

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-34223



CLEAN HARBORS, INC.

(Exact name of registrant as specified in its charter)

Massachusetts

(State or Other Jurisdiction of Incorporation or Organization)

42 Longwater Drive Norwell MA

(Address of Principal Executive Offices)

04-2997780

(IRS Employer Identification No.)

02061-9149

(Zip Code)

Registrant's Telephone Number, Including area code: **(781) 792-5000**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	CLH	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

The number of shares of Common Stock, \$0.01 par value, of the registrant outstanding at October 25, 2024 was 53,899,103.

CLEAN HARBORS, INC.
QUARTERLY REPORT ON FORM 10-Q
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CLEAN HARBORS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2024 (unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 512,371	\$ 444,698
Short-term marketable securities	82,371	106,101
Accounts receivable, net of allowances aggregating \$48,570 and \$42,209, respectively	1,100,660	983,111
Unbilled accounts receivable	204,308	107,859
Inventories and supplies	376,564	327,511
Prepaid expenses and other current assets	78,204	82,939
Total current assets	2,354,478	2,052,219
Property, plant and equipment, net	2,452,312	2,193,318
Other assets:		
Operating lease right-of-use assets	246,061	187,060
Goodwill	1,485,065	1,287,736
Permits and other intangibles, net	708,935	602,797
Other long-term assets	59,159	59,739
Total other assets	2,499,220	2,137,332
Total assets	\$ 7,306,010	\$ 6,382,869
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 15,102	\$ 10,000
Accounts payable	504,206	451,806
Deferred revenue	103,291	95,230
Accrued expenses and other current liabilities	398,236	397,157
Current portion of closure, post-closure and remedial liabilities	30,477	26,914
Current portion of operating lease liabilities	70,539	56,430
Total current liabilities	1,121,851	1,037,537
Other liabilities:		
Closure and post-closure liabilities, less current portion of \$14,203 and \$13,556, respectively	105,375	105,044
Remedial liabilities, less current portion of \$16,274 and \$13,358, respectively	94,384	97,885
Long-term debt, less current portion	2,773,659	2,291,717
Operating lease liabilities, less current portion	179,040	131,743
Deferred tax liabilities	356,150	353,107
Other long-term liabilities	147,241	118,330
Total other liabilities	3,655,849	3,097,826
Commitments and contingent liabilities (See Note 15)		
Stockholders' equity:		
Common stock, \$0.01 par value:		
Authorized 80,000,000 shares; issued and outstanding 53,898,805 and 53,929,703 shares, respectively	539	539
Additional paid-in capital	438,904	459,728
Accumulated other comprehensive loss	(192,036)	(175,339)
Retained earnings	2,280,903	1,962,578
Total stockholders' equity	2,528,310	2,247,506
Total liabilities and stockholders' equity	\$ 7,306,010	\$ 6,382,869

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

CLEAN HARBORS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Service revenues	\$ 1,278,955	\$ 1,129,216	\$ 3,719,183	\$ 3,341,539
Product revenues	250,467	236,480	739,653	729,444
Total revenues	<u>1,529,422</u>	<u>1,365,696</u>	<u>4,458,836</u>	<u>4,070,983</u>
Cost of revenues: (exclusive of items shown separately below)				
Service revenues	872,829	765,004	2,539,569	2,288,199
Product revenues	182,770	178,947	522,642	534,778
Total cost of revenues	<u>1,055,599</u>	<u>943,951</u>	<u>3,062,211</u>	<u>2,822,977</u>
Selling, general and administrative expenses	177,846	171,019	557,590	505,154
Accretion of environmental liabilities	3,618	3,388	10,139	10,281
Depreciation and amortization	100,063	92,970	295,632	267,425
Income from operations	<u>192,296</u>	<u>154,368</u>	<u>533,264</u>	<u>465,146</u>
Other (expense) income, net	(1,123)	334	(2,431)	(833)
Loss on early extinguishment of debt	—	—	—	(2,362)
Interest expense, net of interest income of \$5,391, \$2,877, \$13,257, and \$7,833, respectively	(35,779)	(29,696)	(100,767)	(80,400)
Income before provision for income taxes	<u>155,394</u>	<u>125,006</u>	<u>430,066</u>	<u>381,551</u>
Provision for income taxes	40,181	33,666	111,741	102,044
Net income	<u>\$ 115,213</u>	<u>\$ 91,340</u>	<u>\$ 318,325</u>	<u>\$ 279,507</u>
Earnings per share:				
Basic	<u>\$ 2.14</u>	<u>\$ 1.69</u>	<u>\$ 5.90</u>	<u>\$ 5.17</u>
Diluted	<u>\$ 2.12</u>	<u>\$ 1.68</u>	<u>\$ 5.87</u>	<u>\$ 5.14</u>
Shares used to compute earnings per share - Basic	<u>53,951</u>	<u>54,122</u>	<u>53,936</u>	<u>54,097</u>
Shares used to compute earnings per share - Diluted	<u>54,229</u>	<u>54,419</u>	<u>54,229</u>	<u>54,411</u>

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

CLEAN HARBORS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 115,213	\$ 91,340	\$ 318,325	\$ 279,507
Other comprehensive loss, net of tax:				
Unrealized gain on available-for-sale securities	262	93	170	311
Unrealized (loss) gain on fair value of interest rate hedges	(9,361)	7,801	2,406	15,528
Reclassification adjustment for interest rate hedge amounts realized in net income	(3,806)	(3,650)	(11,260)	(12,704)
Reclassification adjustment for settlement of interest rate hedges	—	—	—	(5,905)
Pension adjustments	(10)	6	18	(1)
Foreign currency translation adjustments	5,369	(7,423)	(8,031)	813
Other comprehensive loss, net of tax	(7,546)	(3,173)	(16,697)	(1,958)
Comprehensive income	<u>\$ 107,667</u>	<u>\$ 88,167</u>	<u>\$ 301,628</u>	<u>\$ 277,549</u>

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

CLEAN HARBORS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 318,325	\$ 279,507
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	295,632	267,425
Allowance for doubtful accounts	5,674	2,620
Amortization of deferred financing costs and debt discount	4,623	4,036
Accretion of environmental liabilities	10,139	10,281
Changes in environmental liability estimates	4,347	3,258
Deferred income taxes	(418)	(356)
Other expense, net	2,431	833
Stock-based compensation	20,690	14,809
Loss on early extinguishment of debt	—	2,362
Environmental expenditures	(19,679)	(24,064)
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable and unbilled accounts receivable	(145,647)	(46,445)
Inventories and supplies	(39,673)	12,691
Other current and long-term assets	(47,826)	(18,190)
Accounts payable	30,004	(40,013)
Other current and long-term liabilities	35,211	(13,062)
Net cash from operating activities	473,833	455,692
Cash flows used in investing activities:		
Additions to property, plant and equipment	(369,826)	(311,906)
Proceeds from sale and disposal of fixed assets	6,353	5,129
Acquisitions, net of cash acquired	(474,011)	(119,596)
Proceeds from sale of business	750	750
Additions to intangible assets including costs to obtain or renew permits	(2,545)	(1,507)
Purchases of available-for-sale securities	(73,682)	(104,329)
Proceeds from sale of available-for-sale securities	100,021	84,390
Net cash used in investing activities	(812,940)	(447,069)
Cash flows from (used in) financing activities:		
Change in uncashed checks	(5,852)	3,004
Tax payments related to withholdings on vested restricted stock	(11,514)	(10,886)
Repurchases of common stock	(30,215)	(18,000)
Deferred financing costs paid	(8,316)	(6,371)
Payments on finance leases	(23,596)	(11,594)
Principal payments on debt	(11,327)	(621,475)
Proceeds from issuance of debt, net of discount	499,375	500,000
Borrowing from revolving credit facility	—	114,000
Payment on revolving credit facility	—	(114,000)
Net cash from (used in) financing activities	408,555	(165,322)
Effect of exchange rate change on cash	(1,775)	61
Increase (decrease) in cash and cash equivalents	67,673	(156,638)
Cash and cash equivalents, beginning of period	444,698	492,603
Cash and cash equivalents, end of period	\$ 512,371	\$ 335,965
Supplemental information:		
Cash payments for interest and income taxes:		
Interest paid	\$ 134,177	\$ 100,813
Income taxes paid, net of refunds	100,752	107,328
Non-cash investing activities:		
Property, plant and equipment accrued	43,604	29,127
ROU assets obtained in exchange for operating lease liabilities	98,927	61,741
ROU assets obtained in exchange for finance lease liabilities	53,391	26,317

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

CLEAN HARBORS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Number of Shares	\$0.01 Par Value				
Balance at January 1, 2024	53,930	\$ 539	\$ 459,728	\$ (175,339)	\$ 1,962,578	\$ 2,247,506
Net income	—	—	—	—	69,832	69,832
Other comprehensive loss	—	—	—	(4,287)	—	(4,287)
Stock-based compensation	—	—	6,338	—	—	6,338
Issuance of common stock for restricted share vesting, net of employee tax withholdings	23	—	(3,052)	—	—	(3,052)
Repurchases of common stock	(27)	—	(5,000)	—	—	(5,000)
Balance at March 31, 2024	53,926	539	458,014	(179,626)	2,032,410	2,311,337
Net income	—	—	—	—	133,280	133,280
Other comprehensive loss	—	—	—	(4,864)	—	(4,864)
Stock-based compensation	—	—	8,515	—	—	8,515
Issuance of common stock for restricted share vesting, net of employee tax withholdings	27	—	(1,547)	—	—	(1,547)
Repurchases of common stock	(23)	—	(5,000)	—	—	(5,000)
Balance at June 30, 2024	53,930	539	459,982	(184,490)	2,165,690	2,441,721
Net income	—	—	—	—	115,213	115,213
Other comprehensive loss	—	—	—	(7,546)	—	(7,546)
Stock-based compensation	—	—	5,837	—	—	5,837
Issuance of common stock for restricted share vesting, net of employee tax withholdings	54	1	(6,916)	—	—	(6,915)
Repurchases of common stock	(85)	(1)	(19,999)	—	—	(20,000)
Balance at September 30, 2024	53,899	\$ 539	\$ 438,904	\$ (192,036)	\$ 2,280,903	\$ 2,528,310

CLEAN HARBORS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Number of Shares	\$0.01 Par Value				
Balance at January 1, 2023	54,065	\$ 541	\$ 504,240	\$ (167,181)	\$ 1,584,722	\$ 1,922,322
Net income	—	—	—	—	72,401	72,401
Other comprehensive loss	—	—	—	(14,346)	—	(14,346)
Stock-based compensation	—	—	6,018	—	—	6,018
Issuance of common stock for restricted share vesting, net of employee tax withholdings	49	—	(3,351)	—	—	(3,351)
Repurchases of common stock	(22)	—	(3,000)	—	—	(3,000)
Balance at March 31, 2023	54,092	541	503,907	(181,527)	1,657,123	1,980,044
Net income	—	—	—	—	115,766	115,766
Other comprehensive income	—	—	—	15,561	—	15,561
Stock-based compensation	—	—	4,500	—	—	4,500
Issuance of common stock for restricted share vesting, net of employee tax withholdings	34	—	(984)	—	—	(984)
Repurchases of common stock	(36)	—	(5,001)	—	—	(5,001)
Balance at June 30, 2023	54,090	541	502,422	(165,966)	1,772,889	2,109,886
Net income	—	—	—	—	91,340	91,340
Other comprehensive loss	—	—	—	(3,173)	—	(3,173)
Stock-based compensation	—	—	4,291	—	—	4,291
Issuance of common stock for restricted share vesting, net of employee tax withholdings	71	1	(6,552)	—	—	(6,551)
Repurchases of common stock	(58)	(1)	(9,998)	—	—	(9,999)
Balance at September 30, 2023	54,103	\$ 541	\$ 490,163	\$ (169,139)	\$ 1,864,229	\$ 2,185,794

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

CLEAN HARBORS, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

The accompanying consolidated interim financial statements are unaudited and include the accounts of Clean Harbors, Inc. and its subsidiaries (collectively, “Clean Harbors” or the “Company”) and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and, in the opinion of management, include all adjustments which are of a normal recurring nature and are necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. Management has made estimates and assumptions affecting the amounts reported in the Company’s consolidated interim financial statements and accompanying footnotes; actual results could differ from those estimates and judgments. The results for interim periods are not necessarily indicative of results for the entire year or any other interim periods. The financial statements presented herein should be read in conjunction with the financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

(2) SIGNIFICANT ACCOUNTING POLICIES

The Company’s significant accounting policies are described in Note 2, “Significant Accounting Policies,” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires an enhanced disclosure of significant segment expenses on an annual and interim basis. This guidance will be effective for the Company’s annual period beginning January 1, 2024, and for interim periods beginning January 1, 2025. Early adoption is permitted. Upon adoption, the guidance should be applied retrospectively to all prior periods presented in the financial statements. The requirements of this ASU are disclosure related and will not have an impact on the Company’s financial condition, results of operations, or cash flows. The Company is currently evaluating the impact of adopting this ASU on its reportable segment disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances income tax disclosures related to the tax rate reconciliation and income taxes paid. This guidance will be effective for the annual periods beginning the year ended December 31, 2025. Early adoption is permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. The requirements of this ASU are disclosure related and will not have an impact on the Company’s financial condition, results of operations, or cash flows. The Company is currently evaluating the impact of adopting this ASU on its income tax disclosures.

