must be satisfied before a creditor can obtain a winding-up order against a company on the grounds that it is unable to pay its debts, namely that any creditor asking the court to make a winding-up order on those grounds must first demonstrate to the court that the company’s inability to pay its debts was not caused by the coronavirus pandemic.

Onset of Insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue and preferences (as discussed below), depends on the insolvency procedure in question.

In administration, the onset of insolvency is the date on which (i) the court application for an administration order is issued, or (ii) the notice of intention to appoint an administrator is filed at court, or (iii) otherwise, the date on which the appointment of an administrator takes effect.

In a compulsory liquidation the onset of insolvency is the date the winding-up petition is presented to court, whereas

in a voluntary liquidation it is the date the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency will be the same as for the initial administration.

Connected Persons

If the given transaction at an undervalue or preference has been entered into by the company with a “connected person,” then particular specified time periods and presumptions will apply to any challenge by an administrator or liquidator (as set out more particularly below).

A “connected person” of a company granting a guarantee for the purposes of transactions at an undervalue and preferences includes (among others):

- a party who is (i) a director of the company; (ii) a shadow director; (iii) an associate of such director or shadow director; or (iv) an associate of the relevant company;
- a party is associated with an individual if they are (i) a relative of the individual; (ii) the individual’s husband, wife or civil partner; (iii) a relative of the individual’s husband, wife or civil partner; or (iv) the husband, wife or civil partner of a relative of the individual;
- a party is associated with a company if they are employed by that company; and
- a company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same person by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

The following potential grounds for challenge may apply to guarantees:

Transaction at an undervalue

Under English insolvency law, a liquidator or administrator of a company could apply to the court for an order to set aside a guarantee granted by the company (or give other relief) on the grounds that the creation of such guarantee constituted a transaction at an undervalue. The grant of a guarantee will only be a transaction at an undervalue if the company receives no consideration or if the company receives consideration of significantly less value, in money or money’s worth, than the consideration given by such company. For a challenge to be made, the guarantee must be granted within a period of two years ending with the onset of insolvency (as defined in section 240 of the English Insolvency Act). In addition the company must be “unable to pay its debts” when it grants the guarantee or become “unable to pay its debts” as a result. A court will not make an order in respect of a transaction at an undervalue if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit the company. Subject to this, if the court determines that the transaction was a transaction at an undervalue the court can make such order as it thinks fit to restore the position to what it would have been if the transaction had not been entered into (which could include reducing payments under the guarantee or setting aside any guarantee although there is protection for a third party which benefits from the transaction and has acted in good faith for value). In any challenge proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts unless a beneficiary of the transaction was a “connected person” (as defined in the English Insolvency Act), in which case there is a presumption the company was unable to pay its debts and the connected person must demonstrate the company was not unable to pay its debts in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of a company could apply to the court for an order to set aside a guarantee granted by such company (or give other relief) on the grounds such guarantee constituted a

preference. The grant of a guarantee is a preference if it has the effect of placing a creditor (or a surety or guarantor of the company) in a better position in the event of the company's insolvent liquidation than if the guarantee had not been granted. For a challenge to be made, the decision to prefer must be made within the period of six months ending with the onset of insolvency (as defined in section 240 of the English Insolvency Act) if the beneficiary of the guarantee is not a connected person or two years (if the beneficiary is a connected person). A court will not make an order in respect of a preference of a person unless it is satisfied the company was influenced in deciding to give it by a desire to produce the "better position" for that person. Case law suggests there must be a desire to prefer one creditor over another and not just other commercial motives even if they had the inevitable result of producing the better position. Subject to this, if the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the position to what it would have been if that preference had not been given (which could include reducing payments under the guarantee or setting aside the guarantee). There is protection for a third party which benefits from the transaction and acted in good faith for value. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction defrauding creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purpose of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim, which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction (with leave of the court if the company is in liquidation or administration) and is not therefore limited to liquidators or administrators and the company does not need to be in insolvency proceedings for such an action to be commenced nor does the relevant company need to be insolvent at the time of the transaction. Further, there is no statutory time limit within which the challenge must be made (although general statutory limitation periods will apply). If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. However, such an order: (i) cannot prejudice any interest in property which was acquired from a person other than the debtor in good faith, for value and without notice of the relevant circumstances; and (ii) cannot require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

Maintenance of capital

The granting of upstream (or cross-stream) guarantees or security by an English company could be subject to challenge if it results in a reduction in that company's net assets as properly recorded in its books or, to the extent that it does, the company does not have sufficient distributable reserves to cover that reduction.

PSC Regime

Pursuant to the new Part 21A of the Companies Act 2006 (and related Schedules 1A and 1B to that Act), from 6 April 2016 certain UK incorporated companies, *societates europaeae* and limited liability partnerships (each a company) must keep a register of certain registrable individuals and legal entities that have significant control over them. Failure of such registrable individuals or legal entities or other persons specified in Part 21A of (and Schedule 1B to) the Companies Act 2006 (each a notifying party) to comply with the requirements of that Part may give companies the right to issue a restrictions notice to such notifying party for the purposes of Schedule 1B to the Companies Act 2006. Subject to certain exceptions, the effect of a restrictions notice is that in respect of any relevant interest in the company (as defined in Schedule 1B to the Companies Act 2006, for example, a share in the company): (A) any transfer of (or agreement to transfer) the interest is void; (B) no rights are exercisable in respect of the interest; (C) no shares may be issued in right of the interest or in pursuance of an offer made to the interest-holder; and (D) except in a liquidation, no payment may be made of sums due from the company in respect of the interest, whether in respect of capital or otherwise. Such restrictions could adversely affect the validity of security given over shares in companies incorporated in the United Kingdom and the ability of the Security Agent to enforce its rights in respect of that security.

Dispositions after winding up

Any dispositions of an English company's property made after a winding up has commenced is void, unless the court orders otherwise. The compulsory winding up of a company is deemed to start when a winding up petition is presented by a creditor against the company, rather than the date that the court makes the winding up order (if any).

Limitation on enforcement

The grant of a guarantor by an English Guarantor in respect of the obligations of another member of the Group must satisfy certain legal requirements. More specifically, such transaction must be allowed by such English Guarantor's memorandum and articles of association. To the extent these do not allow such an action, there is the risk that the grant of the guarantee can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with such English Guarantor in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for such English Guarantor in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote success of such English Guarantor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

The guarantee granted by an English Guarantor is also subject to limitations to the extent they would result in unlawful financial assistance within the meaning of the Companies Act 2006.

Schemes of arrangement

Pursuant to Part 26 of the Companies Act 2006 the English courts have jurisdiction to sanction the compromise of a company's liabilities where such company (i) is liable to be wound up under the English Insolvency Act and (ii) has "sufficient connection" to the English jurisdiction.

In practice, any foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied by the English courts where, amongst other things, the company's "centre of main interests" is in England, or the company's finance documents are English law governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law. The law in this area is being closely considered by the English courts and the fact that the second limb has been found to be satisfied in such cases previously does not necessarily mean that this will be satisfied in all such cases as each case will be considered on its particular facts and circumstances.

Before the court considers the sanction of a scheme of arrangement, affected creditors will vote on a detailed debt compromise or arrangement in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Such compromise can be proposed by the company or its creditors. If a majority in number representing 75% or more by value of those creditors present and voting at the creditor meeting(s) vote in favour of the proposed compromise, irrespective of the terms and approval thresholds contained in the finance documents, that compromise will be binding on all affected creditors, including those affected creditors who did not participate in the vote on the scheme of arrangement and those who voted against the scheme of arrangement. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review the fairness of the scheme and consider whether it is reasonable. The court has the discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made to the scheme, or reject the scheme.

Restructuring plan

Pursuant to Part 26A of the Companies Act the English courts have a further jurisdiction to sanction a compromise of a company's liabilities (a "Restructuring Plan"). A company can propose a restructuring plan to its creditors (and/or its shareholders). Creditors will be divided into classes based on the similarity or otherwise of their rights prior to the restructuring plan and following implementation of the plan. The court must approve the class formation and the convening of restructuring plan meetings. Each class will then vote on whether they accept the plan and provided that

sufficient creditors approve the plan and the court considers it a proper exercise of its discretion to sanction the plan, then the plan will be binding on all creditors regardless of whether they, individually or as a class, approved the plan. The restructuring plan will be available not just to companies incorporated in the UK but to any company with a sufficient connection to the UK.

There are two additional conditions a company must meet in order to use a restructuring plan: (a) the company must have encountered or be likely to encounter financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern; and (b) a compromise or arrangement must be proposed between the company and its creditors (or any class of them) and the purpose of such compromise or arrangement must be to eliminate, reduce, prevent or mitigate the effect of any of the financial difficulties the company is facing.

Before the court considers the sanction of a restructuring plan, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed restructuring plan and any new rights that such creditors are given under the restructuring plan. Creditors whose rights are affected by the compromise or arrangement must be permitted to participate in the meeting and vote on the plan but there is no need to include creditors whose rights are not affected. Furthermore, a court may exclude even a creditor whose rights are affected where it is satisfied that none of the members of that class has a genuine economic interest in the company.

In respect of a consensual restructuring plan (i.e. one where each class votes in favor) to be capable of being sanctioned by the court, 75% in value of creditors present and voting (in person or by proxy) in each class must agree the compromise or arrangement. In respect of a “cram-down” restructuring plan (i.e. a restructuring plan where there is a dissenting class of creditors, the court may still sanction a plan, provided that (a) the court is satisfied that none of the dissenting classes are any worse off under the plan than they would be in the event of the “relevant alternative” (referred to below); and (b) the plan has been agreed by a number representing 75% in value of a class of creditors, present and voting (in person or by proxy) who would receive a payment, or have a genuine economic interest in the company, in the event of the relevant alternative. The relevant alternative is whatever the court considers would be most likely to occur in relation to the company if the compromise or arrangement were not sanctioned by the court.

The restructuring plan must then be sanctioned by the court at a sanction hearing where the court will review the fairness of the restructuring plan and consider whether it is reasonable. The court has discretion as to whether to sanction the restructuring plan as approved, make an order conditional upon modifications being made or reject the restructuring plan.

Unlike an administration proceeding, the commencement of a restructuring plan does not trigger a moratorium on claims or proceedings.

Company Voluntary Arrangements

Pursuant to Part I of the English Insolvency Act, a company can request that its unsecured creditors consent to a compromise of their debts. The company may propose whatever compromise they consider appropriate in accordance with the duties of the directors or administrator (as applicable) and, provided that compromise is approved by the requisite majority of creditors at a creditors’ meeting, it will bind all unsecured creditors of the company who were entitled to vote or would have been entitled to vote had they had notice of the creditors’ meeting.

In order for the company voluntary arrangement to be passed, it must be approved by 75% or more in value of creditors present and voting on the resolution to approve the arrangement, provided that those who vote against it represent less than 50% in value of those creditors who had notice of the meeting and who are not connected to the company.

Moratorium

Part A1 of the Insolvency Act provides for a free-standing moratorium process which is intended to allow a company in financial distress a breathing space in which to explore its rescue and restructuring options free from creditor action. The moratorium will be overseen by an insolvency practitioner acting as a monitor although the directors will remain in charge of running the business on a day-to-day basis. Certain types of financial services companies will be ineligible for the moratorium, including parties to capital market arrangements.

The effect of the moratorium will be to provide the company with a “payment holiday” in respect of its “pre-moratorium debts”. In other words, the company will not be obliged to pay those debts during the moratorium. A “pre-moratorium debt” is any debt or other liability of the company that has fallen due prior to the commencement of the moratorium or which becomes due during the moratorium but under an obligation incurred by the company prior to the commencement of the moratorium. A “moratorium debt” is any debt or other liability that the company becomes subject to during the moratorium (other than by reason of an obligation entered into prior to the moratorium) or to which the company may become subject after the end of the moratorium because of an obligation incurred during the moratorium.

Moratorium debts and certain categories of pre-moratorium debts attract super-priority in a subsequent liquidation or administration of the company that commences within 12 weeks of the end of the moratorium.

Japan

As of the date of this offering circular, two of the guarantors are corporations in Japan and subject to Japanese laws and procedures affecting debtors and creditors, such as bankruptcy, corporate reorganization, civil rehabilitation or special liquidation proceedings. Under the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended), a petition for the commencement of bankruptcy proceedings may be filed with a court by a company or any of its directors or creditors if a company is generally and continuously unable to pay its debts as they become due because of a lack of ability to pay or if its liabilities exceed its assets. Under the Corporate Reorganization Act of Japan (Act No. 154 of 2002, as amended), a petition for the commencement of corporate reorganization proceedings may be filed with a court by a company or certain qualified shareholders or creditors if it is likely that any of the grounds for bankruptcy as described above will arise. In addition, a company may file a petition for the commencement of corporate reorganization proceedings if it is likely that the payment of a debt which becomes due would cause serious impediments to its continued business operations. Under the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended), a petition for the commencement of civil rehabilitation proceedings may be filed with a court by a company or any of its creditors if it is likely that any of the grounds for bankruptcy as described above will arise. A petition for civil rehabilitation may be also filed by a company if the company is unable to make any payments as they become due without causing any material obstruction to the continuation of its business. Under the Companies Act of Japan (Act No. 86 of 2005, as amended, “Companies Act of Japan”), a petition for the commencement of special liquidation proceedings may be filed with a court by any of a company’s creditors, liquidators, statutory auditors or shareholders if, after liquidation proceedings have commenced, circumstances exist which would seriously impede the carrying out of its liquidation or if there exists any possibility or doubt that its liabilities exceed its assets. The court will be required to order the commencement of bankruptcy proceedings at its initiative if, after a special liquidation has been commenced, the court determines that there exists a fact which constitutes a cause of commencement of the bankruptcy proceedings while: (i) there is no prospect of entering into a settlement agreement; (ii) there is no prospect of performing a settlement agreement; or (iii) the special liquidation conflicts with the general interest of the creditors.

In any of the insolvency proceedings mentioned above, the company’s liabilities under the guarantee would, in general, be paid to holders of the guarantee and creditors ranking equally with such holders in right of payment on a pro rata basis, only after all of its debts that are entitled to a preferred status (*yuusen ken*) under the insolvency laws (such as employment remuneration claims, expenses of insolvency proceedings and taxes) have been paid. Also, the rights of the holders of the guarantee will be effectively subordinated to those of secured creditors (*tanpo-kensha*). In solvency proceedings other than corporate reorganization proceedings, secured creditors will be entitled to exercise their rights over the guarantor’s assets outside of the insolvency proceedings, although the exercise of such rights by the secured creditors may be suspended upon a special order of the court in civil rehabilitation proceedings. Moreover, in corporate reorganization proceedings, secured creditors will be required to participate in such proceedings, and their rights could be impaired or modified in accordance with a reorganization plan. However, claims of general creditors, including holders of the guarantee, would be subordinated under the plan to secured claims to the extent of the net value of the security interest at the commencement of the proceedings.

Under Japanese insolvency laws, no party (including, without limitation, any director of a company) is expressly obligated to file for the commencement of insolvency proceedings in any particular circumstance (except that liquidators are required to file for the commencement of special liquidation proceedings in certain circumstances). However, a company's directors are subject to general fiduciary duties under the Companies Act of Japan, which may in certain circumstances require them to take appropriate steps, including filing for the commencement of insolvency proceedings when a cause for insolvency arises. If a company's directors do not take appropriate action in such circumstances, they could be subject to civil and criminal liabilities.

If, based on a petition for the commencement of bankruptcy proceedings, a court orders the commencement of such bankruptcy proceedings, a trustee in bankruptcy (*hasan kanzainin*) will be appointed to administer the company's operations, realize all assets belonging to the bankruptcy estate and make distributions to creditors. If, based on a petition for the commencement of corporate reorganization proceedings, a court orders the commencement of such reorganization proceedings, a reorganization administrator (*kousei kanzainin*) will be appointed to take over the company's operations, assess all assets and liabilities, propose a reorganization plan and, if the plan is approved by a company's creditors and confirmed by the court, transfer management responsibilities to the new management under the plan. If, based on a petition for the commencement of civil rehabilitation proceedings, a court orders the commencement of such rehabilitation proceedings, a company's directors will remain in position (subject to supervision by a court appointed rehabilitation supervisor (*kantoku iin*)) to propose a rehabilitation plan and, if approved by the creditors and confirmed by the court, execute the plan. If, based on a petition for the commencement of special liquidation proceedings, a court orders the commencement of such special liquidation proceedings, a liquidator (*seisan-nin*) will, under court supervision, liquidate all remaining assets and liabilities and make distributions to creditors under a settlement agreement approved by its creditors and confirmed by the court.

The issuance of the guarantee and payments made to the holders of the guarantee may be avoided in insolvency proceedings (except for special liquidation proceedings) by the bankruptcy trustee, reorganization administrator or rehabilitation supervisor pursuant to their "right of avoidance" (*hi-nin ken*) as a fraudulent conveyance or voidable preference.

The acts that are subject to this right of avoidance include:

- any act by the debtor taken with the knowledge that such act will prejudice creditors and the beneficiary of such act was aware, at the time of the act, of the fact that such act will prejudice creditors (except the creation of a security interest or the extinguishment of obligations as to the already existing obligations);
- any act that (except the creation of a security interest or the extinguishment of obligations as to the already existing obligations):
 - prejudices creditors;
 - occurs after the debtor has suspended payments or after the filing of a petition; and
 - the beneficiary of such act was aware, at the time of the act, that the debtor has suspended payments or the filing of a petition has been made, and of the fact that such act will prejudice creditors;
- any act that relates to the creation of a security interest or the extinguishment of obligations as to the already existing obligations and that;
 - occurs after the debtor has become unable to pay debts in general and the creditor was aware, at the time of the act, of such debtor's inability or suspension of payments by the debtor or occurs after the filing of a petition and the creditor was aware, at the time of the act, of such filing; or
 - is not obligatory in terms of the act itself or the time of performance of the act, and occurs within 30 days prior to the debtor becoming unable to pay debts in general and the creditor was aware, at the time of the act, of the fact that such act will prejudice other creditors; and

- any gratuitous act (or act deemed to be gratuitous) by the debtor after, or within six months prior to, either the suspension of payments by the debtor or the filing of a petition.

For example, the issuance of or payment on the guarantee may be avoided if: (i) with respect to the issuance or payment, a company is deemed to have been aware at the time of the issuance or payment that it would be to the detriment of its creditors and the holders of the guarantee are deemed to have had notice of such fact at that time; (ii) the payment takes place after it have become unable to pay its debts in general, or a petition for insolvency proceedings has been filed, and the holders of the guarantee are deemed to have been aware of such fact at that time; or (iii) where the payment is not obligatory in terms of the act itself or the time of performance of the act, and the payment takes place within 30 days prior to the debtor becoming unable to pay debts in general and the holders of the guarantee were aware, at the time of the payment, of the fact that such payment will prejudice other creditors.

United States

Certain subsidiaries are organized under the laws of the United States, have their registered offices in the United States and have property in the United States. In the event of insolvency, insolvency proceedings may, therefore, be initiated in the United States. U.S. law would then govern those proceedings. A voluntary bankruptcy case may be commenced by us, or an involuntary bankruptcy case could be commenced by certain unsecured creditors as provided in the U.S. Bankruptcy Code.

Fraudulent Transfer

Under U.S. federal bankruptcy laws and comparable provisions of state fraudulent transfer or conveyance laws, the notes offered hereby or any guarantee could be voided (that is, cancelled) as a fraudulent transfer or conveyance if a court determined that the USD issuer, at the time it issued the USD notes offered hereby, or any guarantor organized in the United States, at the time it issued the guarantee (or, in some jurisdictions, when payment becomes due under the guarantee), (i) issued the USD notes offered hereby or incurred the guarantee with actual intent of hindering, delaying or defrauding creditors or (ii) the USD issuer or a guarantor organized in the United States, as applicable, received less than reasonably equivalent value or fair consideration in return for either issuing the notes offered hereby or incurring the guarantee and, in the case of (ii) only, one of the following is also true at the time thereof:

- the USD issuer or any guarantor organized in the United States, as applicable, was insolvent or rendered insolvent by reason of the issuance of the USD notes offered hereby or the incurrence of the guarantee;
- the issuance of the USD notes offered hereby or the incurrence of the guarantee left the USD Issuer or such guarantor, as applicable, with an unreasonably small amount of capital to carry on our or its business; or
- the USD issuer or such guarantor intended to, or believed that the USD issuer or guarantor would, incur debts beyond the USD issuer's or such guarantor's ability to pay such debts as they mature.

A U.S. court would likely find that the USD issuer or a guarantor did not receive reasonably equivalent value or fair consideration for the notes offered hereby or such guarantee if such Issuer or such guarantor did not benefit directly or indirectly from the issuance of the notes or the applicable guarantee.

We cannot be certain as to the standards a court would use to determine whether or not the USD issuer or a guarantor was solvent at the relevant time or, regardless of the standard that a court uses, that payments to holders of the notes offered hereby constituted fraudulent transfers on other grounds. Generally, however, an entity would be considered insolvent by a U.S. court if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

If the USD notes offered hereby or guarantees were avoided or limited under fraudulent transfer or other laws, any claim you may make against the USD issuer or any guarantor for amounts payable on the notes offered hereby would be unenforceable to the extent of such avoidance or limitation. Moreover, the court could order you to return any payments previously made by the USD issuer or any guarantor.

Although any guarantee entered into in connection with the issuance of the USD notes offered hereby will contain a provision intended to limit that guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect such guarantee from being voided under fraudulent transfer law, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless.

Mexico

Mexico's bankruptcy statute, the Commercial Insolvency Law (*Ley de Concursos Mercantiles*) ("CIL"), provides for a judicial process where a Mexican subsidiary whose insolvency has been declared by a district court (federal jurisdiction), may negotiate an agreement with its creditors for the financial reorganization or liquidation of its assets in order to pay its monetary obligations. The declaration of insolvency may be requested by the Mexican subsidiary its creditors or the district attorney.

The issuance of the insolvency resolution entails the acknowledgement and effectiveness of a general retroactive claw-back period of 270 calendar days from the issuance of such insolvency resolution (or 540 days for transactions with affiliates, the company's directors or senior officers, or their relatives) from the issuance of such insolvency resolution; the conciliator appointed in the procedure or any creditor acknowledged by the district judge may request the district court to set a longer claw-back period in justified circumstances (the "Clawback Date"). Certain transfers of assets and other acts unjustifiably and adversely affecting the company's financial position that occurred during this period may be considered fraudulent and therefore, rendered ineffective. Pursuant to the CIL, the following are considered as fraudulent actions if made after the Clawback Date:

- (i) actions free of charge;
- (ii) actions and sales in which the company pays a consideration notably high or receives a consideration notably low to the consideration of its counterpart;
- (iii) operations transacted by the company in which conditions or terms are agreed that are significantly different to market conditions;
- (iv) waiver of debt;
- (v) payment of non-matured obligations by the company; and
- (vi) the discounts made by the company after the Clawback Date will be considered as an advance payment.

In addition, any operations performed after the Clawback Date between the Mexican Subsidiary and (x) any entity that is directly or indirectly controlled by the company, (y) any entity that controls the company or (z) any entity that is controlled by the same company that controls the company shall be deemed as fraudulent acts.

Under this last hypothesis, any claim you might make under the guarantees offered by the Mexican subsidiary in connection with the notes offered hereby would be unenforceable to the extent such guarantees were granted by the Mexican subsidiary as of the Clawback Date.

According to the CIL, creditors in a bankruptcy case may be characterized as follows, each with a position in the corresponding credits waterfall:

- (a) Uniquely privileged creditors. Funeral expenses of the merchant, in cases that the Bankruptcy Resolution is being issued after the decease of the merchant, and medical expenses incurred as a result of the disease that caused the death of the merchant, in the event that the Bankruptcy Resolution be issued after merchant's death;

(b) Secured creditors. Creditors having as security of their debts either a lien or collateral covering property of debtor that could be garnished for collection of a debt (pledges and mortgages only). This, however, in the understanding that securities must be properly registered at the public registry of commerce, as they otherwise will be considered as unsecured debt;

(c) Creditors holding a special privilege. Creditors holding a special privilege are those holding a security interest over the debtor's (or a third party's) property. Normally special privileged creditors have rights to withhold (with similar rights to those of the secured creditors), whenever a secured creditor considers that on the date the debtor is declared insolvent, the amount of the collateral is less than the amount due as principal and related financial surcharges, such creditor may request the district court to be acknowledged as *secured creditor* for the amount such creditor assigns to the collateral, and as *unsecured creditor* for the balance;

(d) Common creditors. All creditors that are not considered in the catalogue above; and

(e) Subordinated creditors. The following are considered as subordinated creditors: (i) creditors that have agreed the subordination of their rights with respect with common loans and (ii) unsecured creditors.

Any qualified labor claims established under applicable labor law will be paid before any of the abovementioned creditors. This includes labor salaries and benefits accrued since two years prior to the declaration of bankruptcy, as well as any pending unpaid severance packages, if any.

Ireland

One of the guarantors is a company incorporated under the laws of Ireland. As Ireland is a member of the European Union and the New E.U. Insolvency Regulation is in force in Ireland, please see the section entitled "*European Union*" above.

The following is a general discussion of insolvency proceedings and other matters governed by Irish law for informational purposes only and does not address all the Irish legal considerations that may be relevant to holders of the notes.

Preferred Creditors Under Irish Law

Under Section 621 of the Irish Companies Act 2014 (as amended) (the "2014 Act"), in a winding-up of an Irish company certain preferential debts are required to be paid in priority to all debts other than those secured by a fixed charge.

Such preferential debts would typically comprise, among other things, certain amounts owed in respect of local rates and certain amounts owed to the Irish Revenue Commissioners for income/corporation/capital gains tax, VAT, employee-related taxes, social security and pension scheme contributions and salaries, wages and benefits of employees.

In addition, there is a further limited category of "super-preferential" claims which take priority over ordinary preferential claims, as well as unsecured creditors and holders of floating security. These super-preferential debts comprise, among other things certain social welfare claims in respect of employment contributions that have been deducted from employees' remuneration, which have not, in fact, been paid to those employees. The debts in question are treated as trust monies and the Irish Revenue Commissioners are regarded as the beneficial owners of such monies.

The costs and expenses of a winding-up and the remuneration, costs and expenses of the liquidator rank ahead of preferential creditors, the holders of floating charges and unsecured creditors. In addition, priority will be afforded (including over the holders of fixed charges) to the remuneration, costs and expenses properly incurred by any examiner of the company which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment that have been approved by the Irish courts, (see "*Examinership*" below) and any capital gains tax payable on the disposition of an asset of the company by a liquidator, receiver or mortgagee in possession.