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*. The rules require disclosure of, among other things: material climate-related risks; activities to mitigate or adapt to such risks; governance and management of such risks; and material Scope 1 and Scope 2 greenhouse gas emissions. Additionally, the rules require disclosure in the notes to the financial statements of the effects of severe weather events and other natural conditions, subject to certain materiality thresholds. The rules will become effective on a phased-in timeline beginning with the year ended December 31, 2025. On April 4, 2024, the SEC voluntarily stayed implementation of the final rule to facilitate the orderly judicial resolution of pending legal challenges to the rule. The Company is currently monitoring the legal challenges and evaluating the final rule to determine its potential impact on the Company’s consolidated financial statements and disclosures.

(3) REVENUES

The Company generates revenues through the following operating segments: Environmental Services and Safety-Kleen Sustainability Solutions (“SKSS”). The Company’s Environmental Services operating segment generally has four sources of revenue and the SKSS operating segment has two sources of revenue. The Company disaggregates third-party revenues by geographic location and source of revenue as management believes these categories depict how revenue and cash flows are affected by economic factors. The Company’s significant sources of revenue include:

Technical Services—Technical Services contribute to the revenues of the Environmental Services operating segment. Revenues for these services are generated from fees charged for waste material management and disposal services including onsite environmental management services, collection and transportation, packaging, recycling, treatment and disposal of waste and remediation projects. These services handle hazardous and/or non-hazardous waste, including per- and polyfluoroalkyl substances (“PFAS”). Revenue is primarily generated by short-term projects, most of which are governed by master service agreements that are long-term in nature. These master service agreements are typically entered into with the Company’s larger customers and outline the pricing and legal frameworks for such arrangements. Services are provided based on purchase orders or agreements with the customer and include prices based upon units of volume of waste, material and personnel costs as well as transportation and other fees. Collection and transportation revenues are recognized over time, as the customer receives and consumes the benefits of the services as they are being performed and the Company has a right to payment for performance completed to date. The Company uses the input method to recognize revenue over time, based on time and materials incurred as a basis for measuring the satisfaction of the performance obligation. Revenues for treatment and disposal of waste are recognized upon completion of treatment, final disposition in a landfill or incinerator, or when the waste is shipped to a third-party for processing and disposal. The Company periodically enters into bundled arrangements for the collection and transportation and disposal of waste. For such arrangements, transportation and disposal are considered distinct performance obligations and the Company allocates revenue to each based on the relative standalone selling price (i.e., the estimated price that a customer would pay for the services on a standalone basis). Revenues and the related costs from waste that is not yet completely processed and disposed of are deferred. The deferred revenues and costs are recognized when the services are completed. The period between collection and transportation and the final processing and disposal ranges depending on the location of the customer, but generally is measured in days.

Industrial Services—Industrial Services contribute to the revenues of the Environmental Services operating segment. These revenues are primarily generated from industrial and specialty services provided to refineries, chemical plants, manufacturing facilities, power generation companies and other industrial customers throughout North America. Services include in-plant cleaning and maintenance services, plant outage and turnaround services, specialty cleaning services including chemical cleaning, pigging and high and ultra-high pressure water cleaning, leak detection and repair, daylighting, production services and upstream energy services. Services are provided based on purchase orders or agreements with the customer and include prices based upon daily, hourly or job rates for equipment, materials and personnel. The Company recognizes revenue for these services over time, as the customer receives and consumes the benefits of the services as they are being performed and the Company has a right to payment for performance completed to date. The Company uses the input method to recognize revenue over time, based on time and materials incurred.

Field and Emergency Response Services—Field and Emergency Response Services contribute to the revenues of the Environmental Services operating segment. Field Services revenues are generated from cleanup services at customer sites, including those managed by municipalities and utility providers, or other locations on a scheduled or emergency response basis. Services include confined space entry for tank cleaning, site decontamination, environmental remediation, railcar cleaning, manhole/vault clean outs, product recovery and transfer and vacuum services. Additional services include filtration, water treatment services and wetland restoration. Response services for environmental emergencies of any scale range from man-made disasters such as oil spills to natural disasters like hurricanes. Emergency response services also include spill cleanup on land and water, as well as contagion disinfection, decontamination and disposal services. Field and emergency response services are provided based on purchase orders or agreements with customers and include prices generally based upon daily, hourly or job rates for equipment, materials and personnel. The Company recognizes revenue for these services over time, as the customer receives and consumes the benefits of the services as they are being performed and the Company has a right to payment for performance completed to date. The Company uses the input method to recognize revenue over time, based on time and materials incurred. The duration of such services can be over a number of hours, several days or even months for larger scale projects.

Safety-Kleen Environmental Services—Safety-Kleen Environmental Services revenues contribute both to the Environmental Services operating segment and the SKSS operating segment depending upon the nature of such revenues and operating responsibilities relative to executing the revenue contracts. Revenues from providing containerized waste handling and disposal services, parts washer services and vacuum services, referred to collectively as the Safety-Kleen branches’ core service offerings, contribute to the revenues of the Environmental Services operating segment. In addition, sales of packaged blended oil products and other complementary product sales contribute to the revenues of the Environmental Services operating segment. Revenues generated from waste oil, anti-freeze and oil filter collection services, sales of bulk blended oil products and sales of bulk automotive fluids contribute to the SKSS operating segment.

Generally, the revenue from services is recognized over time, as the customer receives and consumes the benefits of the services as they are being performed and the Company has a right to payment for performance completed to date. The duration of such services can be over a number of hours or several days. The Company uses the input method to recognize revenue over time, based on time and materials incurred. Product revenue is recognized upon the transfer of control whereby control transfers when the products are delivered to the customer. Containerized waste services consist of profiling, collecting, transporting and recycling or

disposing of a wide variety of waste. Related collection and transportation revenues are recognized over time, as the customer receives and consumes the benefits of the services as they are being performed and the Company has a right to payment for performance completed to date. Parts washer services include customer use of the Company's parts washer equipment, cleaning and maintenance of the parts washer equipment and removal and replacement of used cleaning fluids. Parts washer services are considered a single performance obligation due to the highly integrated and interdependent nature of the arrangement. Revenue from parts washer services is recognized over the service interval as the customer receives the benefit of the services.

Safety-Kleen Oil—Safety-Kleen Oil related sales contribute to the revenues of the SKSS segment. These revenues are generated from sales of high-quality base and blended lubricating oils to third-party distributors, government agencies, fleets, railroads and industrial customers. The business also sells recycled fuel oil to asphalt plants, industrial plants and pulp and paper companies. The used oil is also processed into vacuum gas oil which can be further re-refined into lubricant base oils or sold directly into the marine diesel oil fuel market. Revenue for oil products is recognized at a point in time, upon the transfer of control. Control transfers when the products are delivered to the customer.

The following tables present the Company's third-party revenue disaggregated by source of revenue and geography (in thousands):

	Three Months Ended September 30, 2024			
	Environmental Services	Safety-Kleen Sustainability Solutions	Corporate	Total
Primary Geographical Markets				
United States	\$ 1,166,660	\$ 218,963	\$ 96	\$ 1,385,719
Canada	120,990	22,713	—	143,703
Total third-party revenues	<u>\$ 1,287,650</u>	<u>\$ 241,676</u>	<u>\$ 96</u>	<u>\$ 1,529,422</u>
Sources of Revenue				
Technical Services	\$ 437,180	\$ —	\$ —	\$ 437,180
Industrial Services and Other	345,573	—	96	345,669
Field and Emergency Response Services	260,200	—	—	260,200
Safety-Kleen Environmental Services	244,697	59,675	—	304,372
Safety-Kleen Oil	—	182,001	—	182,001
Total third-party revenues	<u>\$ 1,287,650</u>	<u>\$ 241,676</u>	<u>\$ 96</u>	<u>\$ 1,529,422</u>
Three Months Ended September 30, 2023				
	Environmental Services	Safety-Kleen Sustainability Solutions	Corporate	Total
Primary Geographical Markets				
United States	\$ 1,017,224	\$ 206,860	\$ 112	\$ 1,224,196
Canada	118,055	23,445	—	141,500
Total third-party revenues	<u>\$ 1,135,279</u>	<u>\$ 230,305</u>	<u>\$ 112</u>	<u>\$ 1,365,696</u>
Sources of Revenue				
Technical Services	\$ 403,889	\$ —	\$ —	\$ 403,889
Industrial Services and Other	350,251	—	112	350,363
Field and Emergency Response Services	155,046	—	—	155,046
Safety-Kleen Environmental Services	226,093	59,458	—	285,551
Safety-Kleen Oil	—	170,847	—	170,847
Total third-party revenues	<u>\$ 1,135,279</u>	<u>\$ 230,305</u>	<u>\$ 112</u>	<u>\$ 1,365,696</u>

Nine Months Ended September 30, 2024

	Environmental Services	Safety-Kleen Sustainability Solutions	Corporate	Total
Primary Geographical Markets				
United States	\$ 3,395,446	\$ 645,664	\$ 297	\$ 4,041,407
Canada	350,781	66,648	—	417,429
Total third-party revenues	<u>\$ 3,746,227</u>	<u>\$ 712,312</u>	<u>\$ 297</u>	<u>\$ 4,458,836</u>

Sources of Revenue

Technical Services	\$ 1,288,339	\$ —	\$ —	\$ 1,288,339
Industrial Services and Other	1,064,441	—	297	1,064,738
Field and Emergency Response Services	676,562	—	—	676,562
Safety-Kleen Environmental Services	716,885	171,117	—	888,002
Safety-Kleen Oil	—	541,195	—	541,195
Total third-party revenues	<u>\$ 3,746,227</u>	<u>\$ 712,312</u>	<u>\$ 297</u>	<u>\$ 4,458,836</u>

Nine Months Ended September 30, 2023

	Environmental Services	Safety-Kleen Sustainability Solutions	Corporate	Total
Primary Geographical Markets				
United States	\$ 3,017,547	\$ 641,625	\$ 335	\$ 3,659,507
Canada	340,196	71,280	—	411,476
Total third-party revenues	<u>\$ 3,357,743</u>	<u>\$ 712,905</u>	<u>\$ 335</u>	<u>\$ 4,070,983</u>

Sources of Revenue

Technical Services	\$ 1,160,306	\$ —	\$ —	\$ 1,160,306
Industrial Services and Other	1,086,175	—	335	1,086,510
Field and Emergency Response Services	457,491	—	—	457,491
Safety-Kleen Environmental Services	653,771	171,469	—	825,240
Safety-Kleen Oil	—	541,436	—	541,436
Total third-party revenues	<u>\$ 3,357,743</u>	<u>\$ 712,905</u>	<u>\$ 335</u>	<u>\$ 4,070,983</u>

Contract Balances

(in thousands)	September 30, 2024	December 31, 2023
Receivables	\$ 1,100,660	\$ 983,111
Contract assets (unbilled receivables)	204,308	107,859
Contract liabilities (deferred revenue)	103,291	95,230

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets) and customer advances and deposits or deferred revenue (contract liabilities) on the consolidated balance sheet. Generally, billing occurs subsequent to revenue recognition, as a right to payment is not just subject to passage of time, resulting in contract assets, which are generally classified as current. The Company sometimes receives advances or deposits from its customers before revenue is recognized, resulting in contract liabilities. These assets and liabilities are reported on the consolidated balance sheet on a contract-by-contract basis at the end of each reporting period. The contract liability balances at the beginning of each period presented are generally fully recognized in the subsequent three-month period.

(4) BUSINESS COMBINATIONS**2024 Acquisitions**

On March 22, 2024, the Company completed its acquisition of Hepaco Blocker, Inc. and its subsidiaries (collectively, “HEPACO”) for an all-cash purchase price of \$392.2 million, net of cash acquired. The Company settled working capital balances for this acquisition in the third quarter of 2024 and adjusted the purchase price accordingly. The operations of HEPACO expand the Environmental Services segment’s field services business.

The preliminary allocation of the purchase price is provisional and was based on estimates of the fair value of assets acquired and liabilities assumed as of March 22, 2024. The Company continues to obtain information to complete the valuation of these balances and the associated income tax accounting. Measurement period adjustments will reflect new information obtained about facts and circumstances that existed as of the acquisition date. The following table summarizes the preliminary determination and recognition of assets acquired and liabilities assumed (in thousands):

	At Acquisition Date As Reported March 31, 2024	Measurement Period Adjustments	At Acquisition Date As Reported September 30, 2024
Accounts receivable, including unbilled receivables	\$ 68,496	\$ 1,777	\$ 70,273
Inventories and supplies	1,574	(1,190)	384
Prepaid expenses and other current assets	5,221	(681)	4,540
Property, plant and equipment	45,453	817	46,270
Permits and other intangibles	130,000	500	130,500
Operating lease right-of-use assets	9,385	—	9,385
Other long-term assets	2,660	—	2,660
Accrued expenses and other current liabilities	(43,966)	(3,012)	(46,978)
Current portion of operating lease liabilities	(2,758)	—	(2,758)
Operating lease liabilities, less current portion	(6,627)	—	(6,627)
Deferred tax liabilities	(8,916)	—	(8,916)
Closure and post-closure liabilities	—	(1,025)	(1,025)
Other long-term liabilities	(374)	—	(374)
Total identifiable net assets	200,148	(2,814)	197,334
Goodwill	195,265	(420)	194,845
Total purchase price	\$ 395,413	\$ (3,234)	\$ 392,179

Other intangible assets acquired include customer relationships and trademarks/tradenames and are anticipated to have estimated useful lives of between seven and 20 years with a weighted average useful life of approximately 19 years. The excess of the total purchase price, which includes the aggregate cash consideration paid in excess of the fair value of the tangible and intangible assets acquired and liabilities assumed, was recorded as goodwill. The goodwill recognized is attributable to the operating synergies, assembled workforce and growth potential that the Company expects to realize from the acquisition. Goodwill generated from the acquisition is not deductible for tax purposes.