Unfair preferences

Under Irish insolvency law, if an Irish company goes into liquidation, a liquidator may apply to the High Court to have certain transactions set aside on the basis that the transaction in question amounted to an unfair preference. Section 604 of the 2014 Act provides that any conveyance, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against an Irish company, which is unable to pay its debts as they become due in favor of any creditor or any person on trust for any creditor, with a view of giving such creditor (or any guarantor for the debt due to such creditor) a preference over the other creditors within six months (or in the case of a connected person, two years) of the commencement of a winding up of the Irish company, shall be invalid. Case law relevant to Section 604 indicates that a dominant intent on the part of the entity concerned to prefer a creditor over its other creditors is necessary in order for Section 604 to apply. However, unless the contrary is shown, a preferential transaction made in favor of a connected person is deemed to have been made with a view to giving such a person a preference over other creditors and to be an unfair preference. Consequently, the burden of proof is on the connected person to show that the transaction was not an unfair preference. Section 604 is only applicable if, at the time of the conveyance, mortgage or other relevant act, the Irish company was unable to pay its debts as they became due.

Disclaimer of onerous contracts

Section 615 of the 2014 Act confers power on a liquidator, with leave of the High Court, at any time within twelve months after the commencement of the winding up or such extended period as may be allowed by the Court, to disclaim any property of the Irish company being wound up which consists of, among other things, (i) land burdened with onerous covenants, (ii) unprofitable contracts or (iii) any property which is unsaleable or not readily saleable by reason of its binding the possessor to the performance of any onerous act or to the payment of money. The liquidator's hand may be forced, in that any person interested in the property may require him to decide whether or not he will disclaim and if the liquidator wishes to disclaim in such circumstances, he must give notice within 28 days or such further period as may be allowed by the Court that he intends to apply to Court for leave to disclaim.

A liquidator must disclaim the whole of the property, he may not keep part and disclaim part. A disclaimer terminates as and from the date of the disclaimer the rights, interest and liabilities of the company in the contract or the property, but, the disclaimer does not affect the rights or liabilities of any other person, except so far as necessary for the purpose of releasing the company from liability. Any person damaged by the operation of a disclaimer shall be deemed a creditor of the company to the amount of the damages and may prove that amount as a debt in the winding up.

The meaning given to an unprofitable contract is one that would involve the liquidator in some liability. There must be some "burden" associated with the contract; the mere fact that the insolvent company's estate would be better off by disclaimer is not enough.

Improperly transferred assets

Under Section 608 of the 2014 Act, if it can be shown on the application of a liquidator, creditor or contributory of a company which is being wound up, to the satisfaction of the High Court that any property of such company was disposed of (which would include by way of transfer, mortgage or security) and the effect of such a disposal was to perpetrate a fraud on the company, its creditors or members, the High Court may, if it deems it just and equitable, order any person who appears to have use, control or possession of such property or the proceeds of the sale or development thereof to deliver it or pay a sum in respect of it to the liquidator on such terms as the High Court sees fit. The ability to challenge the improper transfer of assets has been extended to receivers and examiners. Section 608 does not apply to a disposal that would constitute an unfair preference for the purpose of Section 604 of the 2014 Act.

Lastly, it may also be noted that where a company is being wound by the High Court, any disposition of the property of the company, including things in action, and any transfer of shares or alteration in the status of the members of the company, made after the commencement of the winding-up and without the sanction of the liquidator (or in certain very limited circumstances, the sanction of a director), shall, unless the Court otherwise orders, be void.

Examinership

Examinership is a court procedure available under the 2014 Act to facilitate the survival of the whole or part of an Irish company or companies in financial difficulties.

In circumstances where a company either (a) has its COMI for the purpose of the New E.U. Insolvency Regulation in Ireland or (b) is a company incorporated under the 2014 Act and has its COMI for the purposes of the New E.U. Insolvency Regulation outside the EU Member States to which the New E.U. Insolvency Regulation apply (each an “Irish Examinership Company”) is unable, or likely to be unable to pay its debts, then that Irish Examinership Company, the directors of that Irish Examinership Company, a contingent, prospective or actual creditor of that Irish Examinership Company, or shareholders of that Irish Examinership Company holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of that Irish Examinership Company are each entitled to petition the court for the appointment of an examiner to that Irish Examinership Company. Provided the Irish Examinership Company can demonstrate viability, and can satisfy certain tests, the Irish High Court or, in the case of certain small companies, the Irish Circuit Court (each, a “Court”) appoints an independent examiner whose function is to supervise the restructuring process.

Where the Court appoints an examiner to an Irish Examinership Company, it may, at the same or any time thereafter, make an order appointing the examiner to be examiner for the purposes of the 2014 Act to a related company (as defined by section 2(10) of the 2014 Act) in accordance with section 517 of the 2014 Act, where that related company has a sufficient connection to Ireland such as to be capable of being wound up in Ireland. There can be no assurance that any Issuer or any guarantor would be exempt from an extension of the examinership. During the protection period the day-to-day business of the company remains under the control of the directors of the Irish Examinership Company or related company, subject to certain rights of the examiner to apply to the Court. The examiner, once appointed, under section 557 of the 2014 Act may apply to court during the examinership period to have certain transactions set aside and, in certain circumstances, can avoid a negative pledge given by the Irish Examinership Company prior to this appointment. Furthermore, the examiner may sell assets of the company which are the subject of security. Where such assets are the subject of a fixed security interest, the examiner must account to the holders of the fixed security interest for the amount realized and discharge the amount due to the holders of the fixed security interest out of the proceeds of the sale.

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the Irish Examinership Company, or of a related company, or both, and the whole or any part of its or their undertaking as a going concern. A scheme of arrangement may be approved by the Court when at least one class of creditors who would be adversely affected by the scheme of arrangement has voted in favor of the proposals and the Court is satisfied that such proposals are (i) fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement and (ii) not unfairly prejudicial to the interests of any interested party. The Court may not confirm any proposals if the sole or primary purpose of them is the avoidance of payment of tax due. Once confirmed by the Court, the scheme is binding on the Irish Examinership Company and all its members and creditors, including any dissenters.

If a guarantor which is an Irish Examinership Company is placed in examinership, you may not be able to enforce your rights under its guarantee of the Notes.

The effect of the appointment of an examiner is to suspend the enforcement rights of creditors for the protection period. For as long as an Irish Examinership Company is under the protection of the Court, no attachment, sequestration, distress or execution shall be put into force against the property or effects of the relevant Irish Examinership Company except with the consent of the examiner.

No other proceedings in relation to the company may be commenced except by leave of the Court and subject to such terms as it may impose. In addition, no payment may be made by a company during the period when it is under protection of the Court by way of satisfaction or discharge of the whole or any part of a liability incurred by the company before the date of presentation of the petition for the appointment of the examiner, unless the report of the independent accountant contains a recommendation to that effect, or unless the court, on application being made by the examiner or any interested party, shall so authorize it, if the Court is satisfied that a failure to do so would considerably reduce the prospects of the company or the whole or any part of its undertaking surviving as a going concern.

The 2014 Act provides, inter alia, that no proceedings of any sort may be commenced against a guarantor in respect of the debts of the Irish Examinership Company in examinership (unless the guarantor is also under the protection of the Court). A creditor must serve notice on the guarantor, permitting the guarantor to exercise the creditor’s right to

vote on the examiner's proposed scheme of arrangement. If this is not done within the prescribed time limit, the guarantee will be unenforceable.

The moratorium under the 2014 Act runs for an initial period of 70 days (and may be extended to 100 days and further extended to 150 days at the discretion of the court) from the date of the presentation of the petition to the court for the appointment of the examiner and the ability to extend the period of protection to 150 days is an interim measure introduced as a result of COVID-19 under the Companies (Miscellaneous Provisions) (COVID-19) Act 2020, which will remain in force until December 31, 2021, although it may be extended further. In addition to the extensions referenced above, the period may be further extended by the Court for such period as the court considers necessary to decide whether or not to confirm the proposals.

The examiner's proposals may generally provide for the forced write down of the Irish Examinership Company's liabilities (including under a guarantee) to creditors and the High Court has determined that amounts due to secured creditors may also be written down.

Challenges to and Limitations of Guarantees

The following potential grounds for challenge may apply to guarantees:

If an Irish guarantor becomes subject to an Irish law insolvency proceeding and that Irish guarantor has obligations to creditors (other than noteholders) that are treated under Irish law as senior relative to the Irish guarantor's obligations to the noteholders, the noteholders may suffer losses as a result of their subordinated status during such insolvency proceeding.

We believe that in the case of the guarantee given by an Irish guarantor, these will be given in good faith for the purposes of carrying on each of their businesses and that there are reasonable grounds for believing that they will benefit each such Irish guarantor. There can be no assurance, however, that the provision of the guarantee by an Irish guarantor would not be challenged by a liquidator, on the basis that the relevant Irish guarantor did not receive any benefit, or that a court would support this analysis.

The guarantees to be granted by the Irish guarantor for the benefit of the holders of the notes will be limited so that they do not extend to or include any liability or sum which would cause such guarantee to be illegal including, without limitation, pursuant to Section 82 (Financial assistance for acquisition of shares) or Section 239 (Prohibition of loans, etc., to directors and connected persons) of the 2014 Act.

PLAN OF DISTRIBUTION

The Issuers, the guarantors and the initial purchasers named below have entered into a purchase agreement with respect to the notes. Subject to certain conditions, each initial purchaser has severally agreed to purchase the principal amount of notes indicated in the following table.

<u>Initial Purchaser</u>	<u>Principal Amount of USD Notes</u>
Goldman Sachs & Co. LLC	\$
BofA Securities, Inc.	
RBC Capital Markets, LLC	
BMO Capital Markets Corp.	
CIBC World Markets Corp.	
Citizens Capital Markets, Inc.	
HSBC Securities (USA) Inc.	
MUFG Securities Americas Inc.	
Scotia Capital (USA) Inc.	
U.S. Bancorp Investments, Inc.	
Total	\$

<u>Initial Purchaser</u>	<u>Principal Amount of Canadian Notes</u>
RBC Dominion Securities Inc.	C\$
Goldman Sachs Canada Inc.	
Merrill Lynch Canada Inc.	
BMO Nesbitt Burns Inc.	
CIBC World Markets Inc.	
HSBC Securities (USA) Inc.	
MUFG Securities (Canada), Ltd.	
Scotia Capital Inc.	
Total	C\$

The initial purchasers are committed to take and pay for all of the notes being offered, if any are taken. The initial offering price is set forth on the cover page of this offering circular. After the notes are released for sale, the initial purchasers may change the offering prices and other selling terms. The offering of the notes by the initial purchasers is subject to receipt and acceptance and subject to the initial purchasers' right to reject any order in whole or in part. The initial purchasers may offer and sell the notes through certain of their respective affiliates.

The notes have not been and will not be registered under the Securities Act. Each initial purchaser has agreed that it will only offer or sell the notes (A) to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act, (B) to non-U.S. persons in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. In addition, each initial purchaser has agreed that it will only offer and sell the notes in Canada to purchasers that have represented, or been deemed to have represented, that they qualify as "accredited investor" as defined in National Instrument 45-106 Prospectus Exemptions of the Canadian Securities

Administrators. Terms used above have the meanings given to them by Rule 144A and Regulation S under the Securities Act. See “Notice to Investors.”

In connection with sales outside the United States, the initial purchasers have agreed that they will not offer, sell or deliver the notes to, or for the account or benefit of, U.S. persons (i) as part of the initial purchasers’ distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the notes are originally issued. The initial purchasers will send to each dealer to whom they sell such notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of this offering or the date the notes are originally issued, an offer or sale of such notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

We have agreed in the purchase agreement, subject to certain exceptions, that for a period of 90 days after the closing date of the offering of the notes, neither we, nor any of our subsidiaries or other affiliates over which we exercise management or voting control, nor any person acting on our behalf will, without the prior written consent of Goldman Sachs & Co. LLC or RBC Dominion Securities Inc. with respect to the Canadian notes, offer, sell, contract to sell or otherwise dispose of any securities that are substantially similar to the notes.

Each series of notes are a new issue of securities with no established trading market. Neither we nor the Issuers intend to list any series of notes on any national securities exchange. We cannot assure you that the prices at which the notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after this offering. We have been advised by certain of the initial purchasers that the initial purchasers intend to make a market in the notes, but they are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for any series of notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

In connection with the offering, the initial purchasers may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

The initial purchasers also may impose a penalty bid. This occurs when a particular initial purchaser repays to the initial purchasers a portion of the underwriting discount received by it because Goldman Sachs & Co. LLC or RBC Dominion Securities Inc. or their respective affiliates have repurchased notes sold by or for the account of such initial purchasers in stabilizing or short-covering transactions.

These activities by the initial purchasers, as well as other purchases by the initial purchasers for their own accounts, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the initial purchasers at any time. These transactions may be effected in the over-the-counter market or otherwise. Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes.

The initial purchasers are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Specifically, affiliates of certain of the initial purchasers act as arrangers, agents and lenders under our Credit Agreement, and may enter into certain hedging transactions with us that are secured under our Credit Agreement. The initial purchasers and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform

services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments and those of our affiliates. Affiliates of the initial purchasers have also provided us with certain finance commitments in connection with the execution of the SPA, for which they have received or will receive customary fees and reimbursement of expenses. The proceeds of this offering will reduce the remaining commitments under the Bridge Loan Facility. Goldman Sachs Bank USA, an affiliate of Goldman Sachs & Co. LLC, is also acting as the Company's financial adviser with respect to the Acquisition and will receive customary fees and reimbursement of expenses. In addition, affiliates of certain of the initial purchasers are acting as arrangers, agents and lenders under our Credit Agreement, and may receive certain of the proceeds used by the Company to refinance the Credit Agreement. An affiliate of BofA Securities, Inc. is the administrative agent and a lender under the Credit Agreement. U.S. Bancorp Investments, Inc., one of the initial purchasers, is an affiliate of the trustees and the escrow agent.

If the initial purchasers or their affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We have agreed to indemnify the several initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

Settlement

We expect that delivery of the notes will be made to investors on or about _____, 2021, which will be the _____ business day following the date of this offering circular (such settlement being referred to as "T+ ____"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the second business day immediately preceding the delivery of the notes by the initial purchasers will be required, by virtue of the fact that the notes initially settle in T+ _____, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery by the initial purchasers should consult their advisors.

Notice to Prospective Investors in the European Economic Area

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering circular has been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes. This offering circular is not a prospectus for the purposes of the Prospectus Regulation.

Each person located in a member state of the EEA to whom any offer of notes is made or who receives any communication in respect of any offer of notes, or who initially acquires any notes, will be deemed to have represented, warranted, acknowledged and agreed to and with each initial purchaser and the Issuers that (1) it is a “qualified investor” (as defined in Article 2(e) of the Prospectus Regulation); and (2) in the case of any notes acquired by it as a financial intermediary as that term is used in the Prospectus Regulation, the notes acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any member state of the EEA other than qualified investors, or in circumstances in which the prior consent of the initial purchasers has been given to the offer or resale; or where notes have been acquired by it on behalf of persons in any member state of the EEA other than qualified investors, the offer of those notes to it is not treated under the Prospectus Regulation as having been made to such persons.

Notice to Prospective Investors in the United Kingdom

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the EUWA (as amended, the “UK Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation. This offering circular has been prepared on the basis that any offer of notes in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation and the FSMA from the requirement to publish a prospectus for offers of notes. This offering circular is not a prospectus for the purposes of the UK Prospectus Regulation or the FSMA.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only to, persons who are “qualified investors” (as defined in the UK Prospectus Regulation) who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”) and/or (ii) are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order and/or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will only be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

This offering circular does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange.

Therefore, this offering circular may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchaser from time to time.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering circular relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This offering circular is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering circular nor taken steps to verify the information set forth herein and has no responsibility for the offering circular. The notes to which this offering circular relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this offering circular, you should consult an authorized financial advisor.

Notice to Prospective Investors in Hong Kong

This offering circular has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The securities to be sold under this offering circular may not be offered or sold by means of any document other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made under that Ordinance; or (b) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong); or (c) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32, Laws of Hong Kong); and no advertisement, invitation or document relating to the securities may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the “FIEA”) and disclosure under the FIEA has not been and will not be made with respect to the notes. Accordingly, the notes may not be offered or sold, directly or indirectly, in Japan, or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This offering circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes have not been and may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289, of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor; then securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest in that trust will not be transferable for 6 months after that

corporation or that trust has acquired the securities under Section 275 of the SFA except: (i) to an institutional investor under Section 274 of the SFA, or to a relevant person under Section 275(2) of the SFA, or any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (ii) where no consideration is given for the transfer; (iii) by operation of law; or (iv) as specified in Section 276(7) of the SFA.

LEGAL MATTERS

The validity of the notes offered hereby will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, Los Angeles, California. Canadian legal matters in connection with this offering will be passed upon for us by McCarthy Tétrault LLP. Certain legal matters in connection with the offering of the notes will be passed upon for the initial purchasers by Latham & Watkins LLP, New York, New York and Blake, Cassels & Graydon LLP.

INDEPENDENT ACCOUNTANTS

Ritchie Bros.' consolidated financial statements as of December 31, 2020 and 2019 and for the three years in the period ended December 31, 2020, incorporated by reference into this offering circular, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing therein.

The carve-out combined financial statements of Euro Auctions Limited, Euro Auctions (UK) Limited, Euro Auctions GmbH, Yoder & Frey Auctioneers LLC, Euro Auctions Pty Ltd, Euro Auctions Plant S.L, William Keys & Sons Holdings Limited, William Keys & Sons LLC, William Keys & Sons Limited, Euro Auctions UK No.2 Limited (Spanish branch), Euro Auctions UK No.2 Limited (Australian branch) and Euro Auctions FZE, as of and for the year ended December 31, 2020 included in this offering circular have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in its reports appearing herein. PwC is a member of the Institute of Chartered Accountants in England and Wales and its address is PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH, United Kingdom.

The report of PricewaterhouseCoopers LLP dated November 9, 2021, with respect to the carve-out combined financial statements of Euro Auctions Pillar for the year ended December 31, 2020, in accordance with guidance issued by the American Institute of Certified Public Accountants: "This report, including the opinion, has been prepared for and only for Derek Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing." Investors should understand these statements are intended to disclaim any liability to parties (such as the purchasers of the notes) other than Derek Keys with respect to those reports. In the context of the offering of the notes, PricewaterhouseCoopers LLP has reconfirmed to us that it does not intend their duty of care to extend to any party other than those to whom their reports were originally addressed.

The carve-out combined financial statements of Equipment & Plant Services Limited, Equipment & Plant Services Holdings Limited and Equipment & Plant Services No.1 Limited, as of and for the year ended December 31, 2020 included in this offering circular have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in its reports appearing herein. PwC is a member of the Institute of Chartered Accountants in England and Wales and its address is PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH, United Kingdom.

The report of PricewaterhouseCoopers LLP dated November 9, 2021, with respect to the carve-out combined financial statements of Equipment & Plant Services Pillar for the year ended December 31, 2020, in accordance with guidance issued by the American Institute of Certified Public Accountants: "This report, including the opinion, has been prepared for and only for Trevor Keys and Jolene Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing." Investors should understand these statements are intended to disclaim any liability to parties (such as the purchasers of the notes) other than Trevor Keys and Jolene Keys with respect to those reports. In the context of the offering of the notes, PricewaterhouseCoopers LLP has reconfirmed to us that it does not intend their duty of care to extend to any party other than those to whom their reports were originally addressed.

The carve-out combined financial statements of Equipment Sales Limited, Equipment Sales No. 2 Limited and Equipment Sales No.3 Limited, as of and for the year ended December 31, 2020 included in this offering circular have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in its reports appearing herein. PwC is a member of the Institute of Chartered Accountants in England and Wales and its address is PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH, United Kingdom.

The report of PricewaterhouseCoopers LLP dated November 9, 2021, with respect to the carve-out combined financial statements of Equipment Sales Pillar for the year ended December 31, 2020, in accordance with guidance issued by the American Institute of Certified Public Accountants: “This report, including the opinion, has been prepared for and only for Lynden Keys and Wendy Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.” Investors should understand these statements are intended to disclaim any liability to parties (such as the purchasers of the notes) other than Lynden Keys and Wendy Keys with respect to those reports. In the context of the offering of the notes, PricewaterhouseCoopers LLP has reconfirmed to us that it does not intend their duty of care to extend to any party other than those to whom their reports were originally addressed.

The SEC would not permit the language quoted in the above paragraphs to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. The effect of such language is untested by a U.S. court (or any other court) and thus may or may not be effective to limit the direct liability of the auditors under U.S. law or under any other law to persons such as investors in the notes.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

This offering circular contains summaries of certain of our agreements. The descriptions contained in this offering circular of these agreements do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements. Copies of this offering circular, the indentures governing the notes or the other agreements summarized in this offering circular may be obtained by request to us.

Ritchie Bros. is a publicly-traded company and is subject to the reporting requirements of the Exchange Act and is required to file with the SEC annual, quarterly and current reports, proxy statements and other information. Such reports include the audited financial statements of Ritchie Bros. Ritchie Bros.’ publicly available filings can be found on the SEC’s website at www.sec.gov. Ritchie Bros.’ filings, including the audited financial and additional information that Ritchie Bros. has made public to investors may also be found on its websites at www.rbaction.com and investor.ritchiebros.com. No information contained on or that can be accessed through any of Ritchie Bros.’ websites is incorporated by reference herein. Except as discussed below, none of Ritchie Bros.’ filings are incorporated by reference herein.

All reports and other documents that Ritchie Bros. subsequently files pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, after the date of this offering circular and prior to the termination of the offering of securities hereunder will be deemed to be incorporated by reference into this offering circular and to be part of this offering circular from the date of the filing of such reports and documents; *provided* that, unless otherwise indicated in the applicable report, we are not incorporating any information furnished under Item 2.02 or Item 7.01 of Form 8-K, any exhibit relating to Item 2.02 or Item 7.01 or other information “furnished,” and not filed, with the SEC. Any statement contained herein or in a document incorporated or deemed to be incorporated herein by reference will be deemed to be modified or superseded for the purposes of this offering circular to the extent that a statement contained in any subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this offering circular. Unless the context requires otherwise, all references to this offering circular include the documents incorporated by reference herein.

INFORMATION WE INCORPORATE BY REFERENCE

The SEC allows us to “incorporate by reference” information into this offering circular. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this offering circular, except for any information that is superseded by information that is included directly in this document.

This offering circular incorporates by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this offering circular (other than portions of these documents that are deemed to

have been furnished and not filed). These documents contain important information about us and our business, prospects and financial condition.

- Our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 18, 2021;
- Those portions of our Definitive Proxy Statement on Schedule 14A that was filed on May 6, 2021 and are incorporated by reference into Part III of our Form 10-K for the year ended December 31, 2020;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021, filed with the SEC on May 10, 2021, August 5, 2021 and November 4, 2021, respectively; and
- Our Current Reports on Form 8-K filed on January 25, 2021, February 8, 2021, May 10, 2021 (two filings) (Item 8.01 only for the first filing), August 5, 2021 (Item 8.01 only), August 10, 2021, August 17, 2021, September 13, 2021, September 22, 2021, September 28, 2021 (Items 1.01 and 3.02 and Exhibit 2.1 only), October 6, 2021, October 18, 2021 (Item 5.02 only), November 2, 2021 (Items 2.01 and 3.02 and Exhibits 2.1 and 2.2 only) and November 4, 2021 (Item 8.01 only).

We also incorporate by reference any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, between the date of this offering circular and the date of the closing of this offering. These additional documents include periodic reports, such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (other than information furnished and not filed by us under any item of any current report on Form 8-K, including the related exhibits, which is deemed not to be incorporated by reference in this offering circular), as well as proxy statements (other than information identified in them as not incorporated by reference). You should review these filings as they may disclose changes in our business, prospects, financial condition or other affairs after the date of this offering circular. The information that we file later with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Exchange Act and before the closing of this offering will automatically update and supersede previous information included or incorporated by reference in this offering circular.

You can obtain any of the documents incorporated by reference in this offering circular from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference in this offering circular. You can obtain documents incorporated by reference in this offering circular by requesting them in writing or by e-mail from us at the following address:

Ritchie Bros.
Investor Relations
9500 Glenlyon Parkway
Burnaby, British Columbia, Canada V5J 0C6
IR@ritchiebros.com

The Issuers do not currently file and are not expected to be required to file any reports with the SEC.

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FINANCIAL STATEMENTS

Report of Independent Auditors

To Derek Keys

We have audited the accompanying carve-out combined financial statements of Euro Auctions Limited, Euro Auctions (UK) Limited, Euro Auctions GmbH, Yoder & Frey Auctioneers LLC, Euro Auctions Pty Ltd, Euro Auctions Plant S.L, William Keys & Sons Holdings Limited, William Keys & Sons LLC, William Keys & Sons Limited, Euro Auctions UK No.2 Limited (Spanish branch), Euro Auctions UK No.2 Limited (Australian branch) and Euro Auctions FZE, (collectively referred to as Euro Auctions Pillar), which comprise the carve-out combined balance sheet as of December 31, 2020, and the related carve-out combined income statement, and statements of comprehensive income, of changes in net parent investment and of cash flows for the year then ended.

Management's Responsibility for the Carve-out Combined Financial Statements

Management is responsible for the preparation and fair presentation of the carve-out combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of carve-out combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the carve-out combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the carve-out combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the carve-out combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Euro Auctions Pillar's preparation and fair presentation of the carve-out combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Euro Auctions Pillar's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the carve-out combined financial statements referred to above present fairly, in all material respects, the financial position of Euro Auctions Pillar as of December 31, 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Euro Auctions Pillar

Report of Independent Auditors (continued)

Restriction of Use

This report, including the opinion, has been prepared for and only for Derek Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

/s/PricewaterhouseCoopers LLP
Belfast
United Kingdom
November 9, 2021

Carve-out Combined Income Statement
(Expressed in thousands of United States dollars)

Year ended December 31,	2020
Revenue:	
Inventory sales revenue	\$136,040
Service revenue.....	54,929
Total revenue	<u>190,969</u>
Operating expenses:	
Cost of inventory sold	125,023
Costs of services	9,860
Selling, general and administrative expenses.....	15,139
Depreciation and amortization expenses	924
Gain on disposition of property, plant and equipment.....	(14)
Total operating expenses	<u>150,932</u>
Operating income.....	<u>40,037</u>
Interest expense	651
Other expense, net.....	<u>5,029</u>
Income before income taxes	34,357
Income tax expense:	
Current income tax.....	6,829
Deferred income tax	184
	<u>7,013</u>
Net income	<u><u>\$ 27,344</u></u>

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Statement of Comprehensive Income

(Expressed in thousands of United States dollars)

Year ended December 31,	2020
Net income	\$27,344
Other comprehensive income, net of income tax:	
Foreign currency translation adjustment	2,290
Total comprehensive income	<u>\$29,634</u>

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Balance Sheet

(Expressed in thousands of United States dollars)

As at December 31,	2020
Assets	
Cash and cash equivalents	\$ 82,591
Restricted cash	246
Trade and other receivables	14,129
Less: allowance for credit losses	(613)
Trade and other receivables, net	13,516
Amounts owed by related parties	3,507
Inventory	31,030
Other current assets	8,983
Income taxes receivable	182
Total current assets	140,055
Property, plant and equipment, net	10,593
Other non-current assets	14,070
Intangible assets	1,364
Total non-current assets	26,027
Total assets	\$ 166,082
Liabilities and Net Parent Investment	
Auction proceeds payable	\$ 8,717
Amounts owed to related parties	259
Trade and other payables	12,522
Income taxes payable	7,276
Short-term debt & overdrafts	54,969
Total current liabilities	83,743
Other non-current liabilities	16,740
Deferred tax liabilities	633
Total liabilities	101,116
Commitments and Contingencies (Note 20 and Note 21 respectively)	
Net parent investment	62,676
Accumulated other comprehensive income	2,290
Total net parent investment	64,966
Total liabilities and net parent investment	166,082

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Statement of Changes in Net Parent Investment
(Expressed in thousands of United States dollars)

	Net Parent Investment	Accumulated other comprehensive income	Total Net Parent Investment
Balance, January 1, 2020	<u>\$ 35,332</u>	<u>\$ —</u>	<u>\$ 35,332</u>
Net income	27,344	—	27,344
Other comprehensive income.....	—	2,290	2,290
Balance, December 31, 2020	<u>\$ 62,676</u>	<u>\$ 2,290</u>	<u>\$ 64,966</u>

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Statement of Cash Flows

(Expressed in thousands of United States dollars)

Year ended December 31,	2020
Cash provided by/(used in):	
Operating activities:	
Net income.....	\$ 27,344
Adjustments for items not affecting cash:	
Depreciation and amortization expenses.....	924
Profit on disposal of fixed assets	(14)
Net changes in operating assets and liabilities.....	36,941
Net cash provided by operating activities	<u>65,195</u>
Investing activities:	
Advances made to related parties	(5,410)
Proceeds from disposal of fixed assets.....	14
Capital expenditure.....	(2,048)
Net cash used in investing activities	<u>(7,444)</u>
Financing activities:	
Repayment of short-term debt	(9,675)
Net cash used in financing activities.....	<u>(9,675)</u>
Effect of changes in foreign currency rates on cash, cash equivalents, and restricted cash	4,043
Increase.....	52,119
Beginning of period	30,718
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 82,837</u>

See accompanying notes to the carve-out combined financial statements.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

1. Nature of Operations and Basis of Presentation

Euro Auctions Pillar (hereinafter collectively referred to as the "Pillar", "we", "our") is a combination of auction and sourcing businesses controlled by an individual, Derek Keys, which operates principally in conducting plant and machinery auction sales and valuations throughout the United Kingdom, mainland Europe, Australia, Dubai and the United States of America. The Pillar is also involved in the sale of plant and machinery both through auctions and private sales.

The accompanying carve-out combined financial statements present the historical carve-out combined balance sheet as of December 31, 2020, carve-out combined income statement, carve-out combined statement of comprehensive income, carve-out combined statements of changes in net parent investment, and carve-out combined statement of cash flows of the Pillar for the year then ended, which reflect the carved out activities of the companies detailed below:

- Euro Auctions Limited (NI663696)
- Euro Auctions (UK) Limited (NI663692)
- Euro Auctions GmbH (HRB13567)
- Yoder & Frey Auctioneers LLC (12075006)
- Euro Auctions Pty Ltd (ABN33154193576)
- Euro Auctions Plant S.L. (M728536)
- Euro Auctions UK No.2 Limited (Spanish branch) (NI041778)
- Euro Auctions UK No.2 Limited (Australian branch) (NI041778)
- William Keys & Sons Holdings Limited (NI663694)
- William Keys & Sons LLC (13004156)
- William Keys & Sons Limited (NI663693); and
- Euro Auctions FZE (252526)

In preparing these carve-out financial statements certain assets and liabilities (encompassing property assets and associated bank debt), remaining in related undertakings have been removed from the Pillar. The Pillar's cost base includes all relevant costs pertaining to its operations, as they were historically managed, and therefore in compiling these carve out financial statements, no additional costs have been allocated to the Pillar.

The Pillar has not historically prepared stand-alone financial statements. These carve-out combined financial statements as of December 31, 2020 have been prepared on a stand-alone basis derived from the financial statements and related accounting records of each of the companies listed above. The accompanying carve-out combined financial statements were prepared in order to comply with a condition in the Share Purchase Agreement ("SPA"), executed on August 9, 2021, to dispose of the Euro Auctions Pillar to Ritchie Bros. Auctioneers Incorporated. As stipulated by the SPA the accompanying carve-out combined financial statements were prepared for the purpose of providing Ritchie Bros. Auctioneers Incorporated with historical financial information of the Pillar. They reflect the results of operations, financial position, and cash flows of the Pillar as they were historically managed and are presented in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). Accordingly, these financial statements have been prepared on a combined basis and Parent's net investment in these operations is shown in lieu of stockholder's equity. All intercompany balances and transactions within the Pillar have been eliminated in the carve-out combined financial statements.

Euro Auctions Pillar

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

1. Nature of Operations and Basis of Presentation (continued)

These carve-out combined financial statements have been prepared based on the U.S. GAAP applied standards effective for 2020. The Pillar has voluntarily early adopted ASC 842 Leases and ASC 326 Measurement of Credit Losses on Financial Instruments in these carve-out combined financial statements.

Net parent investment represents the beneficial owner's historical investment in the Pillar and includes accumulated net earnings attributable to the beneficial owner (Derek Keys), intercompany transactions, dividend income arising from internal group restructurings, and direct capital contributions, as adjusted for direct cash investments in the Pillar. A discussion of the relationship with the beneficial owner, including a description of the costs allocated to the Pillar, is included in (Note 22 - "Related Party Transactions").

2. Significant accounting policies

(a) Revenue recognition

Revenues are comprised of:

- Service revenue, including the following:
 - (i) Revenue from auction and marketplace ("A&M") activities, including commissions earned at our live and online bidding auctions, online marketplaces; and
 - (ii) Other services revenue, comprises revenue from logistical services;
- Inventory sales revenue; and
- Rental income

The Pillar recognizes revenue when control of the promised goods or services is transferred to our customers, or upon completion of the performance obligation, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. A performance obligation is a promise in a contract to transfer a distinct good or service, or a series of distinct goods or services, to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For event-based auctions, revenue is recognized when the auction sale is complete, and the Pillar has determined that the sale proceeds are collectible. Revenue is measured at the fair value of the consideration received or receivable and is shown net of value-added tax and duties.

Service revenues

Commissions from sales at the Pillar's auctions represent the percentage earned by the Pillar on the gross proceeds from equipment and other assets sold at auction. The majority of the Pillar's commissions are earned as a pre-negotiated fixed rate of the gross selling price. Other commissions from sales at the Pillar's auctions are earned from underwritten commission contracts, when the Pillar guarantees a certain level of proceeds to a consignor.

The Pillar accepts equipment and other assets on consignment stimulating buyer interest through professional marketing techniques and matches sellers (also known as consignors) to buyers through the auction or private sale process.

Following the sale of the item, the Pillar invoices the buyer for the purchase price of the asset, taxes, and, if applicable, the buyer commission, collects payment from the buyer, and remits the proceeds to the seller, net of the seller commissions, applicable taxes, and applicable fees. Commissions are calculated as a percentage of the hammer price of the asset sold at auction. Fees are also charged to sellers for listing and inspecting equipment.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(a) Revenue recognition (continued)

On the fall of the auctioneer's hammer, the highest bidder becomes legally obligated to pay the full purchase price, which is the hammer price of the asset purchased and the seller is legally obligated to relinquish the property in exchange for the hammer price less any seller's commissions. Commission and fee revenue are recognized on the date of the auction sale upon the fall of the auctioneer's hammer.

Under the standard terms and conditions of its auction sales, the Pillar is not obligated to pay a consignor for property that has not been paid for by the buyer, provided the property has not been released to the buyer. If the buyer defaults on its payment obligation, also referred to as a collapsed sale, the sale is cancelled in the period in which the determination is made, and the property is returned to the consignor or placed in a later event-based or online auction. Historically, service revenues on cancelled sales have not been material.

Commission revenue is recorded net of commissions owed to third parties, which are principally the result of situations when the commission is shared with a consignor in an auction guarantee risk and reward sharing arrangement.

Underwritten commission contracts can take the form of guarantee contracts. Guarantee contracts typically include a pre-negotiated percentage of the guaranteed gross proceeds plus a percentage of proceeds in excess of the guaranteed amount. If actual auction proceeds are less than the guaranteed amount, commission is reduced; if proceeds are sufficiently lower, the Pillar can incur a loss on the sale. Losses, if any, resulting from guarantee contracts are recorded in the period in which the relevant auction is completed. If a loss relating to a guarantee contract held at the period end to be sold after the period end is known or is probable and estimable at the financial statement reporting date, the loss is accrued in the financial statements for that period. The Pillar's exposure from these guarantee contracts fluctuates over time.

Other services revenue also includes fees for logistical services. Fees are recognized in the period in which the service is provided, or the product is delivered to the customer.

Inventory sales revenue

The Pillar recognizes revenue when control of the promised goods is transferred to our customers, or upon completion of the performance obligation, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. A performance obligation is a promise in a contract to transfer a distinct good, or a series of distinct goods, to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Revenue is measured at the fair value of the consideration received or receivable and is shown net of value-added tax and duties.

Rental income

The Pillar recognizes rental income from operating leases on a straight-line basis over the lease term.

(b) Costs of services

Costs of services incurred in earning A&M revenues are comprised of expenses incurred in direct relation to conducting auctions ("direct expenses"), earning online marketplace revenue. Direct expenses include direct labor, buildings and facilities charges, travel, advertising and promotion costs and fees paid to unrelated third parties who introduce the Pillar to equipment sellers who sell property at the Pillar's auctions and marketplaces. Costs of services to operate our online marketplace revenue excludes hosting costs where we leverage a shared infrastructure that supports both our internal technology requirements and external sales to our customers.

Costs of services incurred in earning other fee revenue include ancillary and logistical service expenses, direct labor (including commissions on sales), cloud infrastructure and hosting costs, software maintenance fees, and materials. Costs of services exclude depreciation and amortization expenses.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(c) Cost of inventory sold

Cost of inventory sold includes the purchase price of assets sold including any related transport and repair costs.

(d) Leases

The Pillar determines if an arrangement is a lease at inception. The Pillar may have lease agreements with lease and non-lease components, which are generally accounted for separately.

Operating leases

Operating leases are included in other non-current assets, trade and other payables, and other non-current liabilities in our combined balance sheets if the initial lease term is greater than 12 months. For leases with an initial term of 12 months or less the Pillar recognizes those lease payments on a straight-line basis over the lease term.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Pillar's leases do not provide an implicit rate, management uses the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Management uses the implicit rate when readily determinable. The Pillar includes lease payments for renewal or termination options in its determination of lease term, ROU asset, and lease liability when it is reasonably certain that the Pillar will exercise these options. Lease expense for lease payments is recognized on a straight-line basis over the lease term and are included in costs of services and selling, general and administrative ("SG&A") expenses.

(e) Fair value measurement

Fair value is the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Pillar measures financial instruments or discloses select non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 9.

The Pillar uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements at fair value are categorized within a fair value hierarchy, as disclosed in note 9, based on the lowest level input that is significant to the fair value measurement or disclosure. This fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Pillar determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purposes of fair value disclosures, the Pillar has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

(f) Foreign currency translation

The presentation currency of the carve-out combined financial statements is the United States dollar. The functional currency for each of the components of these carve-out combined financial statements is the currency of the primary economic environment in which the entity operates, which is usually the currency of the country of residency.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(f) Foreign currency translation (continued)

Accordingly, the financial statements of the components of these carve-out combined financial statements that are not denominated in United States dollars have been translated into United States dollars using the exchange rate at the end of each reporting period for asset and liability amounts and the annual average exchange rate for amounts included in the determination of earnings. Any gains or losses from the translation of asset and liability amounts are included in foreign currency translation adjustment in accumulated other comprehensive income. In preparing the financial statements of the individual components, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign currency differences arising on retranslation of monetary items are recognized in earnings.

(g) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits with financial institutions, and other short-term, highly liquid investments with original maturity of three months or less when acquired, that are readily convertible to known amounts of cash. Bank overdrafts are presented as short-term debt on the balance sheet.

(h) Restricted cash

In certain jurisdictions, local laws require the Pillar to hold cash in segregated bank accounts, which are used to settle auction proceeds payable resulting from live on site auctions and online marketplace sales conducted in those regions.

(i) Trade and other receivables

Trade receivables principally include amounts due from customers as a result of event-based auctions. The recorded amount reflects the purchase price of the item sold, including the Pillar's commission. The allowance for credit losses is the Pillar's best estimate of the amount of probable credit losses in existing accounts receivable. The Pillar determines the allowance based on historical write-off experience, customer economic data and reasonable and supportable forecasts of future economic conditions.

The Pillar reviews the allowance for credit losses regularly and past due balances are reviewed for collectability. Account balances are charged against the allowance when the Pillar believes that the receivable will not be recovered.

(j) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognized in profit or loss as other gains and losses as appropriate.

Hedge accounting is not applied.

(k) Inventories

Inventory consists of equipment and other assets purchased for resale. Inventory is valued at the lower of cost and net realizable value where net realizable value represents the expected sale price upon disposition less make-ready costs and the costs of disposal and transportation. The significant elements of cost include the acquisition price, in-bound transportation costs of the inventory, and make-ready costs to prepare the inventory for sale that are not selling expenses. Write-downs to the carrying value of inventory are recorded in cost of inventory sold on the combined income statement.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(l) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all expenditures that are directly attributable to the acquisition or development of the asset, net of any amounts received in relation to those assets, including scientific research and experimental development tax credits.

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to working condition for their intended use, the costs of dismantling and removing items and restoring the site on which they are located (if applicable), and capitalized interest on qualifying assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Pillar and the cost of the item can be measured reliably.

All repairs and maintenance costs are charged to earnings during the financial period in which they are incurred. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized net within operating income on the income statement.

Depreciation is provided to charge the cost of the assets to operations over their estimated useful lives based on their usage as follows:

<u>Asset</u>	<u>Basis</u>	<u>Rate / term</u>
Buildings	Straight-line	2%
Plant and machinery	Declining balance	15%
Motor vehicles	Declining balance	25%
Office equipment	Declining balance	15%
Leasehold improvements	Declining balance	15%/period of lease
Software	Straight line	5%

No depreciation is provided on freehold land or on assets in the course of construction or development. Depreciation of property, plant and equipment under finance leases is recorded in depreciation expense.

Legal obligations to retire and to restore property, plant and equipment and assets under operating leases are recorded at management's best estimate in the period in which they are incurred, if a reasonable estimate can be made, with a corresponding increase in asset carrying value. The liability is accreted to face value over the remaining estimated useful life of the asset. The Pillar does not have any significant asset retirement obligations.

(m) Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition or development of the asset, net of any amounts received in relation to those assets, including scientific research and experimental development tax credits. The Pillar has not capitalized any internally developed intangible assets.

Amortization is recognized in net earnings on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are:

<u>Asset</u>	<u>Basis</u>	<u>Rate / term</u>
Acquired brands	Straight-line	10 years
Customer relationships	Straight-line	10 years

Customer relationships includes relationships with buyers and sellers.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(n) Impairment of long-lived assets

Long-lived assets, comprised of property, plant and equipment, ROU assets, and intangible assets subject to amortization, are assessed for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. For the purpose of impairment testing, long-lived assets are grouped and tested for recoverability at the lowest level that generates independent cash flows. An impairment loss is recognized when the carrying value of the assets or asset groups is greater than the future projected undiscounted cash flows. The impairment loss is calculated as the excess of the carrying value over the fair value of the asset or asset group. Fair value is based on valuation techniques or third party appraisals. Significant estimates and judgments are applied in determining these cash flows and fair values.

(o) Taxes

Income tax expense represents the sum of current tax expense and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the period and includes any adjustments to tax payable in respect of previous years. Taxable profit differs from income before income taxes as reported in the combined income statement because it excludes (i) items of income or expense that are taxable or deductible in other years and (ii) items that are never taxable or deductible. The Pillar's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax

Income taxes are accounted for using the asset and liability method. Deferred income tax assets and liabilities are based on temporary differences, which are differences between the accounting basis and the tax basis of the assets and liabilities, and non-capital loss, capital loss, and tax credits carryforwards are measured using the enacted tax rates and laws expected to apply when these differences reverse. Deferred tax benefits, including non-capital loss, capital loss, and tax credits carryforwards, are recognized to the extent that realization of such benefits is considered more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that enactment occurs. When realization of deferred income tax assets does not meet the more-likely-than-not criterion for recognition, a valuation allowance is provided.

Interest and penalties related to income taxes, including unrecognized tax benefits, are recorded in income tax expense in the income statement.

Liabilities for uncertain tax positions are recorded based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement. The Pillar regularly assesses the potential outcomes of examinations by tax authorities in determining the adequacy of its provision for income taxes. The Pillar continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, income taxes payable, and deferred taxes in the period in which the facts that give rise to a revision become known.

(p) Defined contribution plans

The Pillar operates a defined contribution scheme for specific directors and employees. A defined contribution plan is a pension plan under which the Pillar pays fixed contributions to a third party provider. Once the contributions have been paid the Pillar has no further payment obligations. The contributions are recognized as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(q) Advertising costs

Advertising costs are expensed as incurred. Advertising expense is included in costs of services and selling, general and administrative ("SG&A") expenses on the accompanying combined income statements.

(r) Related party transactions

The Euro Auctions Pillar is not a statutory group, but rather is a collection of connected entities (operationally connected and with connected family ownership). These carve-out combined financial statements disclose transactions with related parties which are not wholly captured within the Euro Auctions Pillar. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the director, separate disclosure is necessary to understand the effect of the transactions on the carve-out combined financial statements.

Related party transactions are reflected in the carve-out combined financial statements at the amounts payable to and received from the counterparty with no adjustments made to fair value, if applicable.

(s) New and amended accounting standards

- a. Effective January 1, 2020, the Pillar adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. The new standard replaces the 'incurred loss methodology' credit impairment model with a new forward-looking "methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates." In applying the new standard, the Pillar has adopted the loss rate methodology to estimate historical losses on trade receivables. The historical data is adjusted to account for forecasted changes in the macroeconomic environment in order to calculate the current expected credit loss. The Pillar's adoption of ASC 326 did not result in a material change in the carrying values of the Pillar's financial assets on the transition date.
- b. In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The update provides "optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued." The amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Pillar's use of LIBOR is applicable on short-term drawings on the committed revolving credit facilities in certain jurisdictions. The Pillar is transitioning from LIBOR to SONIA. If applicable, the Pillar will use the optional expedients available when reference rate changes occur.
- c. Effective January 1, 2020, the Pillar adopted ASU 2018-15, Intangibles – Goodwill and Other Internal-Use Software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract on a prospective basis. The update aligns the accounting for costs incurred to implement a cloud computing arrangement that is a service agreement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. The adoption of ASU 2018-15 on January 1, 2020 using the prospective transition approach has not resulted in a material impact to the carve-out combined financial statements.

3. Significant judgments, estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Euro Auctions Pillar

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

3. Significant judgments, estimates and assumptions (continued)

Future differences arising between actual results and the judgments, estimates and assumptions made by the Pillar at the reporting date, or future changes to estimates and assumptions, could necessitate adjustments to the underlying reported amounts of assets, liabilities, revenues and expenses in future reporting periods.

Judgments, estimates and underlying assumptions are evaluated on an ongoing basis by management and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances and such changes are reflected in the assumptions when they occur. Significant items subject to estimates include the determination of lease term and lease liabilities, fair value of intangible assets, deferred income taxes, and other contingencies.

4. Revenues

The Pillar's revenue is as follows:

Year ended December 31,	2020
Inventory sales revenue	\$ 136,040
Service revenue:	
Auction Commissions	54,929
	<u>\$ 190,969</u>

The Pillar's geographic information as determined by its combined revenues are set out below:

	United Kingdom	United States	Europe	Other	Combined
Total revenue for the year ended:					
December 31, 2020	\$ 102,976	\$ 36,083	\$ 34,157	\$ 17,753	\$ 190,969

5. Operating expenses

Costs of services

Year ended December 31,	2020
Ancillary and logistical service expenses.....	\$ 981
Employee compensation expenses	3,836
Travel, advertising and promotion expenses	4,030
Other	1,013
	<u>\$ 9,860</u>

SG&A expenses

Year ended December 31,	2020
Employee compensation expenses	\$ 9,300
Buildings, facilities and technology expenses	4,477
Professional fees	721
Other SG&A expenses	641
	<u>\$ 15,139</u>

Included within employee compensation expenses are defined contribution plan payments of \$105k.

Total advertising costs incurred for the year ended December 31, 2020 was \$2,349k.

Euro Auctions Pillar

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

5. Operating expenses (continued)**Depreciation and amortization expenses**

Year ended December 31,	2020
Depreciation expense	\$ 784
Amortization expense	140
	<u>\$ 924</u>

During the year ended December 31, 2020, depreciation expense of Nil was recorded relating to software.

6. Other expenses, net

Other income primarily includes movements on the fair value of derivative financial instruments.

Year ended December 31,	2020
Loss on the movement in fair value of derivative financial instruments	\$ (6,074)
Interest income	85
Other income	960
	<u>\$ (5,029)</u>

7. Income taxes

The expense for the year can be reconciled to income before income taxes as follows:

Year ended December 31,	2020
Earnings before income tax	\$ 34,357
Expected tax charge based on the standard rate of corporation tax in the UK	19%
Expected income tax expense	6,528
Non-deductible expenses	
Different tax rates of subsidiaries operating in foreign jurisdictions	301
	<u>\$ 6,829</u>
Year ended December 31,	2020
UK:	
Current tax expense	\$ 6,829
Deferred tax expense	184
	<u>\$ 7,013</u>

The effective tax rate in the period is 20%.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

7. Income taxes (continued)

The tax effects of temporary differences that give rise to significant deferred tax assets and deferred tax liabilities were as follows:

<u>As at December 31,</u>	<u>2020</u>
Deferred tax liabilities:	
Property, plant and equipment	\$ 633
Net deferred tax liabilities.....	633
Valuation allowance.....	—
	<u>\$ 633</u>

Income taxes payable at December 31, 2020 were \$7,276k.

As at December 31, 2020 the Pillar had no capital or non-capital losses available for carry forward.

Uncertain tax positions

At December 31, 2020 the Pillar had Nil gross unrecognized tax benefits. There was no movement in this position during the year. There were no interest or penalties incurred by the Pillar relating to unrecognized tax benefits and no position has been accrued by the Pillar as at December 31, 2020.

8. Supplemental cash flow information

<u>Year ended December 31,</u>	<u>2020</u>
Trade and other receivables	\$ 6,287
Inventory	29,318
Auction proceeds payable.....	(3,775)
Other current assets	217
Income taxes receivable.....	1,167
Trade and other payables	3,204
Other non current assets	523
Net changes in operating assets and liabilities	<u>\$ 36,941</u>

Net capital spending, which consists of property, plant and equipment and intangible asset additions excluding those acquired through business combinations, net of proceeds on disposition of property, plant and equipment, was \$2,034k for the year ended December 31, 2020.

<u>Year ended December 31,</u>	<u>2020</u>
Interest paid	\$ 85
Interest received.....	646
Net income taxes paid	8,167
Operating lease payments	2,430
	<u>2020</u>
Cash and cash equivalents	\$ \$82,591
Restricted cash	246
Cash, cash equivalents, and restricted cash	<u>\$ 82,837</u>

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

9. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the carve-out combined financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement or disclosure:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

			December 31, 2020
	Category		Fair value
<i>Measured at fair value:</i>			
Derivative financial instruments			
Foreign exchange contracts assets.....	Level 3	\$	4,295
Foreign exchange contracts liabilities.....	Level 3		3,393
			December 31, 2020
	Category	Carrying amount	Fair value
<i>Fair values disclosed:</i>			
Cash and cash equivalents	Level 1	\$ 82,591	\$ 82,591
Restricted cash	Level 1	246	246
Short-term debt	Level 2	54,969	54,969

The carrying value of the Pillar's cash and cash equivalents, restricted cash, trade and other receivables, advances against auction contracts, auction proceeds payable, trade and other payables, and short-term debt approximate their fair values due to their short terms to maturity. The carrying value of the secured loans, before deduction of deferred debt issue costs, approximates their fair value as the interest rates on the loans is short-term in nature.

Derivative financial instruments-forward contracts and options

The Pillar enters into derivative financial instruments to manage risks relating to our ongoing business operations. The primary risk managed with derivative instruments is foreign exchange risk. The Pillar uses foreign currency contracts to reduce the risk that their cash flows and earnings will be adversely affected by foreign currency exchange rate fluctuations. The Pillar also enters into derivative instruments to partially offset their exposure to other risks and enhance investment returns.

The Pillar recognizes derivative instruments as either assets or liabilities in the combined balance sheet at fair value and classify the derivatives primarily within the Level 3 hierarchy. The Pillar presents derivative financial instruments at gross fair values.

Derivative financial instruments assets are disclosed at fair value within "other current assets (note 12) in the combined statement of financial position. Derivative financial instruments liabilities are disclosed at fair value in either "Trade and other payables" (note 16) or "Other non-current liabilities" (note 18) depending on the settlement date of the contract.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

9. Fair value measurement (continued)

The Pillar does not designate their derivative instruments as hedging instruments. These derivative instruments consist primarily of foreign currency forward contracts that we use to hedge monetary assets or liabilities denominated in currencies other than the functional currency. Gains and losses on these contracts, as well as the related costs, are recognized in other income (expense), net, along with the foreign currency gains and losses on monetary assets and liabilities.