The operations included in the Company’s financial statements for the period ended September 30, 2024, and pro forma revenue and earnings amounts on a combined basis as if this acquisition had been completed on January 1, 2023 are immaterial to the unaudited consolidated financial statements of the Company.

On March 1, 2024, the Company acquired Noble Oil Services, Inc and its subsidiaries (collectively, “Noble Oil”) for an all-cash purchase price of \$68.7 million, net of cash acquired. The Company settled working capital for this acquisition in the second quarter of 2024 and adjusted the purchase price accordingly. The acquisition of Noble Oil expands the SKSS segment’s oil collection operations in the southeastern region of the United States while also adding incremental production from the re-refinery owned and operated by the acquired company.

The preliminary allocation of the purchase price is provisional and was based on estimates of the fair value of assets acquired and liabilities assumed as of March 1, 2024. The Company continues to obtain information to complete the valuation of these balances and the associated income tax accounting. Measurement period adjustments will reflect new information obtained about facts and circumstances that existed as of the acquisition date. The following table summarizes the preliminary determination and recognition of assets acquired and liabilities assumed (in thousands):

	At Acquisition Date As Reported March 31, 2024	Measurement Period Adjustments	At Acquisition Date As Reported September 30, 2024
Accounts receivable, including unbilled receivables	5,693	158	5,851
Inventories and supplies	6,817	(219)	6,598
Prepaid expenses and other current assets	423	(16)	407
Property, plant and equipment	38,914	8,782	47,696
Permits and other intangibles	20,200	(5,700)	14,500
Operating lease right-of-use assets	3,615	—	3,615
Other long-term assets	92	—	92
Accrued expenses and other current liabilities	(8,990)	97	(8,893)
Current portion of operating lease liabilities	(1,823)	—	(1,823)
Operating lease liabilities, less current portion	(1,792)	—	(1,792)
Closure and post-closure liabilities	—	(820)	(820)
Total identifiable net assets	63,149	2,282	65,431
Goodwill	5,744	(2,433)	3,311
Total purchase price	\$ 68,893	\$ (151)	\$ 68,742

Other intangible assets acquired include customer relationships and trademarks/tradenames and are anticipated to have estimated useful lives of between seven and 15 years with a weighted average useful life of approximately 13 years. The excess of the total purchase price, which includes the aggregate cash consideration paid in excess of the fair value of the tangible and intangible assets acquired and liabilities assumed, was recorded as goodwill. The goodwill recognized is attributable to the operating synergies and assembled workforce that the Company expects to realize from the acquisition. Goodwill generated from the acquisition is deductible for tax purposes.

The operations included in the Company's financial statements for the period ended September 30, 2024, and pro forma revenue and earnings amounts on a combined basis as if this acquisition had been completed on January 1, 2023 are immaterial to the unaudited consolidated financial statements of the Company.

2023 Acquisition

On March 31, 2023, the Company acquired Thompson Industrial Services, LLC ("Thompson Industrial") for an all-cash purchase price of \$110.9 million, net of cash acquired. The operations of Thompson Industrial expand the Environmental Services segment's industrial service operations in the southeastern region of the United States.

The Company finalized the purchase accounting for this acquisition in the first quarter of 2024. The allocation of the purchase price was based on estimates of the fair value and assets acquired and liabilities assumed as of March 31, 2023. The following table summarizes the final determination and recognition of assets acquired and liabilities assumed (in thousands):

	At Acquisition Date As Reported December 31, 2023	Measurement Period Adjustments	Final Allocation As Reported September 30, 2024
Accounts receivable, including unbilled receivables	\$ 25,233	\$ (73)	\$ 25,160
Inventories and supplies	228	—	228
Prepaid expenses and other current assets	1,302	—	1,302
Property, plant and equipment	26,719	—	26,719
Permits and other intangibles	28,900	—	28,900
Operating lease right-of-use assets	4,716	—	4,716
Other long-term assets	72	—	72
Accrued expenses and other current liabilities	(10,385)	(145)	(10,530)
Current portion of operating lease liabilities	(1,653)	—	(1,653)
Operating lease liabilities, less current portion	(3,063)	—	(3,063)
Other long-term liabilities	(560)	—	(560)
Total identifiable net assets	71,509	(218)	71,291
Goodwill	39,346	218	39,564
Total purchase price	\$ 110,855	\$ —	\$ 110,855

Permits and other intangible assets acquired include customer relationships, trademarks/tradenames and non-compete agreements and are anticipated to have estimated useful lives of between five and 15 years with a weighted average useful life of approximately 13 years. The excess of the total purchase price, which includes the aggregate cash consideration paid in excess of the fair value of the tangible and intangible assets acquired and liabilities assumed, was recorded as goodwill. The goodwill recognized is attributable to the operating synergies, assembled workforce and growth potential that the Company expects to realize from the acquisition. Goodwill generated from the acquisition is deductible for tax purposes.

(5) INVENTORIES AND SUPPLIES

Inventories and supplies consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Supplies	\$ 195,973	\$ 177,217
Oil and oil related products	149,814	118,600
Solvent and solutions	12,788	11,795
Other	17,989	19,899
Total inventories and supplies	\$ 376,564	\$ 327,511

Supplies inventories consist primarily of critical spare parts to support the Company's incinerator and re-refinery operations and other general supplies used in our normal day-to-day operations. Other inventories consist primarily of parts washer components, cleaning fluids, absorbents and automotive fluids, such as windshield washer fluid and antifreeze.

(6) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Land	\$ 186,984	\$ 174,891
Asset retirement costs (non-landfill)	28,935	27,167
Landfill assets	259,233	253,180
Buildings and improvements ⁽¹⁾	649,401	630,525
Vehicles ⁽²⁾	1,430,325	1,276,567
Equipment ⁽³⁾	2,453,616	2,388,370
Construction in progress	316,666	213,601
	5,325,160	4,964,301
Less - accumulated depreciation and amortization	2,872,848	2,770,983
Total property, plant and equipment, net	\$ 2,452,312	\$ 2,193,318

(1) Balances inclusive of gross right-of-use (“ROU”) assets classified as finance leases of \$8.0 million in both periods.

(2) Balances inclusive of gross ROU assets classified as finance leases of \$208.7 million and \$151.7 million, respectively.

(3) Balances inclusive of gross ROU assets classified as finance leases of \$9.3 million and \$9.2 million, respectively.

Depreciation expense, inclusive of landfill and finance lease amortization, was \$86.2 million and \$254.9 million for the three and nine months ended September 30, 2024, respectively. Depreciation expense, inclusive of landfill and finance lease amortization, was \$80.4 million and \$229.7 million for the three and nine months ended September 30, 2023, respectively. The Company recorded \$3.3 million and \$8.6 million of capitalized interest during the three and nine months ended September 30, 2024, respectively. The Company recorded \$1.7 million and \$4.4 million of capitalized interest during the three and nine months ended September 30, 2023, respectively. Capitalized interest in the periods presented is primarily attributable to the construction of a new incinerator in Kimball, Nebraska.

(7) GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in goodwill by segment for the nine months ended September 30, 2024 were as follows (in thousands):

	Environmental Services	Safety-Kleen Sustainability Solutions	Totals
Balance at January 1, 2024	\$ 1,112,013	\$ 175,723	\$ 1,287,736
Increase from current period acquisitions	194,845	3,311	198,156
Measurement period adjustments from prior period acquisitions	218	—	218
Foreign currency translation	(745)	(300)	(1,045)
Balance at September 30, 2024	\$ 1,306,331	\$ 178,734	\$ 1,485,065

The Company assesses goodwill on an annual basis as of December 31 or at an interim date when events or changes in the business environment (“triggering events”) would more likely than not reduce the fair value of a reporting unit below its carrying value. During the period ended September 30, 2024, no such triggering events were identified.

As of September 30, 2024 and December 31, 2023, the Company's intangible assets consisted of the following (in thousands):

	September 30, 2024			December 31, 2023		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Permits	\$ 193,201	\$ 123,335	\$ 69,866	\$ 191,747	\$ 117,556	\$ 74,191
Customer and supplier relationships	697,295	249,215	448,080	604,994	258,879	346,115
Other intangible assets	114,112	43,210	70,902	100,068	37,862	62,206
Total amortizable permits and other intangible assets	1,004,608	415,760	588,848	896,809	414,297	482,512
Trademarks and trade names	120,087	—	120,087	120,285	—	120,285
Total permits and other intangible assets	\$ 1,124,695	\$ 415,760	\$ 708,935	\$ 1,017,094	\$ 414,297	\$ 602,797

Amortization expense of permits, customer and supplier relationships and other intangible assets was \$13.9 million and \$40.7 million in the three and nine months ended September 30, 2024, respectively. Amortization expense of permits, customer and supplier relationships and other intangible assets was \$12.5 million and \$37.8 million in the three and nine months ended September 30, 2023, respectively.

The expected amortization of the net carrying amount of finite-lived intangible assets at September 30, 2024 was as follows (in thousands):

Years Ending December 31,	Expected Amortization
2024 (three months)	\$ 13,608
2025	57,103
2026	50,813
2027	48,308
2028	46,836
Thereafter	372,180
	\$ 588,848

(8) ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Accrued compensation and benefits	\$ 117,526	\$ 113,236
Accrued insurance	106,906	107,658
Accrued income, real estate, sales and other taxes	60,547	44,752
Accrued interest	14,799	33,857
Accrued other	98,458	97,654
	\$ 398,236	\$ 397,157

(9) CLOSURE AND POST-CLOSURE LIABILITIES

The changes to closure and post-closure liabilities (also referred to as “asset retirement obligations”) from January 1, 2024 through September 30, 2024 were as follows (in thousands):

	Landfill Retirement Liability	Non-Landfill Retirement Liability	Total
Balance at January 1, 2024	\$ 59,443	\$ 59,157	\$ 118,600
Liabilities assumed in acquisitions	—	1,845	1,845
New asset retirement obligations	4,093	—	4,093
Accretion	3,915	3,305	7,220
Changes in estimates recorded to consolidated statement of operations	(134)	(120)	(254)
Changes in estimates recorded to consolidated balance sheet	46	39	85
Expenditures	(8,728)	(3,128)	(11,856)
Currency translation and other	(81)	(74)	(155)
Balance at September 30, 2024	<u>\$ 58,554</u>	<u>\$ 61,024</u>	<u>\$ 119,578</u>

In the nine months ended September 30, 2024, there were no significant benefits or charges resulting from changes in estimates for closure and post-closure liabilities.

(10) REMEDIAL LIABILITIES

The changes to remedial liabilities from January 1, 2024 through September 30, 2024 were as follows (in thousands):

	Remedial Liabilities for Landfill Sites	Remedial Liabilities for Inactive Sites	Remedial Liabilities (Including Superfund) for Non-Landfill Operations	Total
Balance at January 1, 2024	\$ 1,880	\$ 60,277	\$ 49,086	\$ 111,243
Accretion	69	1,719	1,131	2,919
Changes in estimates recorded to consolidated statement of operations	24	614	3,963	4,601
Expenditures	(40)	(2,944)	(4,839)	(7,823)
Currency translation and other	—	(11)	(271)	(282)
Balance at September 30, 2024	<u>\$ 1,933</u>	<u>\$ 59,655</u>	<u>\$ 49,070</u>	<u>\$ 110,658</u>

In the nine months ended September 30, 2024, changes in estimates for remedial liabilities included a \$2.9 million reserve increase related to new information on the ultimate remediation of an existing Superfund site.

(11) FINANCING ARRANGEMENTS

Long-Term Debt

The following table is a summary of the Company's long-term debt (in thousands):

Current Portion of Long-Term Debt:	September 30, 2024	December 31, 2023
Secured senior term loans	\$ 15,102	\$ 10,000
Long-Term Debt:		
Secured senior term loans due October 8, 2028	1,453,571	970,000
Unsecured senior notes, at 4.875%, due July 15, 2027 ("2027 Notes")	545,000	545,000
Unsecured senior notes, at 5.125%, due July 15, 2029 ("2029 Notes")	300,000	300,000
Unsecured senior notes, at 6.375%, due February 1, 2031 ("2031 Notes")	500,000	500,000
Long-term debt, at par	\$ 2,798,571	\$ 2,315,000
Unamortized debt issuance costs and discount	(24,912)	(23,283)
Long-term debt, at carrying value	\$ 2,773,659	\$ 2,291,717

Financing Activities

The Company's significant financing arrangements are described in Note 12, "Financing Arrangements," in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 and, other than as noted below, there have been no material changes to the arrangements described therein.