The fair value measurement of these derivatives resulted in a loss of \$6,074k being recorded in other income (see note 6).

The group has entered into a number of foreign currency derivative contracts during the year. As at 31 December 2020 the group has the following derivative contracts in place:

Buys	BRL	Sells	EUR	£0.8m
Buys	MXN	Sells	EUR	£1.0m
Buys	RUB	Sells	EUR	£2.8m
Buys	TRY	Sells	EUR	£7.8m
Buys	GBP	Sells	EUR	£109.2m
Buys	GBP	Sells	USD	£4.8m
Buys	ZAR	Sells	JPY	£6.4m
Buys	TRY	Sells	JPY	£0.8m
Buys	RUB	Sells	JPY	£0.7m
Buys	ZAR	Sells	USD	£0.8m
Buys	ZAR	Sells	EUR	£0.5m

10. Trade and other receivables

<u>As at December 31,</u>	<u>2020</u>
Trade receivables	\$ 12,947
Other receivables	1,182
	<u>\$ 14,129</u>

Trade receivables are generally secured by the equipment that they relate to as it is Pillar policy that equipment is not released until payment has been collected. Other receivables are unsecured and non-interest bearing.

The following table presents the activity in the allowance for expected credit losses on trade receivables for the period ended December 31, 2020:

Opening balance at January 1, 2020	109
Current period provision.....	504
Recoveries collected.....	—
Write-offs charged against the allowance	—
Balance, December 31, 2020	<u>\$ 613</u>

<u>Ageing analysis As at December 31, 2020</u>	<u>Current</u>	<u>0-30 days overdue</u>	<u>31-60 days overdue</u>	<u>61-90 days overdue</u>	<u>>90 days overdue</u>	<u>Combined</u>
Trade receivables	\$ 7,114	1,103	1,833	1,317	1,580	12,947
	<u>\$ 7,114</u>	<u>1,103</u>	<u>1,833</u>	<u>1,317</u>	<u>1,580</u>	<u>12,947</u>

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

11. Inventory

At each period end, inventory is reviewed to ensure that it is recorded at the lower of cost and net realizable value.

<u>As at December 31,</u>	<u>2020</u>
Machinery for resale.....	\$ 31,030
	<u>\$ 31,030</u>

During the year ended December 31, 2020, the Pillar recorded an inventory write-down of Nil.

12. Other current assets

<u>As at December 31,</u>	<u>2020</u>
Derivative financial instruments (see note 9)*	\$ 4,295
Other tax and social security	4,688
	<u>\$ 8,983</u>

*The non-current portion of this balance amounts to \$1,847k.

13. Property, plant and equipment

<u>As at December 31, 2020</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Land	\$ 3,000	—	3,000
Motor Vehicles	1,385	676	709
Plant and machinery	4,807	1,119	3,688
Office equipment	1,358	680	678
Software	696	—	696
Leasehold improvements	2,197	375	1,822
	<u>\$ 13,443</u>	<u>\$ 2,850</u>	<u>\$ 10,593</u>

During the year ended December 31, 2020, no interest was capitalized.

Depreciation of \$784k was recorded in respect of property, plant and equipment during the year.

14. Other non-current assets

<u>As at December 31, 2020</u>	<u>2020</u>
Right-of-use assets-operating leases	\$ 14,070
	<u>\$ 14,070</u>

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

15. Intangible assets

<u>As at December 31, 2020</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Trade names and trademarks.....	\$ 1,710	\$ 477	\$ 1,233
Customer relationships	218	87	131
	<u>\$ 1,928</u>	<u>\$ 564</u>	<u>\$ 1,364</u>

During the year the Pillar incurred amortization charge of \$118k for Trade names and trademarks, and \$22k for customer relationships, see note 5.

During the year ended December 31, 2020, the weighted average amortization period for all classes of intangible assets was 10 years.

As at December 31, 2020, estimated annual amortization expense for the next five years ended December 31 are as follows:

2021	\$ 140
2022	140
2023	140
2024	140
2025	140
	<u>\$ 700</u>

16. Trade and other payables

<u>As at December 31,</u>	<u>2020</u>
Trade payables	\$ 5,097
Accrued liabilities and other payables	4,033
Social security and sales taxes payable.....	124
Derivative financial instruments (see note 9)	2,494
Operating lease liabilities	774
	<u>\$ 12,522</u>

17. Debt

	<u>December 31, 2020</u>
Short-term debt-overdraft facilities	\$ 54,969

Short-term debt

Short-term debt is comprised of drawings in different currencies on the Pillar's committed revolving credit facilities and has a weighted average interest rate of 2.75%.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

18. Other non-current liabilities

<u>As at December 31,</u>	<u>2020</u>
Operating lease liability.....	\$ 14,070
Derivative financial instruments (see note 9)	899
Other	1,771
	<u>\$ 16,740</u>

19. Leases

The Pillar's breakdown of lease expense is as follows:

<u>Year ended December 31,</u>	<u>2020</u>
Operating lease cost	\$ 1,635
Short-term lease cost	1,404
	<u>\$ 3,039</u>

The lease expenditure charged to earnings during the year ended December 31, 2020 was \$3,039k.

Short-term lease costs

The Pillar uses in its business a number of properties owned by related parties where no formal lease agreement is in place. The Pillar pays for the use of these properties. No adjustments have been made in these carve-out combined financial statements to reflect the fair value of these expenses. These informal arrangements relate to six properties, and the total amount payable for the year ended December 31, 2020 was \$1,404k. In these specific arrangements there is no explicit or implied enforceable period. The arrangements can be terminated by either party (lessor or lessee) at any time, and in terminating the lease arrangement there are no significant penalties incurred by either party to the arrangement, either contractually or economically. In these instances the enforceable term is considered to be less than 12 months, and the costs associated with these arrangements are accounted for as "short-term" lease costs.

Operating leases

The Pillar has three operating commercial leases in force for auction sites and offices located in North America, the Middle East and Australia.

The North American property lease term terminates on 1 December 2023. The annual base rent is \$80k which is payable in advance on 30 November each year. The Pillar is required to pay an additional rental cost of \$1k for every million dollars of total auction sales in excess of certain agreed thresholds. The additional rent payments are excluded from the measurement of the "Right of Use" ("ROU") asset and lease liability, instead these payments are recorded in profit or loss as they occur. The thresholds were not exceeded in the period and a Nil balance has been included in the financial statements with respect to the additional rental costs. In computing the roll asset and lease liability a discount rate of 0.79% was applied.

The Australian property lease term terminates on 1 January 2023. Monthly rental payments on the property are AUD\$22,500 with 3.5% annual increases in advance. In computing the ROU asset and lease liability a discount rate of 0.76% was applied.

The Pillar has entered into a lease agreement with JAFZA (Dubai) for the lease of land for a period of 20 years. The lease term does not contain restrictions on the Pillar's activities. The interest rate for discounting the lease liability is 4% which is based on the estimate of international borrowing costs.

There are no residual value guarantees provided by the Pillar in any of its leasing arrangements. There are no restrictions or covenants imposed by the Pillar's leasing arrangements.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

19. Leases (continued)

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

2021	\$ 1,300
2022	1,308
2023	1,068
2024	990
2025	990
Thereafter	<u>14,439</u>
Total future minimum lease payments.....	20,095
less: imputed interest.....	<u>(5,251)</u>
Total operating lease liability.....	14,844
less: operating lease liability – current.....	<u>(774)</u>
Total operating lease liability - non-current.....	<u>\$ 14,070</u>

At December 31, 2020, the weighted average remaining lease term for operating leases is 6 years and the weighted average discount rate is 3.97%.

20. Commitments

Commitments for expenditures

As at December 31, 2020, the Pillar had committed to Nil in capital expenditures for property, plant and equipment and intangible assets.

21. Contingencies

Legal and other claims

The Pillar is subject to legal and other claims that arise in the ordinary course of its business. Management does not believe that the results of these claims will have a material effect on the Pillar's combined balance sheet or combined income statement.

Guarantee contracts

In the normal course of business, the Pillar will in certain situations guarantee to a consignor a minimum level of proceeds in connection with the sale at auction of that consignor's equipment. The impact of these contracts are not material as at the balance sheet date and therefore no liability has been included in the financial statements.

22. Related party transactions

The Euro Auctions Pillar is not a statutory group, but rather is a collection of connected entities (operationally connected and with connected family ownership). The combined balance sheet reflects those assets and liabilities that represent the historical financial position of the Pillar.

The Euro Auctions Pillar's related parties are summarized and defined as follows:

Significant influence

Companies which are deemed to be related parties owing to them being controlled by brothers of Mr Derek Keys.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

22. Related party transactions (continued)

These following are deemed to be entities with significant influence:

- Equipment Sales Pillar: the collection of connected entities controlled by Mr Lynden Keys whose principal activity is the sale of plant and machinery.
- Equipment & Plant Services Pillar: the collection of connected entities controlled by Mr Trevor Keys whose principal activity is the sale of equipment and plant to the agricultural and construction industries.
- Other: Brian Keys and Jonathan Keys are also deemed to be related parties as they are brothers of Mr Derek Keys.
- Included in the Pillar are Director emoluments paid to Mr Derek Keys in the period amounting to \$67k.

The following transactions were conducted with related entities by virtue of significant influence:

Auction Services Revenue

- Equipment & Plant Services Pillar*	\$ 1,014
- Equipment Sales Pillar*	\$ 1,715

Amounts (owed to)/from

- Equipment & Plant Services Pillar**	\$ (170)
- Equipment Sales Pillar**	\$ (89)

*These balances are recorded in "service revenue" in the combined income statement

**These balances are recorded in "Amounts owed to related parties" in the combined balance sheet

Common control

Balances owed by companies outside of the Euro Auctions Pillar under common control of Derek Keys.

Year ended December 31,	2020
Tamar Selby (UK) Limited***	\$ 135
Barford Equipment Ltd***	778
Old Coach House Properties Limited***	449
Grant Equipment LLC***	8
Euro Auctions LLC***	991
Turvey Manor Limited***	1,003
Gardrum Holdings Ltd***	133
Euroauctions – Immobilien***	10
	3,507

***These balances are recorded in "Amounts owed by related parties" in the carve-out combined financial statements.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

23. Subsequent events

On August 9, 2021, Ritchie Bros. Auctioneers Incorporated executed a sale and purchase agreement (SPA) to acquire the Euro Auctions Pillar (as defined in note 1) from Mr Derek Keys (the beneficial shareholder of the combined entities). These carve-out combined financial statements as of December 31, 2020 have been prepared on a stand-alone basis derived from the financial statements and related accounting records of each of the components of that pillar, which are listed in note 1.

Subsequent events have been evaluated from the year end, December 31, 2020 to November 8, 2021. The financial statements were issued on November 8, 2021.

Interim Carve-out Combined Income Statement
(Expressed in thousands of United States dollars)

	Nine months ended September 30,	
	2021	2020
Revenue:		
Service revenue.....	\$ 37,263	\$ 38,261
Inventory sales revenue	103,763	108,468
Total revenue	141,026	146,729
Operating expenses:		
Costs of services	7,685	8,170
Cost of inventory sold	86,359	96,412
Selling, general and administrative expenses	12,780	11,890
Depreciation and amortization expenses.....	746	551
Foreign exchange loss/(gain)	173	(991)
Total operating expenses	107,743	116,032
Operating income.....	33,283	30,697
Interest expense	(376)	(521)
Other income/(expense), net	3,656	(11,105)
Income before income taxes	36,563	19,071
Income tax expense:		
Current income tax.....	7,508	4,688
Net income	\$ 29,055	\$ 14,383

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Statement of Comprehensive Income

(Expressed in thousands of United States dollars)

	Nine months ended September 30,	
	2021	2020
Net income	\$ 29,055	\$ 14,383
Other comprehensive income (loss), net of income tax:		
Foreign currency translation adjustment	(1,680)	(909)
Total comprehensive income	<u>\$ 27,375</u>	<u>\$ 13,474</u>

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Balance Sheet
(Expressed in thousands of United States dollars)

	September 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 102,608	\$ 82,591
Restricted cash	366	246
Trade and other receivables	26,064	14,129
Less: allowance for credit losses	(607)	(613)
Trade and other receivables; net	25,457	13,516
Amounts owed by related parties	—	3,507
Inventory	38,637	31,030
Other current assets	14,609	8,983
Income taxes receivable	—	182
Total current assets	<u>181,677</u>	<u>140,055</u>
Property, plant and equipment	10,276	10,593
Other non-current assets	13,235	14,070
Intangible assets	1,247	1,364
Total non-current assets	<u>24,758</u>	<u>26,027</u>
Total assets	<u>\$ 206,435</u>	<u>\$ 166,082</u>
Liabilities and Net Parent Investment		
Auction proceeds payable	\$ 39,735	\$ 8,717
Amounts owed to related parties	14,153	259
Trade and other payables	7,454	12,522
Income taxes payable	7,917	7,276
Short-term debt & overdrafts	30,183	54,969
Total current liabilities	<u>99,442</u>	<u>83,743</u>
Other non-current liabilities	16,102	16,740
Deferred tax liabilities	629	633
Total liabilities	<u>116,173</u>	<u>101,116</u>
Commitments and Contingencies (Note 20 and 21 respectively)		
Net parent investment	89,652	62,676
Accumulated other comprehensive income	610	2,290
Total net parent investment	<u>90,262</u>	<u>64,966</u>
Total liabilities and net parent investment	<u>\$ 206,435</u>	<u>\$ 166,082</u>

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Statements of Changes in Net Parent Investment

(Expressed in thousands of United States dollars)

	Net Parent Investment	Accumulated other comprehensive income	Total Net Parent Investment
Balance, January 1, 2021	\$ 62,676	\$ 2,290	\$ 64,966
Net income	29,055		29,055
Other comprehensive (loss)	—	(1,680)	(1,680)
Changes in net parent investment.....	(2,079)	—	(2,079)
Balance, September 30, 2021	\$ 89,652	\$ 610	\$ 90,262

	Net Parent Investment	Accumulated other comprehensive income	Total Net Parent Investment
Balance, January 1, 2020	\$ 35,332	\$ —	\$ 35,332
Net income	14,383		14,383
Other comprehensive (loss)	—	(712)	(712)
Changes in net parent investment.....	(197)	—	(197)
Balance, September 30, 2020.....	\$ 49,518	\$ (712)	\$ 48,806

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Statements of Cash Flows

(Expressed in thousands of United States dollars)

<u>Nine months ended September 30,</u>	<u>2021</u>	<u>2020</u>
Cash provided by / (used in):		
Operating activities:		
Net income	\$ 29,055	\$ 14,383
Adjustments for items not affecting cash:		
Depreciation and amortization expenses.....	746	551
Net changes in operating assets and liabilities	<u>5,273</u>	<u>48,038</u>
Net cash provided by operating activities	<u>35,074</u>	<u>62,972</u>
Investing activities:		
Advances received from related parties	<u>11,158</u>	<u>13,233</u>
Net cash from investing activities	<u>11,158</u>	<u>13,233</u>
Financing activities:		
Repayment of short-term debt.....	<u>(24,633)</u>	<u>(40,114)</u>
Net cash used in financing activities.....	<u>(24,633)</u>	<u>(40,114)</u>
Effect of changes in foreign currency rates on cash, cash equivalents, and restricted cash	<u>(1,462)</u>	<u>6</u>
Increase	20,137	36,097
Beginning of period.....	<u>82,837</u>	<u>30,718</u>
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 102,974</u>	<u>\$ 66,815</u>

See accompanying notes to the interim carve-out combined financial statements.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

1. Nature of Operations and Basis of Presentation

Euro Auctions Pillar (hereinafter collectively referred to as the "Pillar", "we", "our") is a combination of auction and sourcing businesses controlled by an individual, Derek Keys, which operates principally in conducting plant and machinery auction sales and valuations throughout the United Kingdom, mainland Europe, Australia, Dubai and the United States of America. The Pillar is also involved in the sale of plant and machinery both through group auctions and private sales.

The accompanying interim carve-out combined financial statements present the historical interim carve-out combined balance sheet as of September 30 2021 and December 31, 2020, interim carve-out combined income statement, interim carve-out combined statement of comprehensive income, interim carve-out combined statements of changes in net parent investment and interim carve-out combined statement of cash flows of the Pillar for the nine months ended September 30, 2021 and September 30, 2020 respectively which reflect the combined activities of the companies detailed below:

- Euro Auctions Limited (NI663696)
- Euro Auctions (UK) Limited (NI663692)
- Euro Auctions GmbH (HRB13567)
- Yoder & Frey Auctioneers LLC (12075006)
- Euro Auctions Pty Ltd (ABN33154193576)
- Euro Auctions Plant S.L. (M728536)
- William Keys & Sons Holdings Limited (NI663694)
- William Keys & Sons LLC (13004156)
- William Keys & Sons Limited (NI663693); and
- Euro Auctions FZE (252526)

In the period up to December 31, 2020 the pillars activities in Australia and Spain were performed within the branches of Euro Auctions UK No.2 Limited in those territories. During the interim period the activities in Australia and Spain were performed in Euro Auctions Pty Ltd and Euro Auctions Plant S.L. respectively.

In preparing these interim carve-out combined financial statements certain assets and liabilities (encompassing property assets and associated bank debt), remaining in related undertakings have been removed from the Pillar. The Pillar's cost base includes all relevant costs pertaining to its operations, as they were historically managed, and therefore in compiling these interim carve-out combined financial statements, no additional costs have been allocated to the Pillar.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

1. Nature of Operations and Basis of Presentation (continued)

The Pillar has not historically prepared stand-alone financial statements. These interim carve-out combined financial statements as of September 30, 2021, December 31, 2020, and September 30, 2020 have been prepared on a stand-alone basis derived from the financial statements and related accounting records of each of the companies listed above. The accompanying interim carve-out combined financial statements were prepared in order to comply with a condition in the Share Purchase Agreement ("SPA"), executed on August 9, 2021, to dispose of the Euro Auctions Pillar to Ritchie Bros. Auctioneers Incorporated. As stipulated by the SPA the accompanying interim carve-out combined financial statements were prepared for the purpose of providing Ritchie Bros. Auctioneers Incorporated with historical financial information of the Pillar. They reflect the results of operations, financial position, and cash flows of the Pillar as they were historically managed and are presented in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). Accordingly, these financial statements have been prepared on a combined basis and Parent's net investment in these operations is shown in lieu of stockholder's equity. All intercompany balances and transactions within the Pillar have been eliminated in the interim carve-out combined financial statements.

These interim carve-out combined financial statements have been prepared based on the U.S. GAAP applied standards effective for 2021. The Pillar has voluntarily early adopted ASC 842 Leases and ASC 326 Measurement of Credit Losses on Financial Instruments in these interim carve-out combined financial statements. Net parent investment represents the beneficial owners' historical investment in the Pillar and includes accumulated net earnings attributable to the beneficial owner (Derek Keys), intercompany transactions, dividend income arising from internal group restructurings, and direct capital contributions, as adjusted for direct cash investments in the Pillar. A discussion of the relationship with the beneficial owner, including a description of the costs allocated to the Pillar, is included in (Note 22- "Related Party Transactions").

2. Significant accounting policies

(a) Revenue recognition

Revenues are comprised of:

- Service revenue, including the following:
 - (ii) Revenue from auction and marketplace ("A&M") activities, including commissions earned at our live and online bidding auctions, online marketplaces; and
 - (iii) Other services revenue, comprises revenue from logistical services; and
- Inventory sales revenue; and
- Rental income

The Pillar recognizes revenue when control of the promised goods or services is transferred to our customers, or upon completion of the performance obligation, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. A performance obligation is a promise in a contract to transfer a distinct good or service, or a series of distinct goods or services, to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For event-based auctions, revenue is recognized when the auction sale is complete and the Pillar has determined that the sale proceeds are collectible. Revenue is measured at the fair value of the consideration received or receivable and is shown net of value-added tax and duties.

Service revenues

Commissions from sales at the Pillar's auctions represent the percentage earned by the Pillar on the gross proceeds from equipment and other assets sold at auction. The majority of the Pillar's commissions are earned as a pre-negotiated fixed rate of the gross selling price. Other commissions from sales at the Pillar's auctions are earned from underwritten commission contracts, when the Pillar guarantees a certain level of proceeds to a consignor.

Euro Auctions Pillar

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(a) Revenue recognition (continued)

The Pillar accepts equipment and other assets on consignment stimulating buyer interest through professional marketing techniques and matches sellers (also known as consignors) to buyers through the auction or private sale process.

Following the sale of the item, the Pillar invoices the buyer for the purchase price of the asset, taxes, and, if applicable, the buyer commission, collects payment from the buyer, and remits the proceeds to the seller, net of the seller commissions, applicable taxes, and applicable fees. Commissions are calculated as a percentage of the hammer price of the asset sold at auction. Fees are also charged to sellers for listing and inspecting equipment.

On the fall of the auctioneer's hammer, the highest bidder becomes legally obligated to pay the full purchase price, which is the hammer price of the asset purchased and the seller is legally obligated to relinquish the property in exchange for the hammer price less any seller's commissions. Commission and fee revenue are recognized on the date of the auction sale upon the fall of the auctioneer's hammer.

Under the standard terms and conditions of its auction sales, the Pillar is not obligated to pay a consignor for property that has not been paid for by the buyer, provided the property has not been released to the buyer. If the buyer defaults on its payment obligation, also referred to as a collapsed sale, the sale is cancelled in the period in which the determination is made, and the property is returned to the consignor or placed in a later event-based or online auction. Historically, service revenues on cancelled sales have not been material.

Commission revenue is recorded net of commissions owed to third parties, which are principally the result of situations when the commission is shared with a consignor in an auction guarantee risk and reward sharing arrangement.

Underwritten commission contracts can take the form of guarantee contracts. Guarantee contracts typically include a pre-negotiated percentage of the guaranteed gross proceeds plus a percentage of proceeds in excess of the guaranteed amount. If actual auction proceeds are less than the guaranteed amount, commission is reduced; if proceeds are sufficiently lower, the Pillar can incur a loss on the sale. Losses, if any, resulting from guarantee contracts are recorded in the period in which the relevant auction is completed. If a loss relating to a guarantee contract held at the period end to be sold after the period end is known or is probable and estimable at the financial statement reporting date, the loss is accrued in the financial statements for that period. The Pillar's exposure from these guarantee contracts fluctuates over time.

Other services revenue also includes fees for logistical services. Fees are recognized in the period in which the service is provided or the product is delivered to the customer.

Inventory sales revenue

The Pillar recognizes revenue when control of the promised goods is transferred to our customers, or upon completion of the performance obligation, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. A performance obligation is a promise in a contract to transfer a distinct good, or a series of distinct goods, to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Revenue is measured at the fair value of the consideration received or receivable and is shown net of value-added tax and duties.

Rental income

The Pillar recognizes rental income from operating leases on a straight-line basis over the lease term.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(b) Costs of services

Costs of services incurred in earning A&M revenues are comprised of expenses incurred in direct relation to conducting auctions ("direct expenses"), earning online marketplace revenue. Direct expenses include direct labor, buildings and facilities charges, travel, advertising and promotion costs and fees paid to unrelated third parties who introduce the Pillar to equipment sellers who sell property at the Pillar's auctions and marketplaces. Costs of services to operate our online marketplace revenue excludes hosting costs where we leverage a shared infrastructure that supports both our internal technology requirements and external sales to our customers.

Costs of services incurred in earning other fee revenue include ancillary and logistical service expenses, direct labor (including commissions on sales), cloud infrastructure and hosting costs, software maintenance fees, and materials. Costs of services exclude depreciation and amortization expenses.

(c) Cost of inventory sold

Cost of inventory sold includes the purchase price of assets sold including any related transport and repair costs.

(d) Leases

The Pillar determines if an arrangement is a lease at inception. The Pillar may have lease agreements with lease and non-lease components, which are generally accounted for separately.

Operating leases

Operating leases are included in other non-current assets, trade and other payables, and other non-current liabilities in our combined balance sheets if the initial lease term is greater than 12 months. For leases with an initial term of 12 months or less the Pillar recognizes those lease payments on a straight-line basis over the lease term.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Pillar's leases do not provide an implicit rate, management uses the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Management uses the implicit rate when readily determinable. The Pillar includes lease payments for renewal or termination options in its determination of lease term, ROU asset, and lease liability when it is reasonably certain that the Pillar will exercise these options. Lease expense for lease payments is recognized on a straight-line basis over the lease term and are included in costs of services and selling, general and administrative ("SG&A") expenses.

(e) Fair value measurement

Fair value is the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Pillar measures financial instruments or discloses select non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 9.

The Pillar uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements at fair value are categorized within a fair value hierarchy, as disclosed in note 9, based on the lowest level input that is significant to the fair value measurement or disclosure. This fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(e) Fair value measurement (continued)

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Pillar determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purposes of fair value disclosures, the Pillar has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

(f) Foreign currency translation

The presentation currency of the interim carve-out combined financial statements is the United States dollar. The functional currency for each of the components of these interim carve-out combined financial statements is the currency of the primary economic environment in which the entity operates, which is usually the currency of the country of residency.

Accordingly, the financial statements of the components of these interim carve-out combined financial statements that are not denominated in United States dollars have been translated into United States dollars using the exchange rate at the end of each reporting period for asset and liability amounts and the annual average exchange rate for amounts included in the determination of earnings. Any gains or losses from the translation of asset and liability amounts are included in foreign currency translation adjustment in accumulated other comprehensive income. In preparing the financial statements of the individual components, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign currency differences arising on retranslation of monetary items are recognized in earnings.

(g) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits with financial institutions, and other short-term, highly liquid investments with original maturity of three months or less when acquired, that are readily convertible to known amounts of cash.

(h) Restricted cash

In certain jurisdictions, local laws require the Pillar to hold cash in segregated bank accounts, which are used to settle auction proceeds payable resulting from live on site auctions and online marketplace sales conducted in those regions.

(i) Trade and other receivables

Trade receivables principally include amounts due from customers as a result of event-based auctions. The recorded amount reflects the purchase price of the item sold, including the Pillar's commission. The allowance for credit losses is the Pillar's best estimate of the amount of probable credit losses in existing accounts receivable. The Pillar determines the allowance based on historical write-off experience, customer economic data and reasonable and supportable forecasts of future economic conditions.

The Pillar reviews the allowance for credit losses regularly and past due balances are reviewed for collectability. Account balances are charged against the allowance when the Pillar believes that the receivable will not be recovered.

(j) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognized in profit or loss as other gains and losses as appropriate.

Hedge accounting is not applied.

Euro Auctions Pillar

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(k) Inventories

Inventory consists of equipment and other assets purchased for resale. Inventory is valued at the lower of cost and net realizable value where net realizable value represents the expected sale price upon disposition less make-ready costs and the costs of disposal and transportation. The significant elements of cost include the acquisition price, in-bound transportation costs of the inventory, and make-ready costs to prepare the inventory for sale that are not selling expenses. Write-downs to the carrying value of inventory are recorded in cost of inventory sold on the combined income statement.

(l) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all expenditures that are directly attributable to the acquisition or development of the asset, net of any amounts received in relation to those assets, including scientific research and experimental development tax credits.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to working condition for their intended use, the costs of dismantling and removing items and restoring the site on which they are located (if applicable), and capitalized interest on qualifying assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Pillar and the cost of the item can be measured reliably.

All repairs and maintenance costs are charged to earnings during the financial period in which they are incurred. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized net within operating income on the income statement.

Depreciation is provided to charge the cost of the assets to operations over their estimated useful lives based on their usage as follows:

Asset	Basis	Rate / term
Buildings	Straight-line	2%
Plant and machinery	Declining balance	15%
Motor vehicles	Declining balance	25%
Office equipment	Declining balance	15%
Leasehold improvements	Declining balance	15%/period of lease
Software	Straight-line	5%

No depreciation is provided on freehold land or on assets in the course of construction or development. Depreciation of property, plant and equipment is recorded in depreciation expense.

Legal obligations to retire and to restore property, plant and equipment and assets under operating leases are recorded at management's best estimate in the period in which they are incurred, if a reasonable estimate can be made, with a corresponding increase in asset carrying value. The liability is accreted to face value over the remaining estimated useful life of the asset. The Pillar does not have any significant asset retirement obligations.

(m) Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition or development of the asset, net of any amounts received in relation to those assets, including scientific research and experimental development tax credits. The Pillar has not capitalized any internally developed intangible assets.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(m) Intangible assets (continued)

Amortization is recognized in net earnings on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are:

Asset	Basis	Rate / term
Trade names and trademarks.....	Straight-line	10 periods
Customer relationships.....	Straight-line	10 periods

Customer relationships includes relationships with buyers and sellers.

(n) Impairment of long-lived assets

Long-lived assets, comprised of property, plant and equipment, ROU assets, and intangible assets subject to amortization, are assessed for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. For the purpose of impairment testing, long-lived assets are grouped and tested for recoverability at the lowest level that generates independent cash flows. An impairment loss is recognized when the carrying value of the assets or asset groups is greater than the future projected undiscounted cash flows. The impairment loss is calculated as the excess of the carrying value over the fair value of the asset or asset group. Fair value is based on valuation techniques or third party appraisals. Significant estimates and judgments are applied in determining these cash flows and fair values.

(o) Taxes

Income tax expense represents the sum of current tax expense and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the period and includes any adjustments to tax payable in respect of previous periods. Taxable profit differs from income before income taxes as reported in the combined income statement because it excludes (i) items of income or expense that are taxable or deductible in other periods and (ii) items that are never taxable or deductible. The Pillar's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax

Income taxes are accounted for using the asset and liability method. Deferred income tax assets and liabilities are based on temporary differences, which are differences between the accounting basis and the tax basis of the assets and liabilities, and non-capital loss, capital loss, and tax credits carryforwards are measured using the enacted tax rates and laws expected to apply when these differences reverse. Deferred tax benefits, including non-capital loss, capital loss, and tax credits carryforwards, are recognized to the extent that realization of such benefits is considered more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that enactment occurs. When realization of deferred income tax assets does not meet the more-likely-than-not criterion for recognition, a valuation allowance is provided.

Interest and penalties related to income taxes, including unrecognized tax benefits, are recorded in income tax expense in the income statement.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(o) Taxes (continued)

Liabilities for uncertain tax positions are recorded based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Pillar regularly assesses the potential outcomes of examinations by tax authorities in determining the adequacy of its provision for income taxes. The Pillar continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, income taxes payable, and deferred taxes in the period in which the facts that give rise to a revision become known.

(p) Defined contribution plans

The Pillar operates a defined contribution scheme for a specific director and employees. A defined contribution plan is a pension plan under which the Pillar pays fixed contributions to a third party provider. Once the contributions have been paid the Pillar has no further payment obligations. The contributions are recognized as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(q) Advertising costs

Advertising costs are expensed as incurred. Advertising expense is included in costs of services and selling, general and administrative ("SG&A") expenses on the accompanying combined income statements.

(r) Related party transactions

The Euro Auctions Pillar is not a statutory group, but rather is a collection of connected entities (operationally connected and with connected family ownership). These interim carve-out combined financial statements disclose transactions with related parties which are not wholly captured within the Euro Auctions Pillar. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the director, separate disclosure is necessary to understand the effect of the transactions on the interim carve-out combined financial statements.

Related party transactions are reflected in the interim carve-out combined financial statements at the amounts payable to and received from the counterparty with no adjustments made to fair value, if applicable.

(s) New and amended accounting standards

- a. Effective January 1, 2020, the Pillar adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), *Measurement of Credit Losses on Financial Instruments*. The new standard replaces the 'incurred loss methodology' credit impairment model with a new forward-looking "methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates." In applying the new standard, the Pillar has adopted the loss rate methodology to estimate historical losses on trade receivables. The historical data is adjusted to account for forecasted changes in the macroeconomic environment in order to calculate the current expected credit loss. The Pillar's adoption of ASC 326 did not result in a material change in the carrying values of the Pillar's financial assets on the transition date.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(s) New and amended accounting standards (continued)

- b. In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The update provides "optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued." The amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Pillar's use of LIBOR is applicable on short-term drawings on the committed revolving credit facilities in certain jurisdictions. The Pillar's is transitioning from LIBOR to SONIA. If applicable, the Pillar will use the optional expedients available when reference rate changes occur.
- c. Effective January 1, 2020, the Pillar adopted ASU 2018-15, Intangibles – Goodwill and Other Internal-Use Software (Subtopic 350-40), *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* on a prospective basis. The update aligns the accounting for costs incurred to implement a cloud computing arrangement that is a service agreement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. The adoption of ASU 2018-15 on January 1, 2020 using the prospective transition approach has not resulted in a material impact to the interim carve-out combined financial statements.

3. Significant judgments, estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Future differences arising between actual results and the judgments, estimates and assumptions made by the Pillar at the reporting date, or future changes to estimates and assumptions, could necessitate adjustments to the underlying reported amounts of assets, liabilities, revenues and expenses in future reporting periods.

Judgments, estimates and underlying assumptions are evaluated on an ongoing basis by management and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances and such changes are reflected in the assumptions when they occur. Significant items subject to estimates include the determination of lease term and lease liabilities, fair value of intangible assets, deferred income taxes, and other contingencies.

4. Revenues

The Pillar's revenue is as follows:

	Nine months ended September 30,	
	2021	2020
Service revenue:		
Auction Commissions	\$ 37,263	\$ 38,261
Inventory sales revenue	103,763	108,468
	<u>\$ 141,026</u>	<u>\$ 146,729</u>

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

4. Revenues (continued)

The Pillar's geographic information as determined by its combined revenues are set out below:

	<u>United Kingdom</u>	<u>United States</u>	<u>Europe</u>	<u>Other</u>	<u>Combined</u>
Total revenue for the period ended:					
September 30, 2021.....	\$ 78,944	\$ 28,854	\$ 16,888	\$ 16,340	\$ 141,026
September 30, 2020.....	\$ 76,657	\$ 32,102	\$ 24,422	\$ 13,548	\$ 146,729

5. Operating expenses**Costs of services**

	<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Ancillary and logistical service expenses.....	\$ 802	\$ 790
Employee compensation expenses	2,795	2,838
Travel, advertising and promotion expenses	2,821	3,015
Other costs of services.....	1,267	1,527
	<u>\$ 7,685</u>	<u>\$ 8,170</u>

SG&A expenses

	<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Employee compensation expenses	\$ 7,991	\$ 6,817
Buildings, facilities and technology expenses	3,859	4,030
Professional fees	441	589
Travel, advertising and promotion expenses	12	52
Other SG&A expenses	477	402
	<u>\$ 12,780</u>	<u>\$ 11,890</u>

Included within employee compensation expenses are defined contribution plan payments of \$79k (2020: \$79k). Total advertising costs incurred for the period ended September 30, 2021 was \$1,500k (2020: \$1,753k).

Depreciation and amortization expenses

	<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Depreciation expense	\$ 634	\$ 446
Amortization expense.....	112	105
	<u>\$ 746</u>	<u>\$ 551</u>

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

6. Other income / (expense), net

Other income primarily includes movements on the fair value of derivative financial instruments.

	Nine months ended September 30,	
	2021	2020
Gain/ (Loss) on the movement in fair value of derivative financial instruments	\$ 3,070	\$ (11,524)
Interest income.....	5	—
Other income	581	419
	<u>\$ 3,656</u>	<u>\$ (11,105)</u>

7. Income taxes

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

For the nine months ended September 30, 2021, income tax expense was \$7,508k, compared to an income tax expense of \$4,688k for the same period in 2020. The effective tax rate was 21% for the nine months ended September 30, 2021 (September 30, 2020: 25%).

8. Supplemental cash flow information

	Nine months ended September 30,	
	2021	2020
Trade and other receivables	\$ (12,450)	\$ (15,406)
Inventory	(8,263)	29,789
Auction proceeds payable.....	38,273	39,168
Trade and other payables.....	(5,517)	(4,864)
Other current liabilities.....	(7,718)	(15)
Income taxes receivable / (payable)	948	(634)
Net changes in operating assets and liabilities	<u>\$ 5,273</u>	<u>\$ 48,038</u>

Net capital spending, which consists of property, plant and equipment and intangible asset additions excluding those acquired through business combinations, net of proceeds on disposition of property, plant and equipment, was Nil for the period ended September 30, 2021.

	Nine months ended September 30,	
	2021	2020
Interest paid	\$ 5	\$ —
Interest received.....	376	521
Net income taxes paid	6,879	5,479
Operating lease payments	2,038	1,795

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

8. Supplemental cash flow information (continued)

	September 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 102,608	\$ 82,591
Restricted cash	366	246
Cash, cash equivalents, and restricted cash	\$ 102,974	\$ 82,837

9. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the interim carve-out combined financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement or disclosure:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

		September 30, 2021	December 31, 2020
	Category	Fair value	Fair value
<i>Measured at fair value</i>			
Derivative financial instruments			
Foreign exchange contracts assets	Level 3	\$ 5,793	\$ 4,295
Foreign exchange contracts liabilities	Level 3	\$ 1,494	3,393

		September 30, 2021		December 31, 2020	
	Category	Carrying amount	Fair value	Carrying amount	Fair value
<i>Fair values disclosed:</i>					
Cash and cash equivalents	Level 1	\$ 102,608	\$ 102,608	\$ 82,591	\$ 82,591
Restricted cash	Level 1	366	366	246	246
Short-term debt	Level 2	30,183	30,183	54,969	54,969

The carrying value of the Pillar's cash and cash equivalents, restricted cash, trade and other receivables, advances against auction contracts, auction proceeds payable, trade and other payables, and short-term debt approximate their fair values due to their short terms to maturity.

Derivative financial instruments-forward contracts and options

The Pillar enters into derivative financial instruments to manage risks relating to our ongoing business operations. The primary risk managed with derivative instruments is foreign exchange risk. The Pillar uses foreign currency contracts to reduce the risk that our cash flows and earnings will be adversely affected by foreign currency exchange rate fluctuations. The Pillar also enters into derivative instruments to partially offset our exposure to other risks and enhance investment returns.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

9. Fair value measurement (continued)

The Pillar recognizes derivative instruments as either assets or liabilities in the combined balance sheet at fair value and classify the derivatives primarily within the Level 3 hierarchy. The Pillar presents derivative financial instruments at gross fair values.

Derivative financial instruments assets are disclosed at fair value within "other current assets (note 12) in the combined statement of financial position. Derivative financial instruments liabilities are disclosed at fair value in either "Trade and other payables" (note 16) or "Other non-current liabilities" (note 18) depending on the settlement date of the contract.

The Pillar does not designate their derivative instruments as hedging instruments. These derivative instruments consist primarily of foreign currency forward contracts that we use to hedge monetary assets or liabilities denominated in currencies other than the functional currency. Gains and losses on these contracts, as well as the related costs, are recognized in other income (expense), net, along with the foreign currency gains and losses on monetary assets and liabilities.

The fair value measurement of these derivatives resulted in a gain of \$3,070k being recorded in other income (2020: loss of \$11,524k) (see note 6).

The group has entered into a number of foreign currency derivative contracts during the period. As at 30 September 2021 the group has the following derivative contracts in place:

Buys	GBP	Sells	EUR	£91.4m
Buys	GBP	Sells	USD	£11.8m
Buys	RBL	Sells	EUR	£2.2m
Buys	RBL	Sells	EUR	£3.4m
Buys	TRY	Sells	EUR	£3.6m
Buys	YEN	Sells	ZAR	£0.7m
Buys	ZAR	Sells	YEN	£0.7m

As at 31 December 2020 the group has the following derivative contracts in place:

Buys	BRL	Sells	EUR	£0.8m
Buys	MXN	Sells	EUR	£1.0m
Buys	RUB	Sells	EUR	£2.8m
Buys	TRY	Sells	EUR	£7.8m
Buys	GBP	Sells	EUR	£109.2m
Buys	GBP	Sells	USD	£4.8m
Buys	ZAR	Sells	JPY	£6.4m
Buys	TRY	Sells	JPY	£0.8m
Buys	RUB	Sells	JPY	£0.7m
Buys	ZAR	Sells	USD	£0.8m
Buys	ZAR	Sells	EUR	£0.5m

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

10. Trade and other receivables

	September 30, 2021	December 31, 2020
Trade receivables	\$ 24,308	\$ 12,947
Other receivables	1,684	1,182
	<u>\$ 26,064</u>	<u>14,129</u>

Trade receivables are generally secured by the equipment that they relate to as it is Pillar policy that equipment is not released until payment has been collected. Other receivables are unsecured and non-interest bearing. The expected credit loss provision at September 30, 2021 was \$607k (December 31, 2020 \$613k)

11. Inventory

At each period end, inventory is reviewed to ensure that it is recorded at the lower of cost and net realizable value.

	September 30, 2021	December 31, 2020
Machinery for resale.....	\$ 38,637	\$ 31,030
	<u>\$ 38,637</u>	<u>\$ 31,030</u>

During the period ended September 30, 2020, the Pillar recorded an inventory write-down of Nil.

12. Other current assets

	September 30, 2021	December 31, 2020
Derivative financial instruments (see note 9)	\$ 5,793	\$ 4,295
Other tax and social security	8,816	4,688
	<u>\$ 14,609</u>	<u>\$ 8,983</u>

13. Property, plant and equipment

As at September 30, 2021	Cost	Accumulated depreciation	Net book value
Land	\$ 3,000	—	3,000
Motor Vehicles	1,384	646	738
Plant and machinery	4,114	792	3,322
Office equipment	1,494	837	657
Software	696	26	670
Leasehold improvements	2,271	382	1,889
	<u>\$ 12,959</u>	<u>\$ 2,683</u>	<u>\$ 10,276</u>

As at December 31, 2020	Cost	Accumulated depreciation	Net book value
Land	\$ 3,000	—	3,000
Motor Vehicles	1,385	676	709
Plant and machinery	4,807	1,119	3,688
Office equipment	1,358	680	678
Software	696	—	696
Leasehold improvements	2,197	375	1,822
	<u>\$ 13,443</u>	<u>\$ 2,850</u>	<u>\$ 10,593</u>

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

13. Property, plant and equipment (continued)

During the period ended September 30, 2021 no interest was capitalized (Period ended December 31, 2020 Nil).

Depreciation of \$634k was recorded in respect of property, plant and equipment during the period (2020: \$446k).

14. Other non-current assets

	September 30, 2021	December 31, 2020
Right-of-use assets-operating leases	\$ 13,235	\$ 14,070
	<u>\$ 13,235</u>	<u>\$ 14,070</u>

15. Intangible assets

<u>As at September 30, 2021</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Trade names and trademarks	\$ 1,710	\$ 573	\$ 1,137
Customer relationships	218	108	110
	<u>\$ 1,928</u>	<u>\$ 681</u>	<u>\$ 1,247</u>
<u>As at December 31, 2020</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Trade names and trademarks	\$ 1,710	\$ 477	\$ 1,233
Customer relationships	218	87	131
	<u>\$ 1,928</u>	<u>\$ 564</u>	<u>\$ 1,364</u>

During the period the Pillar incurred amortization charge of \$95k for Trade names and trademarks, and \$17k for customer relationships, see note 5.

During the period ended September 31, 2021, the weighted average amortization period for all classes of intangible assets was 10 periods.

16. Trade and other payables

	September 30, 2021	December 31, 2020
Trade payables	\$ 2,812	\$ 5,097
Accrued liabilities and other payables	2,906	4,033
Social security and sales taxes payable	182	124
Derivative financial instruments (see note 9)	1,022	2,494
Operating lease liabilities	532	774
	<u>\$ 7,454</u>	<u>\$ 12,522</u>

17. Debt

	September 30, 2021	December 31, 2020
Short-term debt-overdraft facilities	\$ 30,183	\$ 54,969

Short-term debt

Short-term debt is comprised of drawings in different currencies on the Pillar's committed revolving credit facilities and has a weighted average interest rate of 2.75%.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

18. Other non-current liabilities

	September 30, 2021	December 31, 2020
Operating lease liability	\$ 13,859	\$ 14,070
Derivative financial instruments (see note 9)	472	899
Other	1,771	1,771
	<u>\$ 16,102</u>	<u>\$ 16,740</u>

19. Leases

The Pillar's breakdown of lease expense is as follows:

	Nine months ended September 30,	
	2021	2020
Operating lease cost	\$	\$
Amortization of leased assets	831	794
Interest on lease liabilities	407	427
Short-term lease cost	1,145	1,031
	<u>\$ 2,383</u>	<u>\$ 2,252</u>

The lease expenditure charged to earnings during the period ended September 30, 2021 was \$2,383k (2020: \$2,252k).

Short-term lease costs

The Pillar uses in its business a number of properties owned by related parties where no formal lease agreement is in place. The Pillar pays for the use of this property. No adjustments have been made in these interim carve-out combined financial statements to reflect the fair value of these expenses. These informal arrangements relate to 6 properties, and the total amount payable for the period ended September 30, 2021 was \$1,145k (2020 \$1,031k). In these specific arrangements there is no explicit or implied enforceable period.

The arrangements can be terminated by either party (lessor or lessee) at any time, and in terminating the lease arrangement there are no significant penalties incurred by either party to the arrangement, either contractually or economically. In these instances the enforceable term is considered to be less than 12 months, and the costs associated with these arrangements are accounted for as "short-term" lease costs.

Operating leases

The Pillar has three operating commercial leases in force for auction sites and offices located in North America, the Middle East and Australia.

The North American property lease term terminates on 1 December 2023. The annual base rent is \$80k which is payable in advance on 30 November each period. The Pillar is required to pay an additional rental cost of \$1k for every million dollars of total auction sales in excess of certain agreed thresholds. The additional rent payments are excluded from the measurement of the "Right of Use" ("ROU") asset and lease liability, instead these payments are recorded in profit or loss as they occur. In computing the ROU asset and lease liability a discount rate of 0.79% was applied.

The Australian property lease term terminates on 1 January 2023. Monthly rental payments on the property are AUD\$22,500 with 3.5% annual increases in advance. In computing the ROU asset and lease liability a discount rate of 0.76% was applied.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

19. Leases (continued)

The Pillar has entered in a lease agreement with JAFZA (Dubai) for the lease of land for a period of 20 periods. The lease term does not contain restrictions on the Pillar's activities. The interest rate for discounting the lease liability is 4% which is based on the estimate of international borrowing costs.

There are no residual value guarantees provided by the Pillar in any of its leasing arrangements. There are no restrictions or covenants imposed by the Pillar's leasing arrangements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Remainder of 2021	464
2022	1,308
2023	1,069
2024	991
2025	991
Thereafter	14,178
Total future minimum lease payments.....	\$ 19,001
less: imputed interest.....	(4,610)
Total operating lease liability.....	\$ 14,391
less: operating lease liability – current.....	(532)
Total operating lease liability – non-current	\$ 13,859

At September 30, 2021, the weighted average remaining lease term for operating leases is 6 periods and the weighted average discount rate is 3.97%.

20. Commitments

Commitments for expenditures

The Pillar had no committed expenditure as at September 30, 2021.

21. Contingencies

Legal and other claims

The Pillar is subject to legal and other claims that arise in the ordinary course of its business. Management does not believe that the results of these claims will have a material effect on the Pillar's Combined balance sheet or Combined income statement.

Guarantee contracts

In the normal course of business, the Pillar will in certain situations guarantee to a consignor a minimum level of proceeds in connection with the sale at auction of that consignor's equipment.

22. Related party transactions

The Euro Auctions Pillar is not a statutory group, but rather is a collection of connected entities (operationally connected and with connected family ownership). The combined balance sheet reflects those assets and liabilities that represent the historical financial position of the Pillar.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

22. Related party transactions (continued)

The Euro Auctions Pillar's related parties are summarized and defined as follows:

Significant influence

Companies which are deemed to be related parties owing to them being controlled by brothers of Mr Derek Keys. These following are deemed to be entities with significant influence:

- Equipment Sales Pillar: the business controlled by Mr Lynden Keys whose principal activity is the sale of plant and machinery and the development and sale of land and property.
- Equipment & Plant Services Pillar: the business controlled by Mr Trevor Keys whose principal activity is the sale of equipment and plant to the agricultural and construction industries.
- Other: Brian Keys and Jonathan Keys are also deemed to be related parties as they are brothers of Mr Derek Keys.
- Included in the Pillar are Director emoluments paid to Mr Derek Keys in the period amounting to \$50k.

The following transactions were conducted with related entities by virtue of significant influence:

	<u>Nine months ended 30 September</u>	
	<u>2021</u>	<u>2020</u>
Auction Services Revenue		
- Equipment & Plant Services Pillar*	\$ 791	658
- Equipment Sales Pillar*	\$ 799	1,402
	September 30,	December 31,
	2021	2020
Amounts (owed to)/from		
- Equipment & Plant Services Pillar**	\$ (3,257)	(170)
- Equipment Sales Pillar**	\$ (3,145)	(89)

*These balances are recorded in "service revenue" in the combined income statement

**These balances are recorded in "Amounts owed to related parties" in the combined balance sheet

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

22. Related party transactions (continued)

Common control

Balances owed by companies outside of the Euro Auctions Pillar under common control of Derek Keys.

	September 30, 2021	December 31, 2020
Tamar Selby (UK) Limited***	\$ —	\$ 135
Barford Equipment Ltd***	—	778
Old Coach House Properties Limited***	—	449
Grant Equipment LLC***	—	8
Euro Auctions LLC***	—	991
Turvey Manor Limited***	—	1,003
Gardrum Holdings Ltd** / ***	(5,476)	133
Euroauctions – Immobilien**	—	10
EA UK No2 Ltd** / ***	(2,275)	—

***These balances are recorded in "Amounts owed by related parties" in the interim carve-out combined financial statements.

23. Subsequent events

There are no events subsequent which require disclosure or adjustment in these financial statements.

Subsequent events have been evaluated from the period ended, September 30, 2021 to November 8, 2021. The financial statements were issued on November 8, 2021.

FINANCIAL STATEMENTS

Report of Independent Auditors

To Trevor Keys and Jolene Keys

We have audited the accompanying carve-out combined financial statements of Equipment & Plant Services Limited, Equipment & Plant Services Holdings Limited and Equipment & Plant Services No.1 Limited (collectively referred to as Equipment & Plant Services Pillar), which comprise the carve-out combined balance sheet as of December 31, 2020, and the related carve-out combined income statement, and statements of comprehensive income, of changes in net parent investment and of cashflows for the year then ended.

Management's Responsibility for the Carve-out Combined Financial Statements

Management is responsible for the preparation and fair presentation of the carve-out combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of carve-out combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the carve-out combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the carve-out combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the carve-out combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Equipment & Plant Services Pillar's preparation and fair presentation of the carve-out combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Equipment & Plant Services Pillar's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the carve-out combined financial statements referred to above present fairly, in all material respects, the financial position of Equipment & Plant Services Pillar as of December 31, 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report of Independent Auditors (continued)

Restriction of Use

This report, including the opinion, has been prepared for and only for Trevor Keys and Jolene Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

/s/PricewaterhouseCoopers LLP
Belfast
United Kingdom

November 9, 2021

Carve-out Combined Income Statement
(Expressed in thousands of United States dollars)

Year ended December 31,	2020
Revenue:	
Inventory sales revenue	\$ 32,790
Total revenue	32,790
Operating expenses:	
Cost of inventory sold	28,249
Selling, general and administrative expenses	927
Foreign exchange gain.....	(161)
Total operating expenses	29,015
Operating income	3,775
Other income, net.....	176
Income before income taxes	3,951
Income tax expense:	
Current income tax	751
Net income	\$ 3,200

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Statement of Comprehensive Income

(Expressed in thousands of United States dollars)

Year ended December 31,	2020
Net income	\$ 3,200
Other comprehensive income, net of income tax:	
Foreign currency translation adjustment	703
Total comprehensive income	<u>\$ 3,903</u>

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Balance Sheet

(Expressed in thousands of United States dollars)

As at December 31,	2020
Assets	
Cash and cash equivalents	\$ 8,679
Trade and other receivables	709
Less: allowance for credit losses	—
Trade and other receivables, net	709
Amounts owed by related parties	9,803
Inventory	3,599
Total current assets	22,790
Total assets	\$ 22,790
Liabilities and Net Parent Investment	
Trade and other payables	\$ 441
Short term debt	772
Income taxes payable	170
Total current liabilities	1,383
Commitments and Contingencies (Note 14 and 15 respectively)	—
Net parent investment	20,704
Accumulated other comprehensive income	703
Total net parent investment	21,407
Total liabilities and net parent investment	\$ 22,790

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Statement of Changes in Net Parent Investment

(Expressed in thousands of United States dollars)

	Net Parent Investment	Accumulated other comprehensive income	Total Net Parent Investment
Balance, January 1, 2020.....	\$ 17,504	\$ —	\$ 17,504
Net income	3,200	—	3,200
Other comprehensive income.....	—	703	703
Balance, December 31, 2020	\$ 20,704	\$ 703	\$ 21,407

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Statement of Cash Flows

(Expressed in thousands of United States dollars)

Year ended December 31,	2020
Cash provided by/(used in):	
Operating activities:	
Net income	\$ 3,200
Adjustments for items not affecting cash:	
Net changes in operating assets and liabilities	3,835
Net cash provided by operating activities	7,035
Investing activities:	
Advances made to related parties	(648)
Net cash used in investing activities	(648)
Financing activities:	
Repayment of short term debt	(99)
Net cash used in financing activities.....	(99)
Effect of changes in foreign currency rates on cash and cash equivalents.....	427
Increase	6,715
Beginning of year.....	1,964
Cash and cash equivalents, end of year.....	\$ 8,679

See accompanying notes to the carve-out combined financial statements.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

1. Nature of Operations and Basis of Presentation

The Equipment & Plant Services Pillar (hereinafter collectively referred to as the "Pillar", "we", "our") operates principally in the sale of plant and machinery and is wholly owned by individuals, Trevor Keys and Jolene Keys. A discussion of the relationship with the owner is included in (Note 16 - "Related Party Transactions").