On June 28, 2024, the Company and one of the Company's Canadian subsidiaries (the "Canadian Borrower") entered into a seventh amended and restated credit agreement (the "Amended Credit Agreement") with Bank of America, N.A., as administrative agent, and the lenders party to the Amended Credit Agreement. The Amended Credit Agreement amended and restated the sixth amended and restated credit agreement dated October 28, 2020 (the "Prior Credit Agreement").

Under the Amended Credit Agreement, the Company has the right to obtain revolving loans and letters of credit for a combined maximum of up to \$550.0 million (with a sub-limit of \$250.0 million for letters of credit) and the Canadian Borrower has the right to obtain revolving loans and letters of credit for a combined maximum of up to \$50.0 million. The maximum borrowing amount of \$600.0 million under the Amended Credit Agreement is increased from \$400.0 million under the Prior Credit Agreement.

Borrowings by the Company under the Amended Credit Agreement will bear interest at the Company's option, at either (i) the sum of Term SOFR plus a SOFR Adjustment of 0.1% plus 1.5% per annum, or (ii) the U.S. Base Rate, plus 0.5% per annum, and borrowings by the Canadian Borrower will bear interest, at the Company's option, at either (i) the sum of Term CORRA plus a Term CORRA adjustment of either 0.29547% or 0.32138% for the one or three month interest period respectively, plus 1.5% per annum, (ii) the Canadian Prime Rate, plus 0.5% per annum, or (iii) the Canadian Base Rate, plus 0.5% per annum, as those terms are defined in the Amended Credit Agreement. Other terms under the Amended Credit Agreement are substantially the same as under the Prior Credit Agreement. Subject to certain customary conditions, the facility will expire on June 28, 2029.

The Company had no outstanding loan balance under the Amended Credit Agreement as of the date of the amendment discussed above, September 30, 2024 or December 31, 2023. As of September 30, 2024, the Company had \$469.8 million available to borrow under the revolving credit facility and outstanding letters of credit were \$130.2 million.

On March 22, 2024, the Company and substantially all of the Company's domestic subsidiaries entered into Incremental Facility Amendment No. 5 to the Company's existing Credit Agreement, dated as of June 30, 2017 ("Term Loan Agreement"). Incremental Facility Amendment No. 5 provided for the incurrence of additional term loans (the "2024 Incremental Term Loans") under the Term Loan Agreement in the aggregate principal amount of \$500.0 million. Proceeds from the issuance of the 2024 Incremental Term Loans were \$491.1 million after debt discount and debt issuance costs, and were used to fund the acquisition of HEPACO, with the excess increasing the Company's cash balances. The 2024 Incremental Term Loans are in addition to the aggregate of \$980.0 million of term loans (the "Existing Term Loans") which were outstanding prior to the issuance of the 2024 Incremental Term Loans. Both the 2024 Incremental Term Loans and the Existing Term Loans (collectively referred to as the "2028 Term Loans") will mature on October 8, 2028, and may be prepaid at any time without premium or penalty other than customary breakage costs. The Company's obligations under the 2028 Term Loans are guaranteed by substantially all of the Company's domestic restricted subsidiaries and secured by liens on substantially all of the assets of the Company and the guarantors.

The 2028 Term Loans bear interest, at the Company's election, at either of the following rates: (a) the sum of the Term SOFR Rate (as defined in the Term Loan Agreement) plus 0.11448% (the one-month Term SOFR adjustment) plus a 1.75% margin per annum, or (b) the sum of the Base Rate (as defined in the Term Loan Agreement) plus 0.75% margin per annum. The Term SOFR rate is subject to a floor of 0.00% and the Base Rate is subject to a floor of 1.00%. The Company has elected one-month Term SOFR for interest payments on that debt; however, the Term Loan Agreement provides for Term SOFR adjustments for other interest periods. Interest on the 2028 Term Loans is paid monthly with interest payments on the 2024 Incremental Term Loan portion having commenced in April 2024.

As of September 30, 2024 and December 31, 2023, the estimated fair value of the Company's outstanding long-term debt, including the current portion, was \$2.8 billion and \$2.3 billion, respectively. The Company's estimates of fair value of its long-term debt, including the current portion, are based on quoted market prices or other available market data which are considered Level 2 measures according to the fair value hierarchy. Level 2 utilizes quoted market prices in markets that are not active, broker or dealer quotation or alternative pricing sources with reasonable levels of price transparency for similar assets and liabilities.

As of September 30, 2024, after taking into account the interest rate swaps discussed under the "Cash Flow Hedges" heading below, the Company's variable rate debt consisted of \$868.7 million of the 2028 Term Loans. The Company's interest rate on this variable rate debt as of September 30, 2024 was 7.06%.

On October 8, 2024, the Company and substantially all of the Company's domestic subsidiaries entered into Amendment No. 6 (the "Sixth Amendment") to the Term Loan Agreement. The Sixth Amendment (i) eliminated the Term SOFR Adjustment (noted above as 0.11448% per annum) and (ii) resets the six month soft call period for a repricing of the 2028 Term Loans. After giving effect to the repricing, the applicable interest rate margins for the 2028 Term Loans are 1.75% for Term SOFR borrowings and 0.75% for base rate borrowings. Under the Sixth Amendment the 2028 Term Loans may be prepaid at any time without premium or penalty other than customary breakage costs or if the Company engages in certain repricing transactions before April 8, 2025, in which event a 1% prepayment premium would be due.

Cash Flow Hedges

The Company's strategy to hedge against fluctuations in variable interest rates involves entering into interest rate derivative agreements.

The Company has entered into interest rate swap agreements with a notional amount of \$600.0 million ("2022 Swaps") to effectively fix the interest rate on \$600.0 million principal of the outstanding existing Term Loans. The fixed rate on these instruments is 1.9645% and the variable rate is linked to the Term SOFR to mirror the variable interest payments for the Term Loans. For the nine months ended September 30, 2024, including the 1.75% interest rate margin and the 0.11448% SOFR adjustment for the Term Loans, the effective annual interest rate of this \$600.0 million of principal debt was approximately 3.83%. Following the Sixth Amendment, which eliminated the 0.11448% SOFR adjustment, the effective annual rate on the \$600.0 million of principal is approximately 3.71%.

Prior to the phase-out of LIBOR as a referenced rate on June 30, 2023, the fixed rate on the 2022 Swaps was 0.931% and the variable rate was linked to LIBOR, to mirror the LIBOR linked variable interest payments for the existing Term Loans. With the then 2.00% interest rate margin for the existing Term Loans, the effective annual interest rate of the \$600.0 million of principal debt was 2.931% through June 30, 2023. The 2022 Swaps will expire on September 30, 2027.

At the inception of these instruments, the Company designated the 2022 Swaps as cash flow hedges. As of September 30, 2024, the Company recorded a derivative asset with a fair value of \$23.3 million related to the 2022 Swaps. The balance of the derivative asset as of December 31, 2023 was \$35.5 million. These assets are included in Other long-term assets on the consolidated balance sheets.

No ineffectiveness has been identified on the 2022 Swaps and, therefore the change in fair value is recorded in stockholders' equity as a component of accumulated other comprehensive loss. Amounts are reclassified from accumulated other comprehensive loss into interest expense on the unaudited consolidated statement of operations in the same period or periods during which the hedged transactions affect earnings.

(12) EARNINGS PER SHARE

The computation of basic earnings per share (EPS) is based on the weighted-average number of common shares outstanding. The computation of diluted EPS is based on the weighted-average number of common shares outstanding and potential dilutive common shares during the period as determined by using the treasury stock method.

The following are computations of basic and diluted earnings per share (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator for basic and diluted earnings per share:				
Net income	\$ 115,213	\$ 91,340	\$ 318,325	\$ 279,507
Denominator:				
Weighted-average shares outstanding, basic	53,951	54,122	53,936	54,097
Dilutive impact of equity awards	278	297	293	314
Weighted-average shares outstanding, diluted	54,229	54,419	54,229	54,411
Basic earnings per share:	\$ 2.14	\$ 1.69	\$ 5.90	\$ 5.17
Diluted earnings per share:	\$ 2.12	\$ 1.68	\$ 5.87	\$ 5.14

Potentially dilutive shares outstanding include the dilutive effect of unvested restricted stock awards and employee stock purchase plan (“ESPP”) rights (collectively referred to as “equity awards”). Potentially dilutive shares whose effect would have been antidilutive are excluded from the computation of diluted earnings per share. The Company included all outstanding performance awards, restricted stock awards and ESPP rights in the calculation of diluted earnings per share except as shown in the table below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Antidilutive restricted stock awards	5	7	6	14
Performance stock awards for which performance criteria was not attained at reporting date	160	103	160	103

(13) ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss by component and related tax impacts for the nine months ended September 30, 2024 were as follows (in thousands):

	Foreign Currency Translation Adjustments	Unrealized (Loss) Gain on Available-For- Sale Securities	Unrealized Gain on Fair Value of Interest Rate Hedges	Unrealized Loss on Pension	Total
Balance at January 1, 2024	\$ (200,339)	\$ (4)	\$ 25,891	\$ (887)	\$ (175,339)
Other comprehensive (loss) income before reclassifications	(8,031)	215	3,296	18	(4,502)
Amounts reclassified out of accumulated other comprehensive loss	—	—	(15,424)	—	(15,424)
Tax (provision) benefit	—	(45)	3,274	—	3,229
Other comprehensive (loss) income	(8,031)	170	(8,854)	18	(16,697)
Balance at September 30, 2024	\$ (208,370)	\$ 166	\$ 17,037	\$ (869)	\$ (192,036)

The amount realized in the unaudited consolidated statement of operations during the three and nine months ended September 30, 2024 which was reclassified out of accumulated other comprehensive loss was as follows (in thousands):

Component of Accumulated Other Comprehensive Loss	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024	Location
Unrealized Gain on Fair Value of Interest Rate Hedges	\$ 5,213	\$ 15,424	Interest expense, net of interest income

(14) STOCK-BASED COMPENSATION

Total stock-based compensation cost recognized for the three and nine months ended September 30, 2024 was \$5.8 million and \$20.7 million, respectively. Total stock-based compensation cost recognized for the three and nine months ended September 30, 2023 was \$4.3 million and \$14.8 million, respectively. The total income tax benefit recognized in the unaudited consolidated statements of operations from stock-based compensation expense for the three and nine months ended September 30, 2024 was \$1.0 million and \$3.7 million, respectively. The total income tax benefit recognized in the unaudited consolidated statements of operations from stock-based compensation expense for the three and nine months ended September 30, 2023 was \$0.7 million and \$2.4 million, respectively.

Restricted Stock Awards

The following table summarizes information about restricted stock awards for the nine months ended September 30, 2024:

Restricted Stock	Number of Shares	Weighted Average Grant-Date Fair Value
Balance at January 1, 2024	414,623	\$ 114.02
Granted	144,341	187.87
Vested	(130,495)	102.40
Forfeited	(21,578)	143.28
Balance at September 30, 2024	<u>406,891</u>	<u>\$ 142.39</u>

As of September 30, 2024, there was \$43.8 million of total unrecognized compensation cost arising from restricted stock awards. This cost is expected to be recognized over a weighted average period of 2.9 years. The total fair value of restricted stock vested during the three and nine months ended September 30, 2024 was \$16.3 million and \$27.2 million, respectively. The total fair value of restricted stock vested during the three and nine months ended September 30, 2023 was \$16.6 million and \$24.6 million, respectively.

Performance Stock Awards

Performance stock awards are subject to performance criteria established by the Compensation and Human Capital Committee of the Company's Board of Directors prior to or at the date of grant. The performance stock awards are earned based on achieving certain revenue, Adjusted EBITDA Margin, Return on Invested Capital and Total Recordable Incident Rate targets set forth in the applicable award agreements. Performance stock awards include continued service conditions through vesting.

The following table summarizes information about performance stock awards for the nine months ended September 30, 2024:

Performance Stock	Number of Shares	Weighted Average Grant-Date Fair Value
Balance at January 1, 2024	181,284	\$ 114.10
Granted	79,738	173.45
Vested	(29,358)	100.63
Forfeited	(4,800)	148.48
Balance at September 30, 2024	<u>226,864</u>	<u>\$ 135.98</u>

As of September 30, 2024, there was \$6.8 million of total unrecognized compensation cost arising from performance stock awards achieved or deemed probable of vesting. The total fair value of performance awards vested during the three and nine months ended September 30, 2024 was \$2.6 million and \$6.3 million. The total fair value of performance awards vested during the three and nine months ended September 30, 2023 was \$1.7 million and \$9.6 million, respectively.

Employee Stock Purchase Plan

On May 22, 2024, the Company's shareholders approved the Clean Harbors Employee Stock Purchase Plan (the "ESPP"). The ESPP provides a means for eligible employees of the Company to authorize after-tax payroll deductions on a voluntary basis to be used for the periodic purchase of the Company's common stock at a 10% discount to its fair market value. The purchase price paid by the employees will be 90% of the lower of the closing price of the Company's common stock on (i) the first trading day of the offering period or (ii) the last trading day of the offering period. A total of 500,000 shares of common stock are reserved for issuance under the ESPP. As of September 30, 2024, no shares have been issued under the plan.