The accompanying carve-out combined financial statements present the historical carve-out combined balance sheet as of December 31, 2020, carve-out combined income statement, carve-out combined statement of comprehensive income, carve-out combined statement of changes in net parent investment, and carve-out combined statement of cash flows of the Pillar for the period then ended which reflect the combined activities of the companies detailed below:

- Equipment & Plant Services No.1 Limited (for the period from 1 January 2020 to 30 June 2020) (NI046558);
- Equipment & Plant Services Holdings Limited (for the period from 1 July 2020 to 9 September 2020) (NI666356); and
- Equipment & Plant Services Limited (for the period from 9 September 2020 to 31 December 2020) (NI666354)

In the year the Pillar activities were carried out in the entities included above. Non-Pillar activities (Property related) in Equipment & Plant Services No.1 Limited are excluded.

The pillar's cost base includes all relevant costs pertaining to its operations, as they were historically managed, and therefore in compiling these carve-out combined financial statements, no additional costs have been allocated to the Pillar.

The pillar has not historically prepared stand-alone financial statements. These carve-out combined financial statements as of December 31, 2020 have been prepared on a stand-alone basis derived from the financial statements and related accounting records of each of the companies listed above. The accompanying carve-out combined financial statements were prepared in order to comply with a condition in the Share Purchase Agreement ("SPA"), executed on August 9, 2021, to dispose of the Equipment & Plant Services Pillar to Ritchie Bros. Auctioneers Incorporated. As stipulated by the SPA the accompanying carve-out combined financial statements were prepared for the purpose of providing Ritchie Bros. Auctioneers Incorporated with historical financial information of the Pillar. They reflect the results of operations, financial position, and cash flows of the Pillar as they were historically managed and are presented in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). Accordingly, these financial statements have been prepared on a combined basis and Parent's net investment in these operations is shown in lieu of stockholder's equity. All intracompany and transactions within the Pillar have been eliminated in the carve-out combined financial statements.

These carve-out combined financial statements have been prepared based on the U.S. GAAP applied standards effective for 2020. The Pillar has voluntarily early adopted ASC 842 Leases and ASC 326 Measurement of Credit Losses on Financial Instruments in these carve-out combined financial statements.

Net parent investment represents the owner's historical investment in the Pillar and includes accumulated net earnings attributable to the owners (Trevor Keys and Jolene Keys), intercompany transactions and direct capital contributions, as adjusted for direct cash investments in the Pillar.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies

(a) Revenue recognition

Revenues are comprised of:

Inventory sales revenue

The Pillar recognizes revenue when control of the promised goods is transferred to our customers when the sales invoice is raised, or upon completion of the performance obligation, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. A performance obligation is a promise in a contract to transfer a distinct good, or a series of distinct goods, to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is shown net of value-added tax and duties.

(b) Cost of inventory sold

Cost of inventory sold includes the purchase price of assets sold including any related transport and repair costs.

(c) Fair value measurement

Fair value is the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Pillar measures financial instruments or discloses select non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 9.

The Pillar uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements at fair value are categorized within a fair value hierarchy, as disclosed in note 9, based on the lowest level input that is significant to the fair value measurement or disclosure. This fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Pillar determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purposes of fair value disclosures, the Pillar has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

(d) Foreign currency translation

The presentation currency of the carve-out combined financial statements is the United States dollar. The functional currency of the pillar is pound sterling.

Accordingly, the financial statements of the components of these carve-out combined financial statements that are not denominated in United States dollars have been translated into United States dollars using the exchange rate at the end of each reporting period for asset and liability amounts and the annual average exchange rate for amounts included in the determination of earnings. Any gains or losses from the translation of asset and liability amounts are included in foreign currency translation adjustment in accumulated other comprehensive income. In preparing the financial statements of the individual components, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign currency differences arising on retranslation of monetary items are recognized in earnings.

Equipment & Plant Services Pillar

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits with financial institutions, and other short-term, highly liquid investments with original maturity of three months or less when acquired, that are readily convertible to known amounts of cash.

(f) Trade and other receivables

Trade receivables principally include amounts due from customers. The allowance for credit losses is the Pillar's best estimate of the amount of probable credit losses in existing accounts receivable. The Pillar determines the allowance based on historical write-off experience, customer economic data and reasonable and supportable forecasts of future economic conditions. The Pillar reviews the allowance for credit losses regularly and past due balances are reviewed for collectability. Account balances are charged against the allowance when the Pillar believes that the receivable will not be recovered.

(g) Inventories

Inventory consists of equipment and other assets purchased for resale. Inventory is valued at the lower of cost and net realizable value where net realizable value represents the expected sale price upon disposition less make-ready costs and the costs of disposal and transportation. The significant elements of cost include the acquisition price, in-bound transportation costs of the inventory, and make-ready costs to prepare the inventory for sale that are not selling expenses. Write-downs to the carrying value of inventory are recorded in cost of inventory sold on the combined income statement.

(h) Taxes

Income tax expense represents the sum of current tax expense and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the period and includes any adjustments to tax payable in respect of previous periods. Taxable profit differs from income before income taxes as reported in the combined income statement because it excludes (i) items of income or expense that are taxable or deductible in other periods and (ii) items that are never taxable or deductible. The Pillar's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax

Income taxes are accounted for using the asset and liability method. Deferred income tax assets and liabilities are based on temporary differences, which are differences between the accounting basis and the tax basis of the assets and liabilities, and non-capital loss, capital loss, and tax credits carryforwards are measured using the enacted tax rates and laws expected to apply when these differences reverse. Deferred tax benefits, including non-capital loss, capital loss, and tax credits carryforwards, are recognized to the extent that realization of such benefits is considered more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that enactment occurs. When realization of deferred income tax assets does not meet the more-likely-than-not criterion for recognition, a valuation allowance is provided.

Interest and penalties related to income taxes, including unrecognized tax benefits, are recorded in income tax expense in the income statement.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(h) Taxes (continued)

Liabilities for uncertain tax positions are recorded based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement. The Pillar regularly assesses the potential outcomes of examinations by tax authorities in determining the adequacy of its provision for income taxes. The Pillar continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, income taxes payable, and deferred taxes in the period in which the facts that give rise to a revision become known.

(i) Defined contribution plans

The Pillar operates a defined contribution scheme for a specific director and employees. A defined contribution plan is a pension plan under which the Pillar pays fixed contributions to a third party pension provider. Once the contributions have been paid the Pillar has no further payment obligations. The contributions are recognized as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(j) Advertising costs

Advertising costs are expensed as incurred. Advertising expense is included in costs of services and selling, general and administrative ("SG&A") expenses on the accompanying combined income statements.

(k) Related party transactions

These carve-out combined financial statements disclose transactions with related parties which are not wholly captured within the Equipment & Plant Services Pillar. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the director, separate disclosure is necessary to understand the effect of the transactions on the carve-out combined financial statements.

Related party transactions are reflected in the carve-out combined financial statements at the amounts payable to and received from the counterparty with no adjustments made to fair value, if applicable.

(l) New and amended accounting standards

- a. Effective January 1, 2020, the Pillar adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. The new standard replaces the 'incurred loss methodology' credit impairment model with a new forward-looking "methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates." In applying the new standard, the Pillar has adopted the loss rate methodology to estimate historical losses on trade receivables. The historical data is adjusted to account for forecasted changes in the macroeconomic environment in order to calculate the current expected credit loss. The Pillar's adoption of ASC 326 did not result in a material change in the carrying values of the Pillar's financial assets on the transition date.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(i) New and amended accounting standards (continued)

- b. In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The update provides "optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued." The amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Pillar's use of LIBOR is applicable on short-term drawings on the committed revolving credit facilities in certain jurisdictions. If applicable, the Pillar will use the optional expedients available when reference rate changes occur.

3. Significant judgments, estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Future differences arising between actual results and the judgments, estimates and assumptions made by the Pillar at the reporting date, or future changes to estimates and assumptions, could necessitate adjustments to the underlying reported amounts of assets, liabilities, revenues and expenses in future reporting periods.

Judgments, estimates and underlying assumptions are evaluated on an ongoing basis by management and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances and such changes are reflected in the assumptions when they occur. Significant items subject to estimates include the determination of deferred income taxes, and other contingencies.

4. Revenues

The Pillar's revenue is as follows:

Year ended December 31,	2020
Inventory sales revenue	\$ 32,790
	<u>\$ 32,790</u>

The Pillar's geographic information as determined by its combined revenues are set out below:

	United Kingdom	United States	Europe	Other	Combined
Total revenue for the year ended:					
December 31, 2020	\$ 29,280	\$ 2,193	\$ 1,202	\$ 115	\$ 32,790

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

5. Operating expenses**SG&A expenses**

Year ended December 31,	2020
Employee compensation expenses	\$ 620
Buildings, facilities and technology expenses	54
Travel, advertising and promotion expenses	65
Professional fees	131
Other SG&A expenses	57
	<u>\$ 927</u>

Included within employee compensation expenses are defined contribution plan payments of \$9k.

Total advertising costs incurred for the year ended December 31, 2020 was Nil.

6. Other income, net

Year ended December 31,	2020
Interest income.....	\$ 176
	<u>\$ 176</u>

7. Income taxes

The expense for the period can be reconciled to income before income taxes as follows:

Year ended December 31,	2020
Earnings before income tax	\$ 3,951
Expected tax charge based on the standard rate of corporation tax in the UK	19%
Expected income tax expense	751
Non-deductible expenses	—
Unrecognized tax benefits	—
	<u>\$ 751</u>

The income tax expense consists of:

Year ended December 31,	2020
UK:	
Current tax expense.....	\$ 751
Deferred tax expense.....	—
	<u>\$ 751</u>

Income taxes payable as at December 31, 2020 were \$170k.

As at December 31, 2020, the Pillar had no capital or non-capital losses available for carryforward.

No deferred tax assets or liabilities have been recognized by the Pillar as there are no significant temporary differences.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

7. Income taxes (continued)

Uncertain tax positions

At December 31, 2020 the Pillar had Nil gross unrecognized tax benefits. There was no movement in this position during the period. There were no interest or penalties incurred by the Pillar relating to unrecognized tax benefits and no amount relating to the same has been accrued by the Pillar as at December 31, 2020.

8. Supplemental cash flow information

<u>Year ended December 31,</u>	<u>2020</u>
Trade and other receivables	\$ 334
Inventory	4,049
Income taxes receivable.....	(403)
Trade and other payables	(145)
Net changes in operating assets and liabilities	<u>\$ 3,835</u>
 <u>Year ended December 31,</u>	 <u>2020</u>
Interest received.....	\$ 176
Net income taxes paid	1,154

9. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the carve-out combined financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement or disclosure:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

	<u>December 31, 2020</u>		
	<u>Category</u>	<u>Carrying amount</u>	<u>Fair value</u>
<u>Fair values disclosed:</u>			
Cash and cash equivalents	Level 1	\$ 8,679	\$ 8,679

The carrying value of the Pillar's cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to their short terms to maturity.

10. Trade and other receivables

<u>As at December 31,</u>	<u>2020</u>
Trade receivables	\$ 173
Consumption taxes receivable.....	534
Other receivables	2
	<u>\$ 709</u>

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

10. Trade and other receivables (continued)

Trade receivables are generally secured by the equipment that they relate to as it is Pillar policy that equipment is not released until payment has been collected. Trade receivables are due for settlement within 3 to 21 days of the date of sale. At the period-end \$121k of trade receivables were considered to be past due (see ageing analysis below). Consumption taxes receivable are deemed fully recoverable unless disputed by the relevant tax authority. Other receivables are unsecured and non-interest bearing. The allowance for expected credit losses at December 31, 2020 was Nil. There was no movement in this provision during the period.

<u>Ageing analysis As at December 31, 2020</u>	<u>Current</u>	<u>0-30 days overdue</u>	<u>31-60 days overdue</u>	<u>61-90 days overdue</u>	<u>>90 days overdue</u>
Trade receivables	\$ 52	1	104	16	—
	<u>\$ 52</u>	<u>1</u>	<u>104</u>	<u>16</u>	<u>—</u>

11. Inventory

At each period end, inventory is reviewed to ensure that it is recorded at the lower of cost and net realizable value.

<u>As at December 31,</u>	<u>2020</u>
Machinery for resale.....	\$ 3,599
	<u>\$ 3,599</u>

No inventory write downs were recorded during the year ended December 31, 2020.

12. Trade and other payables

<u>As at December 31,</u>	<u>2020</u>
Trade payables	\$ 267
Accrued liabilities	160
Social security and sales taxes payable.....	14
	<u>\$ 441</u>

13. Debt

	<u>December 31, 2020</u>
Short-term debt-overdraft facilities	\$ 772

Short-term debt

Short-term debt is comprised of drawings in different currencies on the Pillar's committed revolving credit facilities and has a weighted average interest rate of 2.85%.

14. Commitments

The Pillar has no outstanding commitments as at the year-end December 31, 2020.

15. Contingencies

Legal and other claims

The Pillar is subject to legal and other claims that arise in the ordinary course of its business. Management does not believe that the results of these claims will have a material effect on the Pillar's combined balance sheet or combined income statement.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

16. Related party transactions

The Equipment & Plant Services Pillar's related parties are summarized and defined as follows:

Significant influence

Companies which are deemed to be related parties owing to them being controlled by brothers of Mr Trevor Keys. The following are deemed to be entities with significant influence:

- Euro Auctions Pillar: the business controlled by Mr Derek Keys whose principal activity is in conducting auction sales and valuations throughout the United Kingdom, mainland Europe, Australia, Dubai and the United States of America.
- Equipment Sales Pillar: the business controlled by Mr Lynden Keys whose principal activity is the sale of plant and machinery.
- Other: Brian Keys and Jonathan Keys are also deemed to be related parties as they are brothers of Mr Trevor Keys.
- Included in the Pillar are Director emoluments paid to Mr Trevor Keys in the period amounting to \$71k.

Common Control

- Common control: Other companies owned by Trevor Keys outside of the transaction perimeter which do not form part of the Equipment & Plant Services Pillar; Bayhead Trading Limited, Mattram Property Limited, Dumfries Plant Rentals Limited and the Directors Current Account ("DCA").

The following transactions were conducted with related entities by virtue of significant influence & common control:

Year ended December 31, Transactions	2020
<i>Significant influence</i>	
Period-end December 31, transactions with entities with significant influence	\$
Sales commission paid to Euro Auctions Pillar in the period*	1,014
Period-end December 31, Balance due from/(to)	\$
Euro Auctions Pillar**	170
Lynden Keys**	1,183
<i>Common control</i>	
Period-end December 31, Balances due from/(to)	\$
Equipment & Plant Services No.1 Limited**	388
Bayhead Trading Limited**	512
Mattram Property Limited**	6,005
Dumfries Plant Rentals Limited**	1,505
DCA**	40

*These balances are recorded in "cost of inventory sold" in the combined income statement

**These balances are recorded in "Amounts owed by related parties" in the carve-out combined financial statements.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

17. Subsequent events

On August 9, 2021, Ritchie Bros. Auctioneers Incorporated executed a sale and purchase agreement (SPA) to acquire the Equipment & Plant Services Pillar (as defined in note 1) from Trevor Keys and Jolene Keys (the sole shareholders of the combined entities).

Subsequent events have been evaluated from the year ended December 31, 2020 to November 8, 2021. The financial statements were issued on November 8, 2021.

Interim Carve-out Combined Income Statement
(Expressed in thousands of United States dollars)

	Nine months ended September 30,	
	2021	2020
Revenue:		
Inventory sales revenue	\$ 23,156	\$ 25,955
Total revenue	23,156	25,955
Operating expenses:		
Cost of inventory sold	19,936	22,319
Selling, general and administrative expenses	623	647
Foreign exchange gain.....	(157)	(146)
Total operating expenses	20,402	22,820
Operating income.....	2,754	3,135
Other income, net.....	162	114
Income before income taxes	2,916	3,249
Income tax expense:		
Current income tax.....	554	617
Net income	\$ 2,362	\$ 2,632

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Statement of Comprehensive Income

(Expressed in thousands of United States dollars)

	Nine months ended September 30,	
	2021	2020
Net income	\$ 2,362	\$ 2,632
Other comprehensive loss, net of income tax:		
Foreign currency translation adjustment	(367)	(439)
Total comprehensive income	<u>\$ 1,995</u>	<u>\$ 2,193</u>

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Balance Sheet
(Expressed in thousands of United States dollars)

	September 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 4,840	\$ 8,679
Trade and other receivables	58	709
Less: allowance for credit losses	—	—
Trade and other receivables; net	58	709
Amounts owed by related parties	16,043	9,803
Inventory	3,412	3,599
Total current assets	24,353	22,790
Total assets	\$ 24,353	\$ 22,790
Liabilities and Net Parent Investment		
Trade and other payables	\$ 226	\$ 441
Short-term debt	184	772
Income taxes payable	541	170
Total current liabilities	951	1,383
Total liabilities	951	1,383
Commitments and Contingencies (Note 14 and 15 respectively)	—	—
Net parent investment	23,066	20,704
Accumulated other comprehensive income	336	703
Total net parent investment	23,402	21,407
Total liabilities and net parent investment	\$ 24,353	\$ 22,790

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Statement of Changes in Net Parent Investment

(Expressed in thousands of United States dollars)

	Net Parent Investment	Accumulated other comprehensive income	Total Net Parent Investment
Balance, January 1, 2021	\$ 20,704	\$ 703	\$ 21,407
Net income	2,362	—	2,362
Other comprehensive (loss)	—	(367)	(367)
Changes in net parent investment.....	—	—	—
Balance, September 30, 2021.....	\$ 23,066	\$ 336	\$ 23,402

	Net Parent Investment	Accumulated other comprehensive income	Total Net Parent Investment
Balance, January 1, 2020.....	\$ 17,504	\$ —	\$ 17,504
Net income	2,632	—	2,632
Other comprehensive (loss)	—	(439)	(439)
Changes in net parent investment.....	—	—	—
Balance, September 30, 2020.....	\$ 20,136	\$ (439)	\$ 19,697

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Statement of Cash Flows

(Expressed in thousands of United States dollars)

<u>Nine months ended September 30,</u>	<u>2021</u>	<u>2020</u>
Cash provided by / (used in):		
Operating activities:		
Net income	\$ 2,362	\$ 2,632
Adjustments for items not affecting cash:		
Other, net.....	—	—
Net changes in operating assets and liabilities	1,138	3,798
Net cash provided by operating activities	3,500	6,430
Investing activities:		
Advances made to related parties	(6,547)	—
Receipts from related parties.....	—	230
Net cash (used in) / provided by investing activities	(6,547)	230
Financing activities:		
Repayment of short-term debt.....	(546)	(674)
Net cash used in financing activities.....	(546)	(674)
Effect of changes in foreign currency rates on cash, cash equivalents	(246)	(36)
(Decrease) / increase	(3,839)	5,950
Beginning of period.....	8,679	1,964
Cash, cash equivalents, end of period.....	\$ 4,840	\$ 7,914

See accompanying notes to the interim carve-out combined financial statements.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

1. Nature of Operations and Basis of Presentation

The Equipment & Plant Services Pillar (hereinafter collectively referred to as the "Pillar", "we", "our") operates principally in the sale of plant and machinery and is wholly owned by individuals, Trevor Keys and Jolene Keys. A discussion of the relationship with the owner is included in (Note 16 - "Related Party Transactions").

The accompanying interim carve-out combined financial statements present the historical interim carve-out combined balance sheet as of September 30, 2021 and December 31, 2020, interim carve-out combined statement of comprehensive income, interim carve-out combined statements of changes in net parent investment and interim carve-out combined statement of cash flows of the Pillar for the nine month periods ended September 30, 2021 & 2020 which reflect the combined activities of the companies detailed below:

- Equipment & Plant Services Limited (NI666354);
- Equipment & Plant Services Holdings Limited (NI666356); and
- Equipment & Plant Services No.1 Limited (NI046558)

During 2020 a corporate reorganization was undertaken and pillar activities for the nine months ending September 30, 2020 were carried out in these companies.

In the year the Pillar activities were carried out in the entities included above. Non-Pillar activities (Property related) in Equipment & Plant Services No.1 Limited are excluded.

The pillar's cost base includes all relevant costs pertaining to its operations, as they were historically managed, and therefore in compiling these interim carve-out combined financial statements, no additional costs have been allocated to the Pillar.

The pillar has not historically prepared stand-alone financial statements. These interim carve-out combined financial statements as of September 30, 2021, December 31, 2020, and September 30, 2020 have been prepared on a stand-alone basis derived from the financial statements and related accounting records of each of the companies listed above. The accompanying interim carve-out combined financial statements were prepared in order to comply with a condition in the Share Purchase Agreement ("SPA"), executed on August 9, 2021, to dispose of the Equipment & Plant Services Pillar to Ritchie Bros. Auctioneers Incorporated. As stipulated by the SPA the accompanying interim carve-out combined financial statements were prepared for the purpose of providing Ritchie Bros. Auctioneers Incorporated with historical financial information of the Pillar. They reflect the results of operations, financial position, and cash flows of the Pillar as they were historically managed and are presented in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). Accordingly, these financial statements have been prepared on a combined basis and Parent's net investment in these operations is shown in lieu of stockholder's equity. All intercompany and transactions within the Pillar have been eliminated in the interim carve-out combined financial statements.

These interim carve-out combined financial statements have been prepared based on the U.S. GAAP applied standards effective for 2020. The Pillar has voluntarily early adopted ASC 842 Leases and ASC 326 Measurement of Credit Losses on Financial Instruments in these interim carve-out combined financial statements.

Net parent investment represents the owner's historical investment in the Pillar and includes accumulated net earnings attributable to the owners (Trevor Keys and Jolene Keys), intercompany transactions and direct capital contributions, as adjusted for direct cash investments in the Pillar.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies

(a) Revenue recognition

Revenues are comprised of:

Inventory sales revenue

The Pillar recognizes revenue when control of the promised goods is transferred to our customers, or upon completion of the performance obligation, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. A performance obligation is a promise in a contract to transfer a distinct good, or a series of distinct goods, to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is shown net of value-added tax and duties.

(b) Cost of inventory sold

Cost of inventory sold includes the purchase price of assets sold including any related transport and repair costs.

(c) Fair value measurement

Fair value is the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Pillar measures financial instruments or discloses select non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 9.

The Pillar uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements at fair value are categorized within a fair value hierarchy, as disclosed in note 9, based on the lowest level input that is significant to the fair value measurement or disclosure. This fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Pillar determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purposes of fair value disclosures, the Pillar has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

(d) Foreign currency translation

The presentation currency of the interim carve-out combined financial statements is the United States dollar. The functional currency of the pillar is pound sterling.

Accordingly, the financial statements of the components of these interim carve-out combined financial statements that are not denominated in United States dollars have been translated into United States dollars using the exchange rate at the end of each reporting period for asset and liability amounts and the annual average exchange rate for amounts included in the determination of earnings. Any gains or losses from the translation of asset and liability amounts are included in foreign currency translation adjustment in accumulated other comprehensive income. In preparing the financial statements of the individual components, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign currency differences arising on retranslation of monetary items are recognized in earnings.

Equipment & Plant Services Pillar

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits with financial institutions, and other short-term, highly liquid investments with original maturity of three months or less when acquired, that are readily convertible to known amounts of cash.

(f) Trade and other receivables

Trade receivables principally include amounts due from customers. The allowance for credit losses is the Pillar's best estimate of the amount of probable credit losses in existing accounts receivable. The Pillar determines the allowance based on historical write-off experience, customer economic data and reasonable and supportable forecasts of future economic conditions.

The Pillar reviews the allowance for credit losses regularly and past due balances are reviewed for collectability. Account balances are charged against the allowance when the Pillar believes that the receivable will not be recovered.

(g) Inventories

Inventory consists of equipment and other assets purchased for resale. Inventory is valued at the lower of cost and net realizable value where net realizable value represents the expected sale price upon disposition less make-ready costs and the costs of disposal and transportation. The significant elements of cost include the acquisition price, in-bound transportation costs of the inventory, and make-ready costs to prepare the inventory for sale that are not selling expenses. Write-downs to the carrying value of inventory are recorded in cost of inventory sold on the combined income statement.

(h) Taxes

Income tax expense represents the sum of current tax expense and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the period and includes any adjustments to tax payable in respect of previous years. Taxable profit differs from income before income taxes as reported in the combined income statement because it excludes (i) items of income or expense that are taxable or deductible in other years and (ii) items that are never taxable or deductible. The Pillar's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax

Income taxes are accounted for using the asset and liability method. Deferred income tax assets and liabilities are based on temporary differences, which are differences between the accounting basis and the tax basis of the assets and liabilities, and non-capital loss, capital loss, and tax credits carryforwards are measured using the enacted tax rates and laws expected to apply when these differences reverse. Deferred tax benefits, including non-capital loss, capital loss, and tax credits carryforwards, are recognized to the extent that realization of such benefits is considered more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that enactment occurs. When realization of deferred income tax assets does not meet the more-likely-than-not criterion for recognition, a valuation allowance is provided.

Interest and penalties related to income taxes, including unrecognized tax benefits, are recorded in income tax expense in the income statement.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(h) Taxes (continued)

Liabilities for uncertain tax positions are recorded based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Pillar regularly assesses the potential outcomes of examinations by tax authorities in determining the adequacy of its provision for income taxes. The Pillar continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, income taxes payable, and deferred taxes in the period in which the facts that give rise to a revision become known.

(i) Defined contribution plans

The Pillar operates a defined contribution scheme for a specific director and employees. A defined contribution plan is a pension plan under which the Pillar pays fixed contributions to a third party pension provider. Once the contributions have been paid the Pillar has no further payment obligations. The contributions are recognized as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(j) Advertising costs

Advertising costs are expensed as incurred. Advertising expense is included in costs of services and selling, general and administrative ("SG&A") expenses on the accompanying combined income statements.

(k) Related party transactions

These interim carve-out combined financial statements disclose transactions with related parties which are not wholly captured within the Equipment & Plant Services Pillar. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the director, separate disclosure is necessary to understand the effect of the transactions on the interim carve-out combined financial statements.

Related party transactions are reflected in the interim carve-out combined financial statements at the amounts payable to and received from the counterparty with no adjustments made to fair value, if applicable.

(l) New and amended accounting standards

- a. Effective January 1, 2020, the Pillar adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. The new standard replaces the 'incurred loss methodology' credit impairment model with a new forward-looking "methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates." In applying the new standard, the Pillar has adopted the loss rate methodology to estimate historical losses on trade receivables. The historical data is adjusted to account for forecasted changes in the macroeconomic environment in order to calculate the current expected credit loss. The Pillar's adoption of ASC 326 did not result in a material change in the carrying values of the Pillar's financial assets on the transition date.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(i) New and amended accounting standards (continued)

- b. In March 2020, the FASB issued an update to ASU 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting which addresses the effects of reference rate reform on financial reporting. ASU 2020-04 is effective for all entities as of March 12, 2020 through to December 31, 2022. If elected, and if certain criteria are met, this ASU requires less accounting analysis and recognition for modifications related to reference rate reform. The update issued provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications, hedging relationships, derivatives and other transactions affected by the reference rate reform that reference LIBOR or another reference rate expected to be discontinued.
- c. It was announced in March 2021 that LIBOR rates are expected to cease to be published as early as December 31, 2021 and as late as June 30, 2023 depending on the jurisdiction and the term of the rate. As a result, we have assessed the impact of the expected reference rate reform on our interim carve-out combined financial statements. The adoption of the ASU and the recent updates have not and are not expected to have a material impact on our interim carve-out combined financial statements. However, if applicable, the Pillar will use the optional expedients available when reference rate changes occur.

3. Significant judgments, estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Future differences arising between actual results and the judgments, estimates and assumptions made by the Pillar at the reporting date, or future changes to estimates and assumptions, could necessitate adjustments to the underlying reported amounts of assets, liabilities, revenues and expenses in future reporting periods.

Judgments, estimates and underlying assumptions are evaluated on an ongoing basis by management and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances and such changes are reflected in the assumptions when they occur. Significant items subject to estimates include the determination of deferred income taxes, and other contingencies.

4. Revenues

The Pillar's revenue is as follows:

	Nine months ended September 30	
	2021	2020
Inventory sales revenue	\$ 23,156	\$ 25,955
	\$ 23,156	\$ 25,955

The Pillar's geographic information as determined by its combined revenues are set out below:

	United Kingdom	United States	Europe	Other	Combined
Total revenue for the year ended:					
September 30, 2021.....	\$ 21,542	\$ 829	\$ 79	\$ 706	\$ 23,156
September 30, 2020.....	\$ 23,358	\$ 1,393	\$ 1,169	\$ 35	\$ 25,955

Equipment & Plant Services Pillar

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

5. Operating expenses**SG&A expenses**

	Nine months ended September 30	
	2021	2020
Employee compensation expenses	\$ 489	\$ 444
Buildings, facilities and technology expenses	6	28
Travel, advertising and promotion expenses	53	50
Professional fees	44	62
Other SG&A expenses	31	63
	<u>\$ 623</u>	<u>\$ 647</u>

Included within employee compensation expenses are defined contribution plan payments of \$3k (2020: \$4k).

Total advertising costs incurred for the period ended September 30, 2021 was Nil (2020: Nil).

6. Other income, net

	Nine months ended September 30	
	2021	2020
Interest income	\$ 162	\$ 114
	<u>\$ 162</u>	<u>\$ 114</u>

7. Income taxes

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

For the nine months ended September 30, 2021, income tax expense was \$554k, compared to an income tax expense of \$617k for the same period in 2020. The effective tax rate was 19% for the nine months ended September 30, 2021, compared to 19% for the six months ended September 30, 2020.

The effective tax rate remained materially in line with the prior period.

8. Supplemental cash flow information

Nine months ended September 30	2021	2020
Trade and other receivables	\$ 828	\$ (1,918)
Inventory	141	4,843
Income taxes receivable	382	59
Trade and other payables	(213)	814
Net changes in operating assets and liabilities	<u>\$ 1,138</u>	<u>\$ 3,798</u>

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

8. Supplemental cash flow information (continued)

<u>Nine months ended September 30</u>	<u>2021</u>	<u>2020</u>
Interest received.....	\$ 162	\$ 150
Net income taxes paid	185	529
	<u>September 30,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,840	\$ 8,679

9. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the interim carve-out combined financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement or disclosure:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

		<u>September 30, 2021</u>		<u>December 31, 2020</u>	
	<u>Category</u>	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<i><u>Fair values disclosed:</u></i>					
Cash and cash equivalents	Level 1	\$ 4,840	\$ 4,840	\$ 8,679	\$ 8,679

The carrying value of the Pillar's cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to their short terms to maturity.

10. Trade and other receivables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Trade receivables	\$ 48	173
Consumption taxes receivable	2	534
Other receivables	8	2
	<u>\$ 58</u>	<u>709</u>

Trade receivables are generally secured by the equipment that they relate to as it is Pillar policy that equipment is not released until payment has been collected. Trade receivables are due for settlement within 3 to 21 days of the date of sale. Consumption taxes receivable are deemed fully recoverable unless disputed by the relevant tax authority. Other receivables are unsecured and non-interest bearing. The allowance for expected credit losses at September 30, 2021 was Nil (2020: Nil). There was no movement in this provision during the period.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

11. Inventory

At each period end, inventory is reviewed to ensure that it is recorded at the lower of cost and net realizable value.

	September 30, 2021	December 31, 2020
Machinery for resale.....	\$ 3,412	3,599
	<u>\$ 3,412</u>	<u>3,599</u>

No inventory write downs were recorded during the period ended September 30, 2021 (period ended September 30, 2020: Nil).

12. Trade and other payables

	September 30, 2021	December 31, 2020
Trade payables.....	\$ 28	267
Accrued liabilities.....	117	160
Social security and sales taxes payable.....	—	14
Other payables.....	81	—
	<u>\$ 226</u>	<u>441</u>

13. Debt

	September 30, 2021	December 31, 2020
Short-term debt-overdraft facilities	\$ 184	772

Short-term debt

Short-term debt is comprised of drawings in different currencies on the Pillar's committed revolving credit facilities and has a weighted average interest rate of 2.85% over the period ended September 30, 2021 (2020: 2.85%).

14. Commitments**Commitments for expenditures**

As at September 30, 2021, the Pillar had committed to Nil in capital expenditures for property, plant and equipment and intangible assets (2020: Nil).

15. Contingencies**Legal and other claims**

The Pillar is subject to legal and other claims that arise in the ordinary course of its business. Management does not believe that the results of these claims will have a material effect on the Pillar's combined balance sheet or combined income statement.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

16. Related party transactions

The Equipment & Plant Services Pillar's related parties are summarized and defined as follows:

Significant influence

Companies which are deemed to be related parties owing to them being controlled by brothers of Mr Trevor Keys.

These following are deemed to be entities with significant influence:

- Euro Auctions Pillar: the business controlled by Mr Derek Keys whose principal activity is in conducting auction sales and valuations throughout the United Kingdom, mainland Europe, Australia, Dubai and the United States of America.
- Equipment Sales Pillar: the business controlled by Mr Lynden Keys whose principal activity is the sale of plant and machinery.
- Other: Brian Keys and Jonathan Keys are also deemed to be related parties as they are brothers of Mr Trevor Keys.
- Included in the Pillar are Director emoluments paid to Mr Trevor Keys in the period amounting to \$53k.

Common Control

- Common control: Other companies owned by Trevor Keys outside of the transaction perimeter which do not form part of the Equipment & Plant Services Pillar; Bayhead Trading Limited, Mattram Property Limited, Dumfries Plant Rentals Limited and DCA (Director's Current Account).

The following transactions were conducted with related entities by virtue of significant influence & common control:

	Nine month period ended September 30	
	2021	2020
<i>Significant influence</i>		
Transactions with entities with significant influence	\$	\$
Sales commission paid to Euro Auctions Pillar in the period*	791	658
Transactions	September 30, 2021	December 31, 2020
<i>Significant influence</i>		
Balance due from/(to)	\$	\$
Euro Auctions Pillar**	3,257	170
Lynden Keys**	1,026	1,183
<i>Common control</i>		
Balances due from/(to)	\$	\$
Equipment & Plant Services No.1 Limited**	391	388
Bayhead Trading Limited**	843	512
Mattram Property Limited**	9,663	6,005
Dumfries Plant Rentals Limited**	741	1,505
DCA (Director's Current Account)**	122	40

**These balances are recorded in "Amounts owed by related parties " in the interim carve-out combined financial statements.

Equipment & Plant Services Pillar

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

17. Subsequent events

There are no events subsequent which require disclosure or adjustment in these financial statements.

Subsequent events have been evaluated from the period ended, September 30, 2021 to November 8, 2021. The financial statements were issued on November 8, 2021.

FINANCIAL STATEMENTS

Report of Independent Auditors

To Lynden Keys and Wendy Keys

We have audited the accompanying carve-out combined financial statements of Equipment Sales Limited, Equipment Sales No. 2 Limited and Equipment Sales No.3 Limited (collectively referred to as Equipment Sales Pillar), which comprise the carve-out combined balance sheet as of December 31, 2020, and the related carve-out combined income statement, and statements of comprehensive income, of changes in net parent investment and of cash flows for the year then ended.

Management's Responsibility for the Carve-out Combined Financial Statements

Management is responsible for the preparation and fair presentation of the carve-out combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of carve-out combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the carve-out combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the carve-out combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the carve-out combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Equipment Sales Pillar's preparation and fair presentation of the carve-out combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Equipment Sales Pillar's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the carve-out combined financial statements referred to above present fairly, in all material respects, the financial position of Equipment Sales Pillar as of December 31, 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report of Independent Auditors (continued)

Restriction of Use

This report, including the opinion, has been prepared for and only for Lynden Keys and Wendy Keys in accordance with our engagement letter dated November 5, 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

/s/PricewaterhouseCoopers LLP
Belfast
United Kingdom
November 9, 2021

Carve-out Combined Income Statement
(Expressed in thousands of United States dollars)

<u>Year ended December 31,</u>	<u>2020</u>
Revenue:	
Inventory sales revenue	\$ 60,080
Total revenue	<u>60,080</u>
Operating expenses:	
Cost of inventory sold	52,054
Selling, general and administrative expenses	1,389
Depreciation and amortization expenses	13
Foreign exchange gain	(141)
Total operating expenses	<u>53,315</u>
Operating income	<u>6,765</u>
Interest expense	<u>175</u>
Income before income taxes	6,590
Income tax expense:	
Current income tax	1,252
Deferred income tax	—
	<u>1,252</u>
Net income	<u>\$ 5,338</u>

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Statement of Comprehensive Income

(Expressed in thousands of United States dollars)

Year ended December 31,	2020
Net income	\$ 5,338
Other comprehensive income, net of income tax:	
Foreign currency translation adjustment	<u>778</u>
Total comprehensive income	<u>\$ 6,116</u>

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Balance Sheet

(Expressed in thousands of United States dollars)

As at December 31,	2020
Assets	
Cash and cash equivalents	\$ 12,754
Trade and other receivables	111
Less: allowance for credit losses	—
Trade and other receivables, net.....	111
Amounts owed by related parties	8,581
Inventory	2,446
Other current assets	171
Total current assets.....	<u>24,063</u>
Property, plant and equipment, net.....	209
Total non-current assets.....	<u>209</u>
Total assets	<u>\$ 24,272</u>
Liabilities and Net Parent Investment	
Trade and other payables	\$ 959
Amounts owed to related parties	580
Income taxes payable	604
Total current liabilities	<u>2,143</u>
Deferred tax liabilities	40
Total liabilities	<u>2,183</u>
Commitments and Contingencies (Note 14 and 15 respectively)	—
Net parent investment.....	21,311
Accumulated other comprehensive income.....	778
Total net parent investment.....	<u>22,089</u>
Total liabilities and net parent investment	<u>\$ 24,272</u>

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Statement of Changes in Net Parent Investment

(Expressed in thousands of United States dollars)

	Net Parent Investment	Accumulated Other Comprehensive Income	Total Net Parent Investment
Balance, January 1, 2020	\$ 15,973	\$ —	\$ 15,973
Net income	5,338	—	5,338
Other comprehensive income.....	—	778	778
Balance, December 31, 2020	\$ 21,311	\$ 778	\$ 22,089

See accompanying notes to the carve-out combined financial statements.

Carve-out Combined Statement of Cash Flows

(Expressed in thousands of United States dollars)

Year ended December 31,	2020
Cash provided by/(used in):	
Operating activities:	
Net income	\$ 5,338
Adjustments for items not affecting cash:	
Depreciation and amortization expenses	13
Other, net	(81)
Net changes in operating assets and liabilities	6,657
Net cash provided by operating activities	<u>11,927</u>
Investing activities:	
Receipts from related parties	<u>2,304</u>
Net cash from investing activities	<u>2,304</u>
Financing activities:	
Repayment of short-term debt	<u>(3,154)</u>
Net cash used in financing activities	<u>(3,154)</u>
Effect of changes in foreign currency rates on cash and cash equivalents	<u>517</u>
Increase	11,594
Beginning of year	<u>1,160</u>
Cash and cash equivalents, end of year	<u>\$ 12,754</u>

See accompanying notes to the carve-out combined financial statements.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

1. Nature of Operations and Basis of Presentation

The Equipment Sales Pillar (hereinafter collectively referred to as the "Pillar", "we", "our") operates principally in the sale of plant and machinery and is wholly controlled by individuals, Lynden Keys and Wendy Keys. A discussion of the relationship with the owner, including a description of the costs allocated to the Pillar, is included in (Note 16 - "Related Party Transactions").

The accompanying carve-out combined financial statements present the historical carve-out combined balance sheet as of December 31, 2020, carve-out combined income statement, carve-out combined statement of comprehensive income, carve-out combined statements of changes net parent investment, and carve-out combined statement of cash flows of the Pillar for the year then ended which reflect the combined activities of the companies detailed below:

- Equipment Sales Limited (for the period from 1 July 2020 to 31 December 2020) (NI668774)
- Equipment Sales No.2 Limited (for the period from 1 June 2020 to 30 June 2020) (NI666146); and
- Equipment Sales No.3 Limited (for the period from 1 January 2020 to 31 May 2020) (NI042032)

In the period the Pillar activities were carried out in the entities included above. Non-Pillar activities (property related) in Equipment Sales No. 3 Limited are excluded.

The Pillar's cost base includes all relevant costs pertaining to its operations, as they were historically managed, and therefore in compiling these carve out financial statements, no additional costs have been allocated to the Pillar.

The Pillar has not historically prepared stand-alone financial statements. These carve-out combined financial statements as of December 31, 2020 have been prepared on a stand-alone basis derived from the financial statements and related accounting records of each of the companies listed above. The accompanying carve-out combined financial statements were prepared in order to comply with a condition in the Share Purchase Agreement ("SPA"), executed on August 9, 2021, to dispose of the Equipment Sales Pillar to Ritchie Bros. Auctioneers Incorporated. As stipulated by the SPA the accompanying carve-out combined financial statements were prepared for the purpose of providing Ritchie Bros. Auctioneers Incorporated with historical financial information of the Pillar. They reflect the results of operations, financial position, and cash flows of the Pillar as they were historically managed and are presented in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). Accordingly, these financial statements have been prepared on a carve-out combined basis and Parent's net investment in these operations is shown in lieu of stockholder's equity. All intracompany and transactions within the Pillar have been eliminated in the carve-out combined financial statements.

These carve-out combined financial statements have been prepared based on the U.S. GAAP applied standards effective for 2020. The Pillar has voluntarily early adopted ASC 842 Leases and ASC 326 Measurement of Credit Losses on Financial Instruments in these carve-out combined financial statements.

Net parent investment represents the owners' historical investment in the Pillar and includes accumulated net earnings attributable to the owners (Lynden and Wendy Keys), intercompany transactions and direct capital contributions, as adjusted for direct cash investments in the Pillar.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies

(a) Revenue recognition

Revenues are comprised of:

- Inventory sales revenue

The Pillar recognizes revenue when control of the promised goods is transferred to our customers when the sales invoice is raised, or upon completion of the performance obligation, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. A performance obligation is a promise in a contract to transfer a distinct good, or a series of distinct goods, to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Revenue is measured at the fair value of the consideration received or receivable and is shown net of value-added tax and duties.

(b) Cost of inventory sold

Cost of inventory sold includes the purchase price of assets sold including any related transport and repair costs.

(c) Fair value measurement

Fair value is the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Pillar measures financial instruments or discloses select non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 8.

The Pillar uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements at fair value are categorized within a fair value hierarchy, as disclosed in note 8, based on the lowest level input that is significant to the fair value measurement or disclosure. This fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Pillar determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purposes of fair value disclosures, the Pillar has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

(d) Foreign currency translation

The presentation currency of the carve-out combined financial statements is the United States dollar. The functional currency of the pillar is pound sterling. Accordingly, the financial statements of the components of these carve-out combined financial statements that are not denominated in United States dollars have been translated into United States dollars using the exchange rate at the end of each reporting period for asset and liability amounts and the annual average exchange rate for amounts included in the determination of earnings. Any gains or losses from the translation of asset and liability amounts are included in foreign currency translation adjustment in accumulated other comprehensive income. In preparing the financial statements of the individual components, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign currency differences arising on retranslation of monetary items are recognized in earnings.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits with financial institutions, and other short-term, highly liquid investments with original maturity of three months or less when acquired, that are readily convertible to known amounts of cash.

(f) Trade and other receivables

Trade receivables principally include amounts due from customers. The allowance for credit losses is the Pillar's best estimate of the amount of probable credit losses in existing accounts receivable. The Pillar determines the allowance based on historical write-off experience, customer economic data and reasonable and supportable forecasts of future economic conditions. The Pillar reviews the allowance for credit losses regularly and past due balances are reviewed for collectability. Account balances are charged against the allowance when the Pillar believes that the receivable will not be recovered.

(g) Inventories

Inventory consists of equipment and other assets purchased for resale. Inventory is valued at the lower of cost and net realizable value where net realizable value represents the expected sale price upon disposition less make-ready costs and the costs of disposal and transportation. The significant elements of cost include the acquisition price, in-bound transportation costs of the inventory, and make-ready costs to prepare the inventory for sale that are not selling expenses. Write-downs to the carrying value of inventory are recorded in cost of inventory sold on the combined income statement.

(h) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all expenditures that are directly attributable to the acquisition or development of the asset, net of any amounts received in relation to those assets, including scientific research and experimental development tax credits.

All repairs and maintenance costs are charged to earnings during the financial period in which they are incurred. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized net within operating income on the income statement.

Depreciation is provided to charge the cost of the assets to operations over their estimated useful lives based on their usage as follows:

Asset	Basis	Rate / term
Plant and machinery	Declining balance	15%
Motor vehicles	Declining balance	15%

Depreciation of property, plant and equipment is recorded in depreciation expense.

(i) Impairment of long-lived assets

Long-lived assets, comprised of property, plant and equipment, are assessed for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. For the purpose of impairment testing, long-lived assets are grouped and tested for recoverability at the lowest level that generates independent cash flows. An impairment loss is recognized when the carrying value of the assets or asset groups is greater than the future projected undiscounted cash flows. The impairment loss is calculated as the excess of the carrying value over the fair value of the asset or asset group. Fair value is based on valuation techniques or third party appraisals. Significant estimates and judgments are applied in determining these cash flows and fair values.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(j) Taxes

Income tax expense represents the sum of current tax expense and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the period and includes any adjustments to tax payable in respect of previous periods. Taxable profit differs from income before income taxes as reported in the combined income statement because it excludes (i) items of income or expense that are taxable or deductible in other periods and (ii) items that are never taxable or deductible. The Pillar's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax

Income taxes are accounted for using the asset and liability method. Deferred income tax assets and liabilities are based on temporary differences, which are differences between the accounting basis and the tax basis of the assets and liabilities, and non-capital loss, capital loss, and tax credits carryforwards are measured using the enacted tax rates and laws expected to apply when these differences reverse. Deferred tax benefits, including non-capital loss, capital loss, and tax credits carryforwards, are recognized to the extent that realization of such benefits is considered more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that enactment occurs. When realization of deferred income tax assets does not meet the more-likely-than-not criterion for recognition, a valuation allowance is provided.

Interest and penalties related to income taxes, including unrecognized tax benefits, are recorded in income tax expense in the income statement.

Liabilities for uncertain tax positions are recorded based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Pillar regularly assesses the potential outcomes of examinations by tax authorities in determining the adequacy of its provision for income taxes. The Pillar continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, income taxes payable, and deferred taxes in the period in which the facts that give rise to a revision become known.

(k) Defined contribution plans

The Pillar operates a defined contribution scheme for a specific director and employees. A defined contribution plan is a pension plan under which the Pillar pays fixed contributions to a third party pension provider. Once the contributions have been paid the Pillar has no further payment obligations. The contributions are recognized as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(l) Advertising costs

Advertising costs are expensed as incurred. Advertising expense is included in costs of services and selling, general and administrative ("SG&A") expenses on the accompanying income statements.

(m) Related party transactions

These carve-out combined financial statements disclose transactions with related parties which are not wholly captured within the Equipment Sales Pillar. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the director, separate disclosure is necessary to understand the effect of the transactions on the carve-out combined financial statements.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(m) Related party transactions (continued)

Related party transactions are reflected in the carve-out financial statements at the amounts payable to and received from the counterparty with no adjustments made to fair value, if applicable.

(n) New and amended accounting standards

Effective January 1, 2020, the Pillar adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. The new standard replaces the 'incurred loss methodology' credit impairment model with a new forward-looking "methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates." In applying the new standard, the Pillar has adopted the loss rate methodology to estimate historical losses on trade receivables. The historical data is adjusted to account for forecasted changes in the macroeconomic environment in order to calculate the current expected credit loss. The Pillar's adoption of ASC 326 did not result in a material change in the carrying values of the Pillar's financial assets on the transition date.

3. Significant judgments, estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Future differences arising between actual results and the judgments, estimates and assumptions made by the Pillar at the reporting date, or future changes to estimates and assumptions, could necessitate adjustments to the underlying reported amounts of assets, liabilities, revenues and expenses in future reporting periods.

Judgments, estimates and underlying assumptions are evaluated on an ongoing basis by management and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances and such changes are reflected in the assumptions when they occur. Significant items subject to estimates include the determination of deferred income taxes, and other contingencies.

4. Revenues

The Pillar's revenue is as follows:

<u>Year ended December 31,</u>	<u>2020</u>
Inventory sales revenue	<u>\$ 60,080</u>
	<u>\$ 60,080</u>

The Pillar's geographic information as determined by its combined revenues are set out below:

	<u>United Kingdom</u>	<u>United States</u>	<u>Europe</u>	<u>Other</u>	<u>Combined</u>
Total revenue for the year ended:					
December 31, 2020	\$ 57,617	\$ 2,334	\$ 129	\$ —	\$ 60,080

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

5. Operating expenses**SG&A expenses**

Year ended December 31,	2020
Employee compensation expenses	\$ 1,131
Buildings, facilities and technology expenses	33
Travel, advertising and promotion expenses	4
Professional fees	73
Other SG&A expenses	148
	<u>\$ 1,389</u>

Included within employee compensation expenses are defined contribution plan payments of \$7k. Total advertising costs incurred for the year ended December 31, 2020 was \$4k.

Depreciation and amortization expenses

Year ended December 31,	2020
Depreciation expense (see note 12)	\$ 13
	<u>\$ 13</u>

6. Income taxes

The expense for the period can be reconciled to income before income taxes as follows:

Year ended December 31,	2020
Earnings before income tax	\$ 6,590
Expected tax charge based on the standard rate of corporation tax in the UK	19%
Expected income tax expense	1,252
Non-deductible expenses	—
	<u>\$ 1,252</u>

The income tax expense (recovery) consists of:

Year ended December 31,	2020
UK:	
Current tax expense.....	\$ 1,252
Deferred tax expense.....	—
	<u>\$ 1,252</u>

The tax effects of temporary differences that give rise to significant deferred tax assets and deferred tax liabilities were as follows:

As at December 31,	2020
Deferred tax liabilities:	
Property, plant and equipment	\$ 40
Net deferred tax liabilities.....	<u>\$ 40</u>

Income taxes payable as at December 31, 2020 were \$604k.

Equipment Sales Pillar

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

6. Income taxes (continued)

As at December 31, 2020, the Pillar had no capital or non-capital losses available for carryforward.

No deferred tax assets have been recognized by the Pillar as there are no significant temporary differences.

Uncertain tax positions

At December 31, 2020 the Pillar had Nil gross unrecognized tax benefits. There was no movement in this position during the period. There were no interest or penalties incurred by the Pillar relating to unrecognized tax benefits and no amount relating to same has been accrued by the Pillar as at December 31, 2020.

7. Supplemental cash flow information

<u>Year ended December 31,</u>	<u>2020</u>
Trade and other receivables	\$ 280
Inventory	6,345
Income taxes receivable.....	257
Trade and other payables	(225)
Net changes in operating assets and liabilities	<u>\$ 6,657</u>
 <u>Year ended December 31,</u>	 <u>2020</u>
Interest paid	\$ 175
Net income taxes paid	1,509

8. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the carve-out combined financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement or disclosure:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

	<u>December 31, 2020</u>		
	<u>Carrying</u>		<u>Fair value</u>
<u>Fair values disclosed:</u>	<u>Category</u>	<u>amount</u>	
Cash and cash equivalents	Level 1	\$ 12,754	\$ 12,754

The carrying value of the Pillar's cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to their short terms to maturity.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

9. Trade and other receivables

<u>As at December 31,</u>	<u>2020</u>
Trade receivables	\$ 111
	<u>\$ 111</u>

Trade receivables are generally secured by the equipment that they relate to as it is Pillar policy that equipment is not released until payment has been collected. Trade receivables are due for settlement within twenty-one days of the date of sale. At the period-end \$2k of trade receivables were considered to be past due (see ageing analysis below). The allowance for expected credit losses at December 31, 2020 was \$Nil. There was no movement in this provision during the period.