(15) COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are subject to legal proceedings and claims arising in the ordinary course of business. Actions filed against the Company arise from commercial and employment-related claims including alleged class actions related to sales practices and wage and hour claims. The plaintiffs in these actions may be seeking damages or injunctive relief or both. These actions are in various jurisdictions and stages of proceedings, and some are covered in part by insurance. In addition, the Company's waste management services operations are regulated by federal, state, provincial and local laws enacted to regulate discharge of materials into the environment, remediation of contaminated soil and groundwater or otherwise protect the environment. This ongoing regulation results in the Company frequently becoming a party to legal or administrative proceedings involving all levels of government authorities and other interested parties. The issues involved in such proceedings generally relate to alleged violations of existing permits and licenses or alleged responsibility under federal or state Superfund laws to remediate contamination at properties owned either by the Company or by other parties ("third-party sites") to which either the Company or the prior owners of certain of the Company's facilities shipped waste.

At September 30, 2024 and December 31, 2023, the Company had recorded reserves of \$32.7 million and \$32.4 million, respectively, for actual or probable liabilities related to the legal and administrative proceedings in which the Company was then involved, the principal of which are described below. As of September 30, 2024 and December 31, 2023, the \$32.7 million and \$32.4 million, respectively, of reserves consisted of (i) \$26.1 million and \$25.0 million, respectively, related to pending legal or administrative proceedings, including Superfund liabilities, which were included in remedial liabilities on the consolidated balance sheets, and (ii) \$6.6 million and \$7.4 million, respectively, primarily related to federal, state and provincial enforcement actions, which were included in accrued expenses on the consolidated balance sheets.

In management's opinion, it is not reasonably possible that the potential liability beyond what has been recorded, if any, that may result from these actions, either individually or collectively, will have a material effect on the Company's financial position, results of operations or cash flows. The Company periodically adjusts the aggregate amount of these reserves when actual or probable liabilities are paid or otherwise discharged, new claims arise, or additional relevant information about existing or probable claims becomes available.

Legal or Administrative Proceedings

As of September 30, 2024, the principal legal and administrative proceedings in which the Company was involved, or which had been terminated during 2024, relate to Safety-Kleen product liability cases and Superfund proceedings.

Safety-Kleen Product Liability Cases: Safety-Kleen, Inc. ("Safety-Kleen"), which is a legal entity acquired by the Company in 2012, has been named as a defendant in certain product liability cases that are currently pending in various courts and jurisdictions throughout the United States. As of September 30, 2024, there were approximately 71 proceedings (excluding cases which have been settled but not formally dismissed) wherein persons claim personal injury resulting from the use of Safety-Kleen's parts cleaning equipment or cleaning products. These proceedings typically involve allegations that the solvent used in Safety-Kleen's parts cleaning equipment contains contaminants and/or that Safety-Kleen's recycling process does not effectively remove the contaminants that become entrained in the solvent during their use. In addition, certain claimants assert that Safety-Kleen failed to warn adequately the product user of potential risks, including a historic failure to warn that solvent contains trace amounts of toxic or hazardous substances such as benzene.

The Company maintains insurance that it believes will provide coverage for these product liability claims (over amounts accrued for self-insured retentions and deductibles in certain limited cases), except for punitive damages to the extent not insurable under state law or excluded from insurance coverage. The Company historically has vigorously defended, and intends to continue to vigorously defend, itself and the safety of its products against all of these claims. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. Consequently, the Company is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of September 30, 2024. From January 1, 2024 to September 30, 2024, 14 product liability claims were settled or dismissed. Due to the nature of these claims and the related insurance, the Company did not incur any expense as insurance provided coverage in full for all such claims. Safety-Kleen may be named in similar, additional lawsuits in the future, including claims for which insurance coverage may not be available.

Superfund Proceedings: The Company has been notified that either the Company or the prior owners of certain facilities the Company has since acquired have been identified as potentially responsible parties (“PRPs”) or potential PRPs of indemnification obligations in connection with 131 sites which are subject to or are proposed to become subject to proceedings under federal or state Superfund laws. Of the 131 Superfund related sites, six involve facilities that are now owned or leased by the Company and 125 involve third-party sites which received waste potentially shipped by the Company or the prior owners of certain facilities the Company has since acquired. Of the 125 third-party sites, 30 are now settled, 13 are currently requiring expenditures on remediation and 82 are not currently requiring expenditures on remediation.

In connection with each site, the Company has estimated the extent, if any, to which it may be subject, either directly or as a result of any indemnification obligations, for cleanup and remediation costs, related legal and consulting costs associated with PRP investigations, settlements and related legal and administrative proceedings. The amount of such actual and potential liability is inherently difficult to estimate because of, among other relevant factors, uncertainties as to the legal liability (if any) of the Company or the prior owners of certain of the Company’s facilities to contribute a portion of the cleanup costs, the assumptions that must be made in calculating the estimated cost and timing of remediation, the identification of other PRPs and their respective capability and obligation to contribute to remediation efforts and the existence and legal standing of indemnification agreements (if any) with prior owners, which may either benefit the Company or subject the Company to potential indemnification obligations. The Company believes its potential monetary liability could exceed \$1.0 million at three of the 131 Superfund related sites.

Of the 125 third-party sites at which the Company has been notified it is a PRP or potential PRP or may have indemnification obligations, the Company has indemnification agreements at a total of 17 sites. These agreements indemnify the Company with respect to any liability at the 17 sites for waste disposed prior to the Company’s acquisition of the former subsidiaries of Waste Management, Inc. and McKesson Corporation which had shipped waste to those sites. Accordingly, the indemnifying parties are paying all costs of defending those subsidiaries in those 17 cases, including legal fees and settlement costs. However, there can be no guarantee that the Company’s ultimate liabilities for those sites will not exceed the amount recorded or that indemnities applicable to any of these sites will be available to pay all or a portion of related costs. Except for those indemnification agreements discussed, the Company does not have an indemnity agreement with respect to any of the 125 third-party sites discussed above.

Federal, State and Provincial Enforcement Actions

From time to time, the Company pays fines or penalties in regulatory proceedings relating primarily to waste treatment, storage or disposal facilities. As of September 30, 2024, there was one proceeding for which the Company believed it was possible that the sanctions could equal or exceed \$1.0 million. As of December 31, 2023, there were no proceedings for which the Company believed it was possible that the sanctions could equal or exceed \$1.0 million. As of the date of these financial statements, the Company believes that the fines or other penalties in this or any of the other regulatory proceedings will, individually or in the aggregate, not have a material effect on its financial condition, results of operations or cash flows.

(16) SEGMENT REPORTING

Segment reporting is prepared on the same basis that the Company’s chief operating decision maker (“CODM”), which is a committee comprised of the Company’s Co-Chief Executive Officers, manages the business, makes operating decisions and assesses performance. The Company is managed and reports as two operating segments; (i) the Environmental Services segment and (ii) the Safety-Kleen Sustainability Solutions segment.

Third-party revenue is revenue billed to outside customers by a particular segment. Direct revenue is revenue allocated to the segment providing the product or service. Intersegment revenues represent the sharing of third-party revenues among the segments based on products and services provided by each segment as if the products and services were sold directly to the third-party. The intersegment revenues are shown net. The operations not managed through the Company’s operating segments described above are recorded as “Corporate Items.”

The following tables reconcile third-party revenues to direct revenues for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Third-Party Revenues	Intersegment Revenues (Expenses), net	Direct Revenues	Third-Party Revenues	Intersegment Revenues (Expenses), net	Direct Revenues
Environmental Services	\$ 1,287,650	\$ 9,537	\$ 1,297,187	\$ 1,135,279	\$ 11,084	\$ 1,146,363
Safety-Kleen Sustainability Solutions	241,676	(9,537)	232,139	230,305	(11,084)	219,221
Corporate Items	96	—	96	112	—	112
Total	\$ 1,529,422	\$ —	\$ 1,529,422	\$ 1,365,696	\$ —	\$ 1,365,696

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Third-Party Revenues	Intersegment Revenues (Expenses), net	Direct Revenues	Third-Party Revenues	Intersegment Revenues (Expenses), net	Direct Revenues
Environmental Services	\$ 3,746,227	\$ 32,853	\$ 3,779,080	\$ 3,357,743	\$ 31,397	\$ 3,389,140
Safety-Kleen Sustainability Solutions	712,312	(32,853)	679,459	712,905	(31,397)	681,508
Corporate Items	297	—	297	335	—	335
Total	\$ 4,458,836	\$ —	\$ 4,458,836	\$ 4,070,983	\$ —	\$ 4,070,983

The primary financial measure by which the Company evaluates the performance of its segments is Adjusted EBITDA, which consists of net income plus accretion of environmental liabilities, stock-based compensation, depreciation and amortization, net interest expense, loss on early extinguishment of debt and provision for income taxes and excludes other gains, losses and non-cash charges not deemed representative of fundamental segment results and other expense (income), net. Transactions between the segments are accounted for at the Company's best estimate based on similar transactions with outside customers.

The following table presents Adjusted EBITDA information used by management by reported segment (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Adjusted EBITDA:				
Environmental Services	\$ 332,502	\$ 288,982	\$ 956,892	\$ 822,949
Safety-Kleen Sustainability Solutions	41,226	31,146	122,402	126,024
Corporate Items	(71,914)	(65,111)	(219,569)	(191,312)
Total	301,814	255,017	859,725	757,661
Reconciliation to Consolidated Statements of Operations:				
Accretion of environmental liabilities	3,618	3,388	10,139	10,281
Stock-based compensation	5,837	4,291	20,690	14,809
Depreciation and amortization	100,063	92,970	295,632	267,425
Income from operations	192,296	154,368	533,264	465,146
Other expense (income), net	1,123	(334)	2,431	833
Loss on early extinguishment of debt	—	—	—	2,362
Interest expense, net of interest income	35,779	29,696	100,767	80,400
Income before provision for income taxes	\$ 155,394	\$ 125,006	\$ 430,066	\$ 381,551

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

In addition to historical information, this Quarterly Report on Form 10-Q contains forward-looking statements, which are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans to," "seeks," "should," "estimates," "projects," "may," "likely," "potential" or similar expressions. Such statements may include, but are not limited to, statements about the Company's future financial and operating results, plans, strategy, objectives and goals, cost management initiatives, contingent liabilities, liquidity, business and market conditions, customer demand, acquisitions, growth opportunities, expectations and other statements that are not historical facts. Such statements are based upon the beliefs and expectations of Clean Harbors' management as of the date of this report only and are subject to certain risks and uncertainties that could cause actual results to differ materially, including, without limitation, risks and uncertainties and those items identified as "Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on February 21, 2024, and in other documents we file from time to time with the SEC. Forward-looking statements are neither historical facts nor assurances of future performance. Therefore, readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements.

Overview

We are North America's leading provider of environmental and industrial services, supporting our customers in finding environmentally responsible solutions to further their sustainability goals in today's world. Everywhere industry meets the environment, we strive to provide eco-friendly products and services that protect and restore North America's natural environment. We believe we operate, in the aggregate, the largest number of hazardous waste incinerators, landfills and treatment, storage and disposal facilities ("TSDFs") in North America. We serve over 300,000 customers, including the majority of Fortune 500 companies, across various markets including chemical and manufacturing, as well as numerous government agencies. These customers rely on us to safely deliver a broad range of services including but not limited to end-to-end hazardous waste management, emergency response, industrial cleaning and maintenance and recycling services. We are also a leading provider of parts cleaning and related environmental services to general manufacturing, automotive and commercial customers in North America and the largest re-refiner and recycler of used oil in North America, offering a unique closed-loop re-refining process that helps customers achieve their sustainability goals.

Performance of our segments is evaluated on several factors of which the primary financial measure is Adjusted EBITDA, which is reconciled to our net income and described more fully below. The following is a discussion of how management evaluates its segments using other factors, including key performance indicators that management uses to assess the segments' results, as well as certain macroeconomic trends and influences that impact each reportable segment:

- **Environmental Services** - Environmental Services segment results are predicated upon the demand by our customers for our wide variety of services, waste volumes managed by delivering such services and project work for which responsible waste handling and/or disposal is required. Environmental Services results are also impacted by the demand for planned and unplanned industrial related cleaning and maintenance services at customer sites, environmental cleanup services on a scheduled or emergency basis, including response to large scale events such as major chemical spills, natural disasters, or other instances where immediate and specialized services are required. The Environmental Services segment results include the Safety-Kleen branches' core environmental service offerings of containerized waste disposal, parts washer and vacuum services. These results are driven by the volumes of waste collected from these customers, the overall number of parts washers placed at customer sites and the demand for and frequency of other offered services. The results and integration of the acquired operations of HEPACO Blocker, Inc. and its subsidiaries (collectively "HEPACO") also impact the overall segment results. In managing the business and evaluating performance, management tracks the volumes and mix of waste handled and disposed of or recycled, generally through our incinerators, TSDFs and landfills, the utilization rates of our incinerators, equipment and workforce, including billable hours and the number of parts washer services performed, and pricing realized by our business and peer companies as well as other key metrics. Levels of activity and ultimate performance associated with this segment can be impacted by several factors including overall North American GDP, U.S. industrial production, economic conditions in the general manufacturing, chemical and automotive markets, including efforts and economic incentives to increase domestic operations, available capacity at waste disposal outlets, weather conditions, efficiency of our operations, technology, changing regulations, competition, market pricing of our services, costs incurred to deliver our services and the management of our related operating costs.