<u>Ageing analysis As at December 31, 2020</u>	<u>Current</u>	<u>0-30 days overdue</u>	<u>31-60 days overdue</u>	<u>61-90 days overdue</u>	<u>>90 days overdue</u>
Trade receivables	\$ 107	2	—	—	2
	<u>\$ 107</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>2</u>

10. Inventory

At each period end, inventory is reviewed to ensure that it is recorded at the lower of cost and net realizable value.

<u>As at December 31,</u>	<u>2020</u>
Machinery for resale.....	\$ 2,446
	<u>\$ 2,446</u>

No inventory write downs were recorded during the year ended December 31, 2020.

11. Other current assets

<u>As at December 31,</u>	<u>2020</u>
Other tax and social security	\$ 42
Prepaid expenses	129
	<u>\$ 171</u>

12. Property, plant and equipment

<u>As at December 31, 2020</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Plant and machinery	\$ 214	13	201
Motor vehicles	8	—	8
	<u>\$ 222</u>	<u>\$ 13</u>	<u>\$ 209</u>

Depreciation of \$13k was recorded in respect of property, plant and equipment during the period.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

13. Trade and other payables

<u>As at December 31,</u>	<u>2020</u>
Trade payables	\$ 376
Accrued liabilities	575
Other payables	8
	<u>\$ 959</u>

14. Commitments

The Pillar has no outstanding commitments as at the year-end December 31, 2020.

15. Contingencies

Legal and other claims

The Pillar is subject to legal and other claims that arise in the ordinary course of its business. Management does not believe that the results of these claims will have a material effect on the Pillar's combined balance sheet or combined income statement.

16. Related party transactions

The Equipment Sales Pillar's related parties are summarized and defined as follows:

Significant influence

Companies which are deemed to be related parties owing to them being controlled by brothers of Mr Lynden Keys.

The following are deemed to be entities with significant influence:

- Euro Auctions Pillar: the business controlled by Mr Derek Keys whose principal activity is in conducting auction sales and valuations throughout the United Kingdom, mainland Europe, Australia, Dubai and the United States of America.
- Equipment & Plant Services Pillar: the business controlled by Mr Trevor Keys whose principal activity is the sale of equipment and plant to the agricultural and construction industries.
- Other: Brian Keys and Jonathan Keys are also deemed to be related parties as they are brothers of Mr Lynden Keys.
- Included in the Pillar are Director emoluments paid to Mr Lynden Keys in the period amounting to \$11k.

Common Control

- Common control: Other companies owned by Lynden Keys outside of the transaction perimeter which do not form part of the Equipment Sales Pillar: Newpark Developments (NI) Limited.

Notes to the Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

16. Related party transactions (continued)

The following transactions were conducted with related entities by virtue of significant influence & common control:

Year ended December 31, Transactions	2020
<i>Significant influence</i>	
Period-end December 31, transactions with entities with significant influence	
Euro Auctions Pillar commission service cost	1,715
Period-end December 31, Balance due from/(to)	
Euro Auctions Pillar **	89
<i>Common control</i>	
Period-end December 31, Balances due from/(to)	
Newpark Developments (NI) Limited **	8,492
Equipment Sales No.3 Limited ***	(575)
Directors Current Account ("DCA") ***	(5)

*These balances are recorded in "cost of inventory sold" in the carve-out combined income statement

**These balances are recorded in "Amounts owed by related parties" in the carve-out combined financial statements

***These balances are recorded in "Amounts owed to related parties" in the carve-out combined financial statements.

17. Subsequent events

On August 9, 2021, Ritchie Bros. Auctioneers Incorporated executed a sale and purchase agreement (SPA) to acquire the Equipment Sales Pillar (as defined in note 1) from Lynden Keys and Wendy Keys (the shareholders of the combined entities).

Subsequent events have been evaluated from the year ended, December 31, 2020 to November 1, 2021. The financial statements were issued on November 1, 2021.

Interim Carve-out Combined Income Statement
(Expressed in thousands of United States dollars)

	Nine months ended, 30 September	
	2021	2020
Revenue:		
Inventory sales revenue	\$ 27,845	\$ 51,567
Total revenue	<u>27,845</u>	<u>51,567</u>
Operating expenses:		
Cost of inventory sold	25,239	44,633
Selling, general and administrative expenses	675	1,119
Depreciation and amortization expenses.....	11	5
Gain on disposition of property, plant and equipment	(35)	—
Foreign exchange gain.....	(515)	(194)
Total operating expenses	<u>25,375</u>	<u>45,563</u>
Operating income.....	<u>2,470</u>	<u>6,004</u>
Interest expense	(10)	(173)
Other income, net.....	<u>130</u>	<u>135</u>
Income before income taxes	2,590	5,966
Income tax expense:		
Current income tax.....	492	1,134
Net income	<u>\$ 2,098</u>	<u>\$ 4,832</u>

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Statement of Comprehensive Income

(Expressed in thousands of United States dollars)

	Nine months ended, September 30	
	2021	2020
Net income	\$ 2,098	\$ 4,832
Other comprehensive income, net of income tax:		
Foreign currency translation adjustment.....	(370)	(377)
Total comprehensive income	<u>\$ 1,728</u>	<u>\$ 4,455</u>

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Balance Sheet
(Expressed in thousands of United States dollars)

	September 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 5,494	\$ 12,754
Trade and other receivables	501	111
Less: allowance for credit losses	—	—
Trade and other receivables; net.....	501	111
Amounts owed by related parties	16,502	8,581
Other current assets	205	171
Inventory	3,139	2,446
Total current assets.....	25,841	24,063
Property, plant and equipment	96	209
Total non-current assets.....	96	209
Total assets	25,937	24,272
Liabilities and Net Parent Investment		
Amounts owed to related parties	13	580
Trade and other payables	993	959
Income taxes payable	1,114	604
Total current liabilities	2,120	2,143
Deferred tax liabilities	—	40
Total liabilities	2,120	2,183
Commitments and Contingencies (Note 15 and 16 respectively)	—	—
Net parent investment.....	23,409	21,311
Accumulated other comprehensive income.....	408	778
Total net parent investment.....	23,817	22,089
Total liabilities and net parent investment	\$ 25,937	\$ 24,272

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Statement of Changes in Net Parent Investment

(Expressed in thousands of United States dollars)

	Net Parent Investment	Accumulated other comprehensive income	Total Net Parent Investment
Balance, January 1, 2021	\$ 21,311	\$ 778	\$ 22,089
Net income	2,098	—	2,098
Other comprehensive (loss)	—	(370)	(370)
Changes in net parent investment.....	—	—	—
Balance, September 30, 2021.....	\$ 23,409	\$ 408	\$ 23,817

	Net Parent Investment	Accumulated other comprehensive income	Total Net Parent Investment
Balance, January 1, 2020.....	\$ 15,973	\$ —	\$ 15,973
Net income	4,832	—	4,832
Other comprehensive (loss)	—	(377)	(377)
Changes in net parent investment.....	—	—	—
Balance, September 30, 2020.....	\$ 20,805	\$ (377)	\$ 20,428

See accompanying notes to the interim carve-out combined financial statements.

Interim Carve-out Combined Statement of Cash Flows

(Expressed in thousands of United States dollars)

<u>Nine months ended September 30,</u>	<u>2021</u>	<u>2020</u>
Cash provided by / (used in):		
Operating activities:		
Net income	\$ 2,098	\$ 4,832
Adjustments for items not affecting cash:		
Depreciation and amortization expenses	11	5
Net changes in operating assets and liabilities	(512)	5,165
Net cash (used in) / provided by operating activities	<u>1,597</u>	<u>10,002</u>
Investing activities:		
Advances to related parties	(8,694)	—
Receipts from related parties.....	<u>—</u>	<u>456</u>
Net cash (used in) / from investing activities	(8,694)	456
Financing activities:		
Repayment of short-term debt.....	<u>—</u>	<u>(3,122)</u>
Net cash used in financing activities.....	<u>—</u>	<u>(3,122)</u>
Effect of changes in foreign currency rates on cash, cash equivalents	(163)	433
(Decrease) / increase	(7,260)	7,769
Beginning of period.....	<u>12,754</u>	<u>1,160</u>
Cash, cash equivalents, end of period.....	<u>\$ 5,494</u>	<u>\$ 8,929</u>

See accompanying notes to the interim carve-out combined financial statements.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

1. Nature of Operations and Basis of Presentation

The Equipment Sales Pillar (hereinafter collectively referred to as the "Pillar", "we", "our") operates principally in the sale of plant and machinery and is wholly controlled by individuals, Lynden Keys and Wendy Keys. A discussion of the relationship with the owner, including a description of the costs allocated to the Pillar, is included in (Note 16- "Related Party Transactions").

The accompanying interim carve-out combined financial statements present the historical interim carve-out combined balance sheet as of September 30 2021 and December 31, 2020, interim carve-out combined income statement, interim carve-out combined statement of comprehensive income, interim carve-out combined statements of changes in net parent investment and interim carve-out combined statement of cash flows of the Pillar for the nine months ended September 30, 2021 and September 30, 2020 respectively which reflect the combined activities of the companies detailed below:

- Equipment Sales Limited (NI668774)
- Equipment Sales No.2 Limited (NI666146); and
- Equipment Sales No.3 Limited (NI042032)

During 2020 a corporate reorganization was undertaken and pillar activities for the nine months ending September 30, 2020 were carried out in these companies.

In the period the Pillar activities were carried out in the entities included above. Non-Pillar activities (property related) in Equipment Sales No. 3 Limited are excluded.

The pillar's cost base includes all relevant costs pertaining to its operations, as they were historically managed, and therefore in compiling these carve out financial statements, no additional costs have been allocated to the Pillar.

The pillar has not historically prepared stand-alone financial statements. These interim carve-out combined financial statements as of September 30, 2021, December 31, 2020, and September 30, 2020 have been prepared on a stand-alone basis derived from the financial statements and related accounting records of each of the companies listed above. The accompanying combined financial statements were prepared in order to comply with a condition in the Share Purchase Agreement ("SPA"), executed on August 9, 2021, to dispose of the Equipment Sales Pillar to Ritchie Bros. Auctioneers Incorporated. As stipulated by the SPA the accompanying combined financial statements were prepared for the purpose of providing Ritchie Bros. Auctioneers Incorporated with historical financial information of the Pillar. They reflect the results of operations, financial position, and cash flows of the Pillar as they were historically managed and are presented in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). Accordingly, these financial statements have been prepared on a combined basis and Parent's net investment in these operations is shown in lieu of stockholder's equity. All intracompany and transactions within the Pillar have been eliminated in the combined financial statements.

These interim carve-out combined financial statements have been prepared based on the U.S. GAAP applied standards effective for 2021. The Pillar has voluntarily early adopted ASC 842 Leases and ASC 326 Measurement of Credit Losses on Financial Instruments in these interim carve-out combined financial statements.

Net parent investment represents the owners' historical investment in the Pillar and includes accumulated net earnings attributable to the owners (Lynden and Wendy Keys), intercompany transactions and direct capital contributions, as adjusted for direct cash investments in the Pillar.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies

(a) Revenue recognition

Revenues are comprised of:

- Inventory sales revenue

The Pillar recognizes revenue when control of the promised goods is transferred to our customers, or upon completion of the performance obligation, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. A performance obligation is a promise in a contract to transfer a distinct good, or a series of distinct goods, to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Revenue is measured at the fair value of the consideration received or receivable and is shown net of value-added tax and duties.

(b) Cost of inventory sold

Cost of inventory sold includes the purchase price of assets sold including any related transport and repair costs.

(c) Fair value measurement

Fair value is the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Pillar measures financial instruments or discloses select non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 8.

The Pillar uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements at fair value are categorized within a fair value hierarchy, as disclosed in note 8, based on the lowest level input that is significant to the fair value measurement or disclosure. This fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Pillar determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purposes of fair value disclosures, the Pillar has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

(d) Foreign currency translation

The presentation currency of the combined financial statements is the United States dollar. The functional currency of the pillar is pound sterling.

Accordingly, the financial statements of the components of these combined financial statements that are not denominated in United States dollars have been translated into United States dollars using the exchange rate at the end of each reporting period for asset and liability amounts and the annual average exchange rate for amounts included in the determination of earnings. Any gains or losses from the translation of asset and liability amounts are included in foreign currency translation adjustment in accumulated other comprehensive income. In preparing the financial statements of the individual components, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign currency differences arising on retranslation of monetary items are recognized in earnings.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits with financial institutions, and other short-term, highly liquid investments with original maturity of three months or less when acquired, that are readily convertible to known amounts of cash.

(f) Trade and other receivables

Trade receivables principally include amounts due from customers. The allowance for credit losses is the Pillar's best estimate of the amount of probable credit losses in existing accounts receivable. The Pillar determines the allowance based on historical write-off experience, customer economic data and reasonable and supportable forecasts of future economic conditions.

The Pillar reviews the allowance for credit losses regularly and past due balances are reviewed for collectability. Account balances are charged against the allowance when the Pillar believes that the receivable will not be recovered.

(g) Inventories

Inventory consists of equipment and other assets purchased for resale. Inventory is valued at the lower of cost and net realizable value where net realizable value represents the expected sale price upon disposition less make-ready costs and the costs of disposal and transportation. The significant elements of cost include the acquisition price, in-bound transportation costs of the inventory, and make-ready costs to prepare the inventory for sale that are not selling expenses. Write-downs to the carrying value of inventory are recorded in cost of inventory sold on the combined income statement.

(h) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all expenditures that are directly attributable to the acquisition or development of the asset, net of any amounts received in relation to those assets, including scientific research and experimental development tax credits.

All repairs and maintenance costs are charged to earnings during the financial period in which they are incurred. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized net within operating income on the income statement.

Depreciation is provided to charge the cost of the assets to operations over their estimated useful lives based on their usage as follows:

<u>Asset</u>	<u>Basis</u>	<u>Rate / term</u>
Plant and machinery	Declining balance	15%
Motor vehicles	Declining balance	15%
Office equipment	Declining balance	15%

(i) Impairment of long-lived assets

Long-lived assets, comprised of property, plant and equipment, are assessed for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. For the purpose of impairment testing, long-lived assets are grouped and tested for recoverability at the lowest level that generates independent cash flows. An impairment loss is recognized when the carrying value of the assets or asset groups is greater than the future projected undiscounted cash flows. The impairment loss is calculated as the excess of the carrying value over the fair value of the asset or asset group. Fair value is based on valuation techniques or third party appraisals. Significant estimates and judgments are applied in determining these cash flows and fair values.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(j) Taxes

Income tax expense represents the sum of current tax expense and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the period and includes any adjustments to tax payable in respect of previous years. Taxable profit differs from income before income taxes as reported in the combined income statement because it excludes (i) items of income or expense that are taxable or deductible in other years and (ii) items that are never taxable or deductible. The Pillar's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax

Income taxes are accounted for using the asset and liability method. Deferred income tax assets and liabilities are based on temporary differences, which are differences between the accounting basis and the tax basis of the assets and liabilities, and non-capital loss, capital loss, and tax credits carryforwards are measured using the enacted tax rates and laws expected to apply when these differences reverse. Deferred tax benefits, including non-capital loss, capital loss, and tax credits carryforwards, are recognized to the extent that realization of such benefits is considered more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that enactment occurs. When realization of deferred income tax assets does not meet the more-likely-than-not criterion for recognition, a valuation allowance is provided.

Interest and penalties related to income taxes, including unrecognized tax benefits, are recorded in income tax expense in the income statement.

Liabilities for uncertain tax positions are recorded based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement. The Pillar regularly assesses the potential outcomes of examinations by tax authorities in determining the adequacy of its provision for income taxes. The Pillar continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, income taxes payable, and deferred taxes in the period in which the facts that give rise to a revision become known.

(k) Defined contribution plans

The Pillar operates a defined contribution scheme for a specific director and employees. A defined contribution plan is a pension plan under which the Pillar pays fixed contributions to a third party pension provider. Once the contributions have been paid the Pillar has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(l) Advertising costs

Advertising costs are expensed as incurred. Advertising expense is included in costs of services and selling, general and administrative ("SG&A") expenses on the accompanying income statements.

(m) Related party transactions

These combined financial statements disclose transactions with related parties which are not wholly captured within the Equipment Sales Pillar. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the director, separate disclosure is necessary to understand the effect of the transactions on the carve-out combined financial statements.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

2. Significant accounting policies (continued)

(m) Related party transactions (continued)

Related party transactions are reflected in the carve-out financial statements at the amounts payable to and received from the counterparty with no adjustments made to fair value, if applicable.

(n) New and amended accounting standards

Effective January 1, 2020, the Pillar adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. The new standard replaces the 'incurred loss methodology' credit impairment model with a new forward-looking "methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates." In applying the new standard, the Pillar has adopted the loss rate methodology to estimate historical losses on trade receivables. The historical data is adjusted to account for forecasted changes in the macroeconomic environment in order to calculate the current expected credit loss. The Pillar's adoption of ASC 326 did not result in a material change in the carrying values of the Pillar's financial assets on the transition date.

3. Significant judgments, estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Future differences arising between actual results and the judgments, estimates and assumptions made by the Pillar at the reporting date, or future changes to estimates and assumptions, could necessitate adjustments to the underlying reported amounts of assets, liabilities, revenues and expenses in future reporting periods.

Judgments, estimates and underlying assumptions are evaluated on an ongoing basis by management and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances and such changes are reflected in the assumptions when they occur. Significant items subject to estimates include the determination of deferred income taxes, and other contingencies.

4. Revenues

The Pillar's revenue is as follows:

	Nine months ended September 30,	
	2021	2020
	\$	\$
Inventory sales revenue	27,845	51,567
	<u>\$ 27,845</u>	<u>\$ 51,567</u>

The Pillar's geographic information as determined by its combined revenues are set out below:

	United Kingdom	United States	Europe	Other	Combined
Total revenue for the period ended:					
September 30, 2021	\$ 27,128	\$ 525	\$ 162	\$ 30	\$ 27,845
September 30, 2020	\$ 48,102	\$ 2,662	\$ 716	\$ 87	\$ 51,567

Equipment Sales Pillar

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

5. Operating expenses**SG&A expenses**

	Nine months ended September 30,	
	2021	2020
Employee compensation expenses	\$ 548	894
Buildings, facilities and technology expenses	29	26
Travel, advertising and promotion expenses	2	3
Professional fees	48	70
Other SG&A expenses	48	126
	<u>\$ 675</u>	<u>1,119</u>

Included within employee compensation expenses are defined contribution plan payments of \$6k (2020: \$5k) Total advertising costs incurred for the period ended September 30, 2021 was Nil (2020: Nil).

Depreciation and amortization expenses

	Nine months ended September, 30	
	2021	2020
Depreciation expense	\$ 11	\$ 5
	<u>\$ 11</u>	<u>\$ 5</u>

6. Other income, net

	Nine months ended September, 30	
	2021	2020
Interest income	\$ 130	\$ —
Other income	—	135
	<u>\$ 130</u>	<u>135</u>

7. Income taxes

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

For the nine months ended September 30, 2021, income tax expense was \$492k, compared to an income tax expense of \$1,134k for the same period in 2020. The effective tax rate was 19% for the nine months ended September 30, 2021, which is in line with the prior period.

8. Supplemental cash flow information

Nine months ended September 30,	2021	2020
Trade and other receivables	\$ (349)	(4,809)
Inventory	(747)	6,235
Income taxes receivable.....	532	316
Trade and other payables	52	3,423
Net changes in operating assets and liabilities	<u>\$ (512)</u>	<u>5,165</u>

Equipment Sales Pillar

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

8. Supplemental cash flow information (continued)

Net capital spending, which consists of property, plant and equipment additions excluding those acquired through business combinations, net of proceeds on disposition of property, plant and equipment, was \$104k for the period ended September 30, 2021 (2020: Nil).

<u>Nine months ended September 30,</u>	<u>2021</u>	<u>2020</u>
Interest paid	\$ 10	173
Interest received.....	130	135
Net income taxes paid	651	867
	<u>September 30,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,494	12,754

9. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the carve-out combined financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement or disclosure:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

	<u>Category</u>	<u>September 30,</u>		<u>December 31,</u>	
		<u>Carrying</u>	<u>Fair value</u>	<u>Carrying</u>	<u>Fair value</u>
		<u>amount</u>		<u>amount</u>	
<u>Fair values disclosed:</u>					
Cash and cash equivalents	Level 1	\$ 5,494	\$ 5,494	\$ 12,754	\$ 12,754

The carrying value of the Pillar's cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to their short terms to maturity.

10. Trade and other receivables

	<u>September 30,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
Trade receivables	\$ 501	\$ 111
	<u>\$ 501</u>	<u>\$ 111</u>

Trade receivables are generally secured by the equipment that they relate to as it is Pillar policy that equipment is not released until payment has been collected. Trade receivables are due for settlement within twenty-one days of the date of sale. Consumption taxes receivable are deemed fully recoverable unless disputed by the relevant tax authority. Other receivables are unsecured and non-interest bearing. The allowance for expected credit losses at September 30, 2021 was Nil (2020: Nil). There was no movement in this provision during the year.

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

11. Inventory

At each period end, inventory is reviewed to ensure that it is recorded at the lower of cost and net realizable value.

	September 30, 2021	December 31, 2020
Machinery for resale.....	\$ 3,139	\$ 2,446
	<u>\$ 3,139</u>	<u>\$ 2,446</u>

No inventory write downs were recorded during the period ended September 30, 2021 (period ended September 30, 2020: Nil).

12. Other current assets

	September 30, 2021	December 31, 2020
Other tax and social security	\$ —	42
Prepaid expenses	205	129
	<u>\$ 205</u>	<u>171</u>

13. Property, plant and equipment

As at September 30, 2021	Cost	Accumulated depreciation	Net book value
Plant and machinery	\$ 99	\$ 17	\$ 82
Office equipment	8	1	7
Motor vehicles	8	1	7
	<u>\$ 115</u>	<u>\$ 19</u>	<u>\$ 96</u>

As at December 31, 2020	Cost	Accumulated depreciation	Net book value
Plant and machinery	\$ 215	\$ 14	\$ 201
Motor vehicles	8	—	8
	<u>\$ 223</u>	<u>\$ 14</u>	<u>\$ 209</u>

During the period ended September 30, 2021 no interest was capitalized (Year ended December 31, 2020 Nil).

Depreciation of \$11k was recorded in respect of property, plant and equipment during the period ended September 30, 2021 (2020: \$5k).

14. Trade and other payables

	September 30, 2021	December 31, 2020
Trade payables	\$ 578	376
Accrued liabilities	264	575
Other payables	151	8
	<u>\$ 993</u>	<u>959</u>

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

15. Commitments

Commitments for expenditures

As at September 30, 2021, the Pillar had committed to Nil in capital expenditures for property, plant and equipment and intangible assets (December 31, 2020: Nil).

16. Contingencies

Legal and other claims

The Pillar is subject to legal and other claims that arise in the ordinary course of its business. Management does not believe that the results of these claims will have a material effect on the Pillar's combined balance sheet or combined income statement.

17. Related party transactions

The Equipment Sales Pillar's related parties are summarized and defined as follows:

Significant influence

Companies which are deemed to be related parties owing to them being controlled by brothers of Mr Lynden Keys. These following are deemed to be entities with significant influence:

- Euro Auctions Pillar: the business controlled by Mr Derek Keys whose principal activity is in conducting auction sales and valuations throughout the United Kingdom, mainland Europe, Australia, Dubai and the United States of America.
- Equipment & Plant Services Pillar: the business controlled by Mr Trevor Keys whose principal activity is the sale of equipment and plant to the agricultural and construction industries.
- Other: Brian Keys and Jonathan Keys are also deemed to be related parties as they are brothers of Mr Lynden Keys.
- Included in the Pillar are Director emoluments paid to Mr Lynden Keys in the period amounting to \$8k.

Common Control

Common control: Other companies owned by Lynden Keys outside of the transaction perimeter which do not form part of the Equipment Sales Pillar: Newpark Developments (NI) Limited

The following transactions were conducted with related entities by virtue of significant influence & common control:

	Nine months ended September 30,	
	2021	2020
<i>Significant influence</i>		
Transactions with entities with significant influence		
Euro Auctions Pillar commission service cost*	\$ 799	1,402

Equipment Sales Pillar

Notes to the Interim Carve-out Combined Financial Statements

(Tabular amounts expressed in thousands of United States dollars, except where noted)

17. Related party transactions (continued)

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<i>Significant influence</i>		
Balances due from/(to)		
Euro Auctions Pillar**	\$ 3,145	\$ 89
<i>Common control</i>		
Balances due from/(to)		
Newpark Developments (NI) Limited**	\$ 13,357	\$ 8,492
Equipment Sales No.3 Limited***	(12)	(575)
DCA (Director's Current Account) ***	(1)	(5)

*These balances are recorded in "cost of inventory sold" in the combined income statement

**These balances are recorded in "Amounts owed by related parties" in the combined financial statements.

***These balances are recorded in "Amounts owed to related parties" in the combined financial statements.

18. Subsequent events

There are no events subsequent which require disclosure or adjustment in these financial statements.

Subsequent events have been evaluated from the period ended, September 30, 2021 to November 8, 2021. The financial statements were issued on November 8, 2021.



\$935,000,000

\$ % Senior Notes due , 2031

Ritchie Bros. Holdings Inc.

C\$ % Senior Notes due , 2029

Ritchie Bros. Holdings Ltd.

upon consummation of the Acquisition, guaranteed by
Ritchie Bros. Auctioneers Incorporated

and certain of its subsidiaries

OFFERING CIRCULAR

USD NOTES

Joint Book-Running Managers

Goldman Sachs & Co. LLC

BofA Securities

RBC Capital Markets

Co-Managers

BMO Capital Markets

CIBC Capital Markets

Citizens Capital Markets

HSBC

MUFG

Scotiabank

US Bancorp

CANADIAN NOTES

Joint Book-Running Managers

RBC Capital Markets

Goldman Sachs Canada Inc.

BofA Securities

Co-Managers

BMO Capital Markets

CIBC Capital Markets

HSBC

MUFG

Scotiabank