- **Safety-Kleen Sustainability Solutions** - Safety-Kleen Sustainability Solutions (“SKSS”) offers high quality, environmentally responsible recycled base and blended oil products and other automotive and industrial lubricants to fleet customers, distributors, manufacturers of oil products and industrial plants. Segment results are impacted by market pricing, overall market demand and mix of our oil products sales, with management’s objective being to limit exposure to commodity market pricing risk through increased production of value added blended lubricants and contracted rate supply agreements with customers. Segment results are also predicated on the demand for other SKSS product and service offerings including collection services for used oil, used oil filters and other automotive fluids. The used oil collected is used as feedstock in our oil re-refining to produce our base and blended oil products and other hydraulic oils, lubricants and recycled fuel oil or are integrated into our recycling and disposal network. The results and integration of the acquired operations of Noble Oil Services, Inc. and its subsidiaries (collectively “Noble”) also impact the overall segment results. In operating the business and evaluating performance, management tracks the volumes and relative percentages of base and blended oil sales along with various pricing metrics associated with the commodity driven margin between product pricing and the overall costs to collect used oil. Levels of activity and ultimate performance associated with this segment can be impacted by economic conditions and product demand in the manufacturing and automotive services markets, product pricing, efficiency of our operations, partnerships, technology, weather conditions, changing regulations, competition and the management of our related operating costs. Costs incurred in connection with the collection of used oil and other raw materials associated with the segment’s oil related products can also be volatile and can be impacted by global events and their relative impact on commodity products and pricing. The overall market price of oil and regulations that change the possible usage of used oil or burning of used oil as a fuel, impact the premium the segment can charge for used oil collections.

Highlights

Total direct revenues for the three and nine months ended September 30, 2024 were \$1,529.4 million and \$4,458.8 million, compared with \$1,365.7 million and \$4,071.0 million for the three and nine months ended September 30, 2023. Our Environmental Services segment direct revenues increased \$150.8 million and \$389.9 million or 13.2% and 11.5% for the three and nine months ended September 30, 2024, respectively, from the comparable periods in 2023 driven by growth in Field and Emergency Response Services, including the contributions from the acquisition of HEPACO, Technical Services and Safety-Kleen core service offerings. For the three months ended September 30, 2024, our SKSS segment direct revenues increased \$12.9 million or 5.9%, from the comparable period in 2023, driven by contributions from our acquisition of Noble. For the nine months ended September 30, 2024, SKSS segment direct revenues decreased \$2.0 million or 0.3% from the comparable period in 2023, due to lower base and blended oil product revenues resulting from market-driven pricing and lower volumes of base oil sold partially offset by contributions from Noble Oil. Foreign currency translation of our Canadian operations negatively impacted our consolidated direct revenues by \$2.8 million and \$5.3 million in the three and nine months ended September 30, 2024, respectively, compared to the same periods in 2023.

Income from operations for the three and nine months ended September 30, 2024 was \$192.3 million and \$533.3 million, compared with \$154.4 million and \$465.1 million in the three and nine months ended September 30, 2023, representing an increase of 24.6% and 14.6%, respectively. Net income for the three and nine months ended September 30, 2024 was \$115.2 million and \$318.3 million, compared with net income of \$91.3 million and \$279.5 million in the three and nine months ended September 30, 2023, representing an increase of 26.1% and 13.9%, respectively.

Adjusted EBITDA, which is the primary financial measure by which we evaluate our segments, increased \$46.8 million or 18.4% from \$255.0 million in the three months ended September 30, 2023 to \$301.8 million in the three months ended September 30, 2024. Adjusted EBITDA increased \$102.1 million or 13.5% from \$757.7 million in the nine months ended September 30, 2023 to \$859.7 million in the nine months ended September 30, 2024. This Adjusted EBITDA growth is primarily driven by contributions from the Environmental Services Segment. Additional information regarding Adjusted EBITDA, which is a non-GAAP measure, including a reconciliation of net income to Adjusted EBITDA, appears below under “*Adjusted EBITDA.*”

Net cash from operating activities for the nine months ended September 30, 2024 increased \$18.1 million from \$455.7 million in 2023 to \$473.8 million in 2024. Adjusted free cash flow, which management uses to measure our financial strength and ability to generate cash, decreased \$38.6 million in the nine months ended September 30, 2024 as compared to 2023. The decrease in adjusted free cash flow was driven by higher planned spend on property, plant and equipment including incremental investments in vehicles, machinery and equipment and notable project spend at our Baltimore, Maryland facility and Kimball, Nebraska incinerator and increased working capital balances, partially offset by higher cash flow from operations. Additional information regarding adjusted free cash flow, which is a non-GAAP measure, including a reconciliation of net cash from operating activities to adjusted free cash flow, appears below under “*Adjusted Free Cash Flow.*”

Segment Performance

The primary financial measure by which we evaluate the performance of our segments is Adjusted EBITDA. The following table sets forth certain financial information associated with our results of operations for the three and nine months ended September 30, 2024 and September 30, 2023 (in thousands, except percentages):

	Summary of Operations							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	Change	% Change	2024	2023	Change	% Change
Direct Revenues ⁽¹⁾:								
Environmental Services	\$ 1,297,187	\$ 1,146,363	\$ 150,824	13.2%	\$ 3,779,080	\$ 3,389,140	\$ 389,940	11.5%
Safety-Kleen Sustainability Solutions	232,139	219,221	12,918	5.9	679,459	681,508	(2,049)	(0.3)
Corporate Items	96	112	(16)	N/M	297	335	(38)	N/M
Total	1,529,422	1,365,696	163,726	12.0	4,458,836	4,070,983	387,853	9.5
Cost of Revenues ⁽²⁾:								
Environmental Services	874,414	766,242	108,172	14.1	2,541,017	2,300,853	240,164	10.4
Safety-Kleen Sustainability Solutions	171,120	169,207	1,913	1.1	496,441	498,965	(2,524)	(0.5)
Corporate Items	10,065	8,502	1,563	N/M	24,753	23,159	1,594	N/M
Total	1,055,599	943,951	111,648	11.8	3,062,211	2,822,977	239,234	8.5
Selling, General & Administrative Expenses:								
Environmental Services	90,271	91,139	(868)	(1.0)	281,171	265,338	15,833	6.0
Safety-Kleen Sustainability Solutions	19,793	18,868	925	4.9	60,616	56,519	4,097	7.2
Corporate Items	67,782	61,012	6,770	11.1	215,803	183,297	32,506	17.7
Total	177,846	171,019	6,827	4.0	557,590	505,154	52,436	10.4
Adjusted EBITDA:								
Environmental Services	332,502	288,982	43,520	15.1	956,892	822,949	133,943	16.3
Safety-Kleen Sustainability Solutions	41,226	31,146	10,080	32.4	122,402	126,024	(3,622)	(2.9)
Corporate Items	(71,914)	(65,111)	(6,803)	(10.4)	(219,569)	(191,312)	(28,257)	(14.8)
Total	\$ 301,814	\$ 255,017	\$ 46,797	18.4	\$ 859,725	\$ 757,661	\$ 102,064	13.5%
Adjusted EBITDA as a % of Direct Revenues:								
Environmental Services ⁽³⁾	25.6 %	25.2 %	0.4 %		25.3 %	24.3 %	1.0 %	
Safety-Kleen Sustainability Solutions ⁽³⁾	17.8 %	14.2 %	3.6 %		18.0 %	18.5 %	(0.5) %	
Corporate Items ⁽⁴⁾	(4.7) %	(4.8) %	0.1 %		(4.9) %	(4.7) %	(0.2) %	
Total	19.7 %	18.7 %	1.0 %		19.3 %	18.6 %	0.7 %	

N/M = not meaningful

(1) Direct revenues are revenues allocated to the segment performing the provided service.

(2) Cost of revenues are shown exclusive of items presented separately on the consolidated statements of operations which consist of (i) accretion of environmental liabilities and (ii) depreciation and amortization.

(3) Calculated as a percentage of individual segment direct revenue.

(4) Calculated as a percentage of total Company direct revenue.

Direct Revenues

There are many factors which can impact our revenues including, but not limited to: overall levels of industrial activity and economic growth in North America, competitive industry pricing, overall market incineration capacity including captive incineration closures, changes in the regulatory environment including those related to per- and polyfluoroalkyl substances (“PFAS”), impacts of acquisitions and divestitures, the level of emergency response services, government infrastructure investment, reshoring of domestic manufacturing, existence or non-existence of large scale environmental waste and remediation projects, weather related events, the number of parts washers placed at customer sites, miles driven and related lubricant demand, base and blended oil pricing, market supply for base oil products, market changes relative to the collection of used oil and foreign currency translation. In addition, customer efforts to minimize hazardous waste and changes in regulation can impact our revenues.

Environmental Services

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
Direct revenues	\$ 1,297,187	\$ 1,146,363	\$ 150,824	13.2 %	\$ 3,779,080	\$ 3,389,140	\$ 389,940	11.5 %

Environmental Services direct revenues for the three months ended September 30, 2024 increased \$150.8 million from the comparable period in 2023 due to growth across most of our service lines driven by acquisitive growth and incremental revenues from legacy operations. Field and emergency response service revenues increased \$105.2 million from the comparable period in 2023 driven by incremental revenue of approximately \$75 million from the acquisition of HEPACO as well as contributions from our legacy field services operations. Technical services revenue increased \$33.3 million largely due to contributions across our portfolio of waste disposal facilities, including higher incineration pricing and volumes. For the three months ended September 30, 2024, utilization at our incinerators increased from 86% to 89%. Revenues for Safety-Kleen core service offerings grew by \$18.6 million from the comparable period in 2023 driven by improved pricing and greater demand for our containerized waste, vacuum and parts washer services. These increases were partially offset by decreased revenues from our industrial services operations for the three months ended September 30, 2024, which declined \$4.7 million due to lower turnaround activity late in the quarter, as compared to the same period in 2023. Direct revenues for Canadian operations of the Environmental Services segment decreased by \$2.2 million due to foreign currency translation.

Environmental Services direct revenues for the nine months ended September 30, 2024 increased \$389.9 million from the comparable period in 2023 due to growth across most of our service lines driven by incremental revenues from legacy operations and acquisitive growth. Field and emergency response service revenues for the nine months ended September 30, 2024 increased \$219.1 million from the comparable period in 2023 driven by incremental revenue of approximately \$160 million from the acquisition of HEPACO as well as overall growth in core field and emergency response service offerings. Technical services revenue increased \$128.0 million largely due to higher incineration pricing and volume coupled with improved pricing at our landfill facilities. Utilization at our incinerators increased from 83% to 85% for the nine months ended September 30, 2024 as compared to the same period in 2023. Revenues for Safety-Kleen core service offerings for the nine months ended September 30, 2024 grew by \$63.1 million from the comparable period in 2023 due to improved pricing and greater demand for our containerized waste, vacuum and parts washer services. Revenue from our industrial services operations declined \$21.7 million due to lower turnaround activity and related high-value services for the nine months ended September 30, 2024 compared to the same period in 2023, partially offset by incremental revenue from the acquisition of Thompson Industrial Services which occurred in March 2023. Direct revenues for Canadian operations of the Environmental Services segment decreased by \$4.3 million due to foreign currency translation.

Safety-Kleen Sustainability Solutions

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
Direct revenues	\$ 232,139	\$ 219,221	\$ 12,918	5.9 %	\$ 679,459	\$ 681,508	\$ (2,049)	(0.3)%

In the three months ended September 30, 2024, SKSS direct revenues increased \$12.9 million from the comparable period in 2023 due to a \$16.8 million increase in revenues from the sale of vacuum gas oil and specialty refinery products largely resulting from the acquisition of Noble which took place on March 1, 2024. This increase was partially offset by a \$1.8 million decrease in revenues from the collection of used oil despite an increase in the volume collected in the three months ended September 30, 2024 when compared to the used oil collections in the same period of 2023. Revenues from the sale of base and blended oil products were relatively flat due to unfavorable market conditions.

In the nine months ended September 30, 2024, SKSS direct revenues decreased \$2.0 million from the comparable period in 2023 largely due to a \$12.8 million reduction in revenues from base oil sales driven primarily by lower pricing and, to a lesser extent, lower volumes sold. Revenue from contract packaging decreased \$8.9 million and revenues generated from the sales of other products decreased \$5.2 million for the nine months ended September 30, 2024 as compared to the same period in 2023. Revenue from the sales of blended oil products decreased by \$2.3 million in the nine months ended September 30, 2024 when compared with the same period in the prior year, primarily due to lower pricing despite increased volume sold. These decreases were partially offset by a \$27.2 million increase in revenues from the sale of vacuum gas oil and specialty refinery products primarily driven by the acquisition of Noble as well as a \$2.3 million increase in revenues from the collection of used oil driven by higher volume collected in the nine months ended September 30, 2024 when compared to the used oil collections in the same period of 2023.

Cost of Revenues

We believe that management of operating costs is vital to our ability to remain price competitive. We continue to experience inflationary pressures across several cost categories, but most notably related to internal and external labor, transportation, maintenance costs, and energy related costs. We aim to manage these increases through constant cost monitoring and a focus on cost saving areas, including lowering employee turnover, as well as our overall customer pricing strategies designed to offset the inflationary impacts on our margins.

We continue to upgrade the quality and efficiency of our services through the development of new technology and continued modifications and expansion at our facilities while also leveraging certain fixed costs of our operating infrastructure. We invest in new business opportunities and aggressively implement strategic sourcing and logistics solutions, while also continuing to optimize our management and operating structure in an effort to manage our operating margins.

Environmental Services

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
Cost of revenues	\$ 874,414	\$ 766,242	\$ 108,172	14.1 %	\$ 2,541,017	\$ 2,300,853	\$ 240,164	10.4 %
As a % of Direct revenues	67.4 %	66.8 %	0.6 %		67.2 %	67.9 %	(0.7)%	

Environmental Services cost of revenues for the three months ended September 30, 2024 increased \$108.2 million from the comparable period in 2023 while remaining relatively consistent as a percentage of revenues. Commensurate with the revenue growth in the business and recent acquisition of HEPACO, labor and benefit related costs increased \$54.3 million, equipment and supply costs increased \$41.6 million and external transportation, vehicle and fuel related costs increased \$13.3 million for the three months ended September 30, 2024 when compared to the three months ended September 30, 2023.

Environmental Services cost of revenues for the nine months ended September 30, 2024 increased \$240.2 million from the comparable period in 2023, however as a percentage of revenues decreased 0.7%. Commensurate with the revenue growth in the business and recent acquisitions, labor and benefit related costs increased \$130.3 million, equipment and supply costs increased \$77.2 million and external transportation, vehicle and fuel related costs increased \$24.6 million for the nine months ended September 30, 2024 when compared to the nine months ended September 30, 2023. Overall, the growth of revenue outpaced cost increases resulting in the improved margin of the segment.

Safety-Kleen Sustainability Solutions

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
Cost of revenues	\$ 171,120	\$ 169,207	\$ 1,913	1.1 %	\$ 496,441	\$ 498,965	\$ (2,524)	(0.5)%
As a % of Direct revenues	73.7 %	77.2 %	(3.5)%		73.1 %	73.2 %	(0.1)%	

SKSS cost of revenues for the three months ended September 30, 2024 increased \$1.9 million from the comparable period in 2023, driven by the revenue increase discussed above. As a percentage of revenues these costs decreased by 3.5% due to lower re-refinery operating costs incurred during the period.

SKSS cost of revenues for the nine months ended September 30, 2024 decreased \$2.5 million from the comparable period in 2023 and remained relatively consistent as a percentage of revenues driven by market related pricing decreases discussed in the revenue section above, partially offset by lower re-refinery operating costs incurred specifically in the three months ended September 30, 2024 as compared to the same period in the prior year.

Selling, General and Administrative Expenses

We strive to manage our selling, general and administrative (“SG&A”) expenses commensurate with the overall performance of our segments and corresponding revenue levels. We believe our ability to properly align these costs with business performance is reflective of our strong management of the businesses and further promotes our ability to remain competitive in the marketplace.

Environmental Services

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
SG&A expenses	\$ 90,271	\$ 91,139	\$ (868)	(1.0)%	\$ 281,171	\$ 265,338	\$ 15,833	6.0 %
As a % of Direct revenues	7.0 %	8.0 %	(1.0)%		7.4 %	7.8 %	(0.4)%	

Environmental Services SG&A expenses for the three months ended September 30, 2024 remained relatively consistent with the comparable periods in 2023, and decreased 1.0% as a percentage of segment revenues, primarily driven by lower labor and benefit related costs, continuing our trend of leveraging our SG&A base in the midst of the revenue growth discussed above.

Environmental Services SG&A expenses for the nine months ended September 30, 2024 increased \$15.8 million, from the comparable periods in 2023, however, remained relatively consistent as a percentage of segment revenues, continuing our trend of leveraging our SG&A base in the midst of revenue growth discussed above. SG&A expenses for the nine months ended September 30, 2024 increased approximately \$10 million due to additional costs from the HEPACO operations. The remaining increases were spread across various cost categories and were driven by overall growth in the segment results.

Safety-Kleen Sustainability Solutions

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
SG&A expenses	\$ 19,793	\$ 18,868	\$ 925	4.9 %	\$ 60,616	\$ 56,519	\$ 4,097	7.2 %
As a % of Direct revenues	8.5 %	8.6 %	(0.1)%		8.9 %	8.3 %	0.6 %	

SKSS SG&A expenses for the three months ended September 30, 2024 increased \$0.9 million and remained relatively consistent, as a percentage of revenues, when compared to the same period in 2023. Overall, labor and benefit related costs increased \$1.4 million, mainly driven by increased costs from Noble operations. This increase was partially offset by a \$1.1 million increase to a remedial liability reserve in 2023 which did not recur in 2024.

For the nine months ended September 30, 2024, SKSS SG&A expenses increased \$4.1 million, and as a percentage of revenues, remained relatively consistent with the prior year. Overall, labor and benefit related costs increased \$5.0 million in the nine months ended September 30, 2024 when compared to the same period in 2023, mainly driven by increased costs from Noble operations. This cost increase was partially offset by a \$1.1 million increase to remedial liability reserves in 2023 which did not recur in 2024.

Corporate Items

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
SG&A expenses	\$ 67,782	\$ 61,012	\$ 6,770	11.1 %	\$ 215,803	\$ 183,297	\$ 32,506	17.7 %
As a % of Total Company Direct revenues	4.4 %	4.5 %	(0.1)%		4.8 %	4.5 %	0.3 %	

Corporate SG&A expenses for the three months ended September 30, 2024 increased \$6.8 million from the same period in the prior year yet remained relatively consistent as a percentage of our total direct revenues. The increase in Corporate SG&A expenses for the three months ended September 30, 2024 was driven by a \$5.3 million increase in labor and benefits related costs, including stock-based compensation, primarily resulting from incremental headcount from the acquired operations and a \$1.2 million increase in information technology related costs.

Corporate SG&A expenses for the nine months ended September 30, 2024 increased \$32.5 million yet remained relatively consistent as a percentage of our total direct revenues when compared to the same period in the prior year. The increase in Corporate SG&A expenses for the nine months ended September 30, 2024 was driven by a \$21.7 million increase in labor and benefits related costs, including stock-based compensation, a \$3.6 million change in legal reserve costs and a \$2.4 million increase in information technology related costs.

Adjusted EBITDA

Management considers Adjusted EBITDA to be a measurement of performance which provides useful information to both management and investors. Adjusted EBITDA should not be considered an alternative to net income or other measurements under generally accepted accounting principles (“GAAP”). We define Adjusted EBITDA as net income plus accretion of environmental liabilities, stock-based compensation, depreciation and amortization, net interest expense, loss on early extinguishment of debt and provision for income taxes and excludes other gains, losses and non-cash charges not deemed representative of fundamental segment results and other expense (income), net. Adjusted EBITDA is not calculated identically by all companies and therefore our measurements of Adjusted EBITDA, while defined consistently with our existing credit agreement, may not be comparable to similarly titled measures reported by other companies.

We use Adjusted EBITDA to enhance our understanding of our operating performance, which represents our views concerning our performance in the ordinary, ongoing and customary course of our operations. We historically have found it helpful, and believe that investors have found it helpful, to consider an operating measure that excludes certain expenses relating to transactions not reflective of our core operations.

The information about our operating performance provided by Adjusted EBITDA is used by our management for a variety of purposes. We regularly communicate Adjusted EBITDA results to our lenders since our loan covenants are based upon levels of Adjusted EBITDA achieved and to our board of directors and we discuss with the board our interpretation of such results. We also compare our Adjusted EBITDA performance against internal targets as a key factor in determining cash and equity bonus compensation for executives and other employees, largely because we believe that this measure is indicative of how the fundamental business is performing and being managed.

We also provide information relating to our Adjusted EBITDA so that analysts, investors and other interested persons have the same data that we use to assess our core operating performance. We believe that Adjusted EBITDA should be viewed only as a supplement to the GAAP financial information. We also believe, however, that providing this information in addition to, and together with, GAAP financial information provides a better understanding of our core operating performance and how management evaluates and measures our performance.

The following table presents Adjusted EBITDA as well as Adjusted EBITDA as a percentage of Direct Revenues by segment (in thousands, except percentages):

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
Adjusted EBITDA:								
Environmental Services	\$ 332,502	\$ 288,982	\$ 43,520	15.1 %	\$ 956,892	\$ 822,949	\$ 133,943	16.3 %
Safety-Kleen Sustainability Solutions	41,226	31,146	10,080	32.4	122,402	126,024	(3,622)	(2.9)
Corporate Items	(71,914)	(65,111)	(6,803)	(10.4)	(219,569)	(191,312)	(28,257)	(14.8)
Total	\$ 301,814	\$ 255,017	\$ 46,797	18.4 %	\$ 859,725	\$ 757,661	\$ 102,064	13.5 %
Adjusted EBITDA as a % of Direct Revenues ⁽¹⁾:								
Environmental Services	25.6 %	25.2 %	0.4 %		25.3 %	24.3 %	1.0 %	
Safety-Kleen Sustainability Solutions	17.8 %	14.2 %	3.6 %		18.0 %	18.5 %	(0.5)%	
Corporate Items	(4.7)%	(4.8)%	0.1 %		(4.9)%	(4.7)%	(0.2)%	
Total	19.7 %	18.7 %	1.0 %		19.3 %	18.6 %	0.7 %	

(1) Environmental Services and SKSS calculated as a percentage of individual segment direct revenues. Corporate Items calculated as a percentage of total Company direct revenues.

The following is a reconciliation of net income to Adjusted EBITDA for the following periods (in thousands, except percentages):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net income	\$ 115,213	\$ 91,340	\$ 318,325	\$ 279,507
Accretion of environmental liabilities	3,618	3,388	10,139	10,281
Stock-based compensation	5,837	4,291	20,690	14,809
Depreciation and amortization	100,063	92,970	295,632	267,425
Other expense (income), net	1,123	(334)	2,431	833
Loss on early extinguishment of debt	—	—	—	2,362
Interest expense, net of interest income	35,779	29,696	100,767	80,400
Provision for income taxes	40,181	33,666	111,741	102,044
Adjusted EBITDA	\$ 301,814	\$ 255,017	\$ 859,725	\$ 757,661
As a % of Direct revenues	19.7 %	18.7 %	19.3 %	18.6 %

Depreciation and Amortization

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
Depreciation of fixed assets and amortization of landfills and finance leases	\$ 86,201	\$ 80,432	\$ 5,769	7.2 %	\$ 254,888	\$ 229,658	\$ 25,230	11.0 %
Permits and other intangibles amortization	13,862	12,538	1,324	10.6	40,744	37,767	2,977	7.9
Total depreciation and amortization	\$ 100,063	\$ 92,970	\$ 7,093	7.6 %	\$ 295,632	\$ 267,425	\$ 28,207	10.5 %

Depreciation and amortization for the three and nine months ended September 30, 2024 increased by \$7.1 million and \$28.2 million from the comparable periods in 2023 due to the depreciation of fixed assets and amortization of intangible assets placed in service in the last quarter of 2023 and throughout 2024 including the incremental assets acquired from the March 2024 HEPACO and Noble acquisitions.

Loss on Early Extinguishment of Debt

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
Loss on early extinguishment of debt	\$ —	\$ —	\$ —	—%	\$ —	\$ (2,362)	\$ 2,362	100.0 %

During the nine months ended September 30, 2023, we recorded a \$2.4 million loss on early extinguishment of debt in connection with the repayment of outstanding debt due in 2024.

Interest Expense, Net of Interest Income

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
Interest expense, net of interest income	\$ 35,779	\$ 29,696	\$ 6,083	20.5 %	\$ 100,767	\$ 80,400	\$ 20,367	25.3 %

Interest expense, net of interest income for the three months ended September 30, 2024 increased \$6.1 million from the comparable period in 2023 due to higher levels of outstanding debt as a result of the 2024 Incremental Term Loans entered into on March 22, 2024. Interest expense was partially offset by a \$2.5 million increase in interest income in the three months ended September 30, 2024 compared to the comparable period in 2023.

Interest expense, net of interest income for the nine months ended September 30, 2024 increased \$20.4 million from the comparable period in 2023. During the nine months ended September 30, 2023, interest expense, net of interest income included an \$8.3 million benefit recognized from settling interest rate swaps in that prior year period.

Absent this benefit, interest expense, net of interest income, for the nine months ended September 30, 2024 increased \$12.1 million from the comparable period in 2023 due to the 2024 Incremental Term Loans discussed above. Interest expense was partially offset by a \$5.4 million increase in interest income in the nine months ended September 30, 2024 compared to the comparable period in 2023.

As of September 30, 2024, the effective interest rate on our debt was 5.6%. For the remainder of 2024, we expect interest expense to continue to trend higher than the prior year due to higher levels of outstanding debt and a slightly higher weighted average effective interest rate. For additional information regarding the financing events during 2024 and our current portfolio of long-term debt, see Note 11, "Financing Arrangements," to the accompanying unaudited consolidated financial statements.

Provision for Income Taxes

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	September 30,		2024 over 2023		September 30,		2024 over 2023	
	2024	2023	Change	% Change	2024	2023	Change	% Change
Provision for income taxes	\$ 40,181	\$ 33,666	\$ 6,515	19.4 %	\$ 111,741	\$ 102,044	\$ 9,697	9.5 %
Effective tax rate	25.9 %	26.9 %	(1.0)%		26.0 %	26.7 %	(0.7)%	

For the three and nine months ended September 30, 2024, the provision for income taxes increase was consistent with the increase in pre-tax income compared to the prior period. Our effective tax rates for the three and nine months ended September 30, 2024 remained relatively consistent compared to the prior periods.

Liquidity and Capital Resources

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing, and financing activities. Our primary ongoing cash requirements will be to fund operations, capital expenditures, interest payments and investments in line with our business strategy as of the date of this report. We believe our future operating cash flows will be sufficient to meet our future operating and internal investing cash needs. We monitor our actual needs and forecasted cash flows, our liquidity and our capital resources, enabling us to plan our present needs and fund items that may arise during the year as a result of changing business conditions or opportunities. Furthermore, our existing cash balance and the availability of additional borrowings under our revolving credit facility provide additional potential sources of liquidity should they be required.

Summary of Cash Flow Activity

(in thousands)	Nine Months Ended September 30,	
	2024	2023
Net cash from operating activities	\$ 473,833	\$ 455,692
Net cash used in investing activities	(812,940)	(447,069)
Net cash from (used in) financing activities	408,555	(165,322)

Net cash from operating activities

Net cash from operating activities for the nine months ended September 30, 2024 was \$473.8 million as compared to \$455.7 million in the same period in 2023. This \$18.1 million increase in operating cash flows was attributable to an increase in operating income of \$68.1 million, lower cash paid for taxes of \$6.6 million, and a \$4.4 million reduction in environmental expenditures for the nine months ended September 30, 2024 as compared to the same period in 2023. These were partially offset by increased working capital balances and an increase in cash paid for interest of \$33.4 million.

Net cash used in investing activities

Net cash used in investing activities for the nine months ended September 30, 2024 was \$812.9 million, an increase of \$365.9 million from the comparable period in 2023. Cash used for acquisitions increased \$354.4 million as we paid more for the acquisitions of HEPACO and Noble in 2024 than we did for the acquisition of Thompson Industrial in 2023. Additions to property, plant and equipment increased \$57.9 million, largely driven by increased investments in vehicles, machinery and equipment for our operations and notable project spend including \$15.8 million spent on the Baltimore, Maryland facility. The remaining change in net cash used in investing activities was due to the timing of transactions within our wholly owned captive insurance company which resulted in a \$26.3 million cash inflow in the nine months ended September 30, 2024 as compared to a \$19.9 million cash outflow in the nine months ended 2023.

Net cash from (used in) financing activities

Net cash from financing activities for the nine months ended September 30, 2024 was \$408.6 million, as compared to net cash used in financing activities of \$165.3 million for the nine months ended September 30, 2023. The primary drivers of this change were the incurrence of additional term loans net of discount of \$499.4 million in 2024 as compared to a net \$121.5 million repayment of debt in 2023. Partially offsetting this activity was an increase in finance lease payments of \$12.0 million.

Adjusted Free Cash Flow

Management considers adjusted free cash flow to be a measure of liquidity which provides useful information to both management, creditors and investors about our financial strength and our ability to generate cash. Additionally, adjusted free cash flow is a metric on which a portion of management incentive compensation is based. We believe that adjusted free cash flow should be viewed only as a supplement to the GAAP financial information. We define adjusted free cash flow as net cash from operating activities excluding cash impacts of items derived from non-operating activities, less additions to property, plant and equipment plus proceeds from sales or disposals of fixed assets. Adjusted free cash flow should not be considered an alternative to net cash from operating activities or other measurements under GAAP. Adjusted free cash flow is not calculated identically by all companies, and therefore our measurements of adjusted free cash flow may not be comparable to similarly titled measures reported by other companies.

The following is a reconciliation of net cash from operating activities to adjusted free cash flow for the following periods (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Net cash from operating activities	\$ 473,833	\$ 455,692
Additions to property, plant and equipment	(369,826)	(311,906)
Proceeds from sale and disposal of fixed assets	6,353	5,129
Adjusted free cash flow	<u>\$ 110,360</u>	<u>\$ 148,915</u>

Summary of Capital Resources

At September 30, 2024, cash and cash equivalents and marketable securities totaled \$594.7 million, compared to \$550.8 million at December 31, 2023. At September 30, 2024, cash and cash equivalents held by our Canadian subsidiaries totaled \$46.8 million. The cash and cash equivalents and marketable securities balance for our U.S. operations was \$547.9 million at September 30, 2024. Our U.S. operations had net operating cash inflows of \$478.3 million for the nine months ended September 30, 2024.

We maintain a \$600.0 million revolving credit facility of which, as of September 30, 2024, approximately \$469.8 million was available to borrow under the facility, with letters of credit of \$130.2 million outstanding.

Material Capital Requirements

Capital Expenditures

Capital expenditures during the first nine months of 2024 were \$369.8 million as compared to \$311.9 million during the first nine months of 2023. The increase was driven by incremental investments in our fleet and equipment and Baltimore, Maryland facility as well as incremental spend on the Kimball incinerator. We anticipate that 2024 capital spending, net of disposals, will be in the range of \$400.0 million to \$430.0 million.

We are nearing the completion of the construction of our new incinerator in Kimball, Nebraska and intend to commence operations in the fourth quarter of 2024. Total spending on the project as of September 30, 2024 was \$198.0 million. Capital spending on the strategic project in Baltimore, Maryland for the first nine months of 2024 was \$15.8 million for the purchase of the facility and site improvements.

We anticipate that the capital spending will be funded by cash from our operations. Unanticipated changes in environmental regulations could require us to make significant capital expenditures for our facilities and adversely affect our results of operations and cash flow.

Financing Arrangements

As of September 30, 2024, our financing arrangements include (i) \$545.0 million of 4.875% senior unsecured notes due 2027, (ii) \$1,468.7 million of senior secured term loans due 2028, (iii) \$300.0 million of 5.125% senior unsecured notes due 2029 and (iv) \$500.0 million of 6.375% senior unsecured notes due 2031. As noted above, we also maintain our \$600.0 million revolving credit facility with no amounts owed as of September 30, 2024.

The material terms of these arrangements are discussed further in Note 11, "Financing Arrangements," to the accompanying unaudited consolidated financial statements.

As of September 30, 2024, we were in compliance with the covenants of all of our debt agreements, and we believe we will continue to meet such covenants.

Common Stock Repurchases Pursuant to Publicly Announced Plan

The Company's common stock repurchases are made pursuant to the previously authorized board approved plan to repurchase up to \$1.1 billion of the Company's common stock. During the three and nine months ended September 30, 2024, the Company repurchased and retired 84,910 and 135,572 shares, respectively, of the Company's common stock for total expenditures of \$20.0 million and \$30.0 million, respectively. During the three and nine months ended September 30, 2023, the Company repurchased and retired a total of 58,341 and 117,064 shares, respectively, of the Company's common stock for total expenditures of \$10.0 million and \$18.0 million, respectively.

Through September 30, 2024, the Company has repurchased and retired a total of approximately 8.7 million shares of its common stock for \$575.9 million under the board approved plan, and as of September 30, 2024, an additional \$524.1 million remained available for repurchase of shares.

Environmental Liabilities

(in thousands, except percentages)	September 30, 2024	December 31, 2023	Change	% Change
Closure and post-closure liabilities	\$ 119,578	\$ 118,600	\$ 978	0.8 %
Remedial liabilities	110,658	111,243	(585)	(0.5)
Total environmental liabilities	<u>\$ 230,236</u>	<u>\$ 229,843</u>	<u>\$ 393</u>	<u>0.2 %</u>

Total environmental liabilities as of September 30, 2024 were \$230.2 million, relatively consistent with the balance as of December 31, 2023. During the nine months ended September 30, 2024, the environmental liability balance increased due to accretion of \$10.1 million, new environmental liabilities, including those assumed through acquisition, of \$5.9 million and changes in environmental liability estimates of \$4.4 million. These increases were partially offset by expenditures of \$19.7 million. The liability estimate increase was primarily driven by a \$2.9 million increase to the remedial liability reserve for a Superfund site.

We anticipate our environmental liabilities, substantially all of which we assumed in connection with our acquisitions, will be payable over many years and that cash flow from operations will generally be sufficient to fund the payment of such liabilities when required.

Events not anticipated (such as future changes in environmental laws and regulations) could require that payments to satisfy our environmental liabilities be made earlier or in greater amounts than currently anticipated, which could adversely affect our results of operations, cash flow and financial condition. Conversely, the development of new treatment technologies or other circumstances may arise in the future which may reduce amounts ultimately paid.

Letters of Credit

We obtain standby letters of credit as security for financial assurances we have been required to provide to regulatory bodies for our hazardous waste facilities and which would be called only in the event that we fail to satisfy closure, post-closure and other obligations under the permits issued by those regulatory bodies for such licensed facilities. As of September 30, 2024, there were \$130.2 million outstanding letters of credit. See Note 11, "Financing Arrangements," to the accompanying unaudited consolidated financial statements.

Critical Accounting Policies and Estimates

In the first nine months of 2024, there were no material changes to the information provided under the heading "Critical Accounting Estimates" included in our Annual Report on Form 10-K for the year ended December 31, 2023. For more information regarding our accounting policies, please refer to Note 2, "Significant Accounting Policies" to the accompanying unaudited consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the first nine months of 2024, there were no material changes to the information provided under Item 7A. "Quantitative and Qualitative Disclosures about Market Risk" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of our Co-Chief Executive Officers and Chief Financial Officer, as of the end of the period covered by this Quarterly Report on Form 10-Q, our Co-Chief Executive Officers and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined under Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) were effective as of September 30, 2024 to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that was conducted during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CLEAN HARBORS, INC. AND SUBSIDIARIES**PART II—OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS**

See Note 15, “Commitments and Contingencies,” to the unaudited consolidated financial statements included in Item 1 of this report, which description is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors from the information provided in Item 1A. in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**Common Stock Repurchase Program**

The following table provides information with respect to the shares of common stock repurchased by us for the periods indicated:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands) ⁽³⁾
July 1, 2024 through July 31, 2024	25,752	\$ 220.63	—	\$ 544,101
August 1, 2024 through August 31, 2024	45,116	232.87	43,028	534,101
September 1, 2024 through September 30, 2024	44,800	239.23	41,882	524,101
Total	115,668	\$ 232.61	84,910	

- (1) Includes 30,758 shares withheld by us from employees to satisfy employee tax obligations upon vesting of restricted stock granted to our employees under the Company's equity incentive plans.
- (2) The average price paid per share of common stock repurchased under the Company's stock repurchase program includes the commissions paid to brokers.
- (3) The Company's common stock repurchases are made pursuant to the stock repurchase plan, which was most recently authorized by the board of directors on December 5, 2024, to repurchase up to \$1.1 billion of the Company's common stock. The stock repurchase plan will expire when all of the available allotted funds under the stock repurchase plan are depleted. As of September 30, 2024, the amount available for repurchase under the board approved plan is \$524.1 million. We have funded and intend to fund the repurchases through available cash resources. The stock repurchase program authorizes us to purchase our common stock on the open market or in privately negotiated transactions periodically in a manner that complies with applicable U.S. securities laws. The number of shares purchased and the timing of the purchases has depended and will depend on several factors, including share price, cash required for business plans, trading volume and other conditions. As part of our share repurchase program, we maintain a repurchase plan in accordance with Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended. During the three months ended September 30, 2024, no shares were repurchased under the Rule 10b5-1 plan. Future repurchases may be made as open market or privately negotiated transactions as described above. We have no obligation to repurchase stock under this program and may suspend or terminate the repurchase program at any time.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

During the quarter ended September 30, 2024, no director or “officer” (as defined in Rule 16a-1(f)) of Clean Harbors, Inc. adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Item No.	Description	Location
10.1+	Amendment No. 6 to Credit Agreement dated as of October 8, 2024, among the Financial Institutions party thereto, as Lenders, Goldman Sachs Lending Partners LLC, as Administrative Agent and Collateral Agent, Clean Harbors, Inc., as Borrower, and the Loan Guarantors from time to time party thereto	(1)
31.1	Rule 13a-14a/15d-14(a) Certification of the Co-CEO Michael L. Battles	Filed herewith
31.2	Rule 13a-14a/15d-14(a) Certification of the Co-CEO Eric W. Gerstenberg	Filed herewith
31.3	Rule 13a-14a/15d-14(a) Certification of the CFO Eric J. Dugas	Filed herewith
32	Section 1350 Certifications	Furnished herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101*)	Filed herewith

(1) Incorporated by reference to Exhibit 4.43H to the Company’s Current Report on Form 8-K filed on October 11, 2024.

+ Certain schedules and similar attachments have been omitted. The Company agrees to furnish a supplemental copy to the SEC upon request.

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER

I, Michael L. Battles, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clean Harbors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL L. BATTLES

Michael L. Battles
Co-Chief Executive Officer and Co-President

Date: October 30, 2024

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER

I, Eric W. Gerstenberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clean Harbors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ERIC W. GERSTENBERG

Eric W. Gerstenberg
Co-Chief Executive Officer and Co-President

Date: October 30, 2024

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Eric J. Dugas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clean Harbors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ERIC J. DUGAS

Eric J. Dugas
Executive Vice President and Chief Financial Officer

Date: October 30, 2024

