GFL Environmental Inc.

Consolidated Financial Statements
For the year ended December 31, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
GFL Environmental Inc.

Opinion on the Financial Statements
We have audited the accompanying consolidated statements of financial position of GFL Environmental Inc. and subsidiaries ("Successor") as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for each of the two years in the period ended December 31, 2020 and the period from June 1, 2018 to December 31, 2018 (Successor), and the related notes, and we have also audited the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows of GFL Environmental Holdings Inc. (old) and subsidiaries ("Predecessor") for the period from January 1, 2018 to May 31, 2018 (Predecessor), and the related notes (collectively referred to as the "financial statements", Successor and Predecessor collectively referred to as the "Company"). In our opinion, the financial statements present fairly, in all material respects, the financial position of GFL Environmental Inc. and subsidiaries as of December 31, 2020 and 2019 (Successor), and its financial performance and its cash flows for each of the two years in the period ended December 31, 2020 and the period from June 1, 2018 to December 31, 2018 (Successor), and the financial performance and cash flows of GFL Environmental Holdings Inc. (old) and subsidiaries for the period from January 1, 2018 to May 31, 2018 (Predecessor), in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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

Valuation of Intangible Assets Acquired in Business Combinations – Refer to Notes 2 and 3 to the financial statements

Critical Audit Matter Description

The Company acquired fifteen solid waste management businesses and seven liquid waste management businesses and recognized the assets acquired and liabilities assumed at their acquisition-date fair values, including intangible assets, which required management to make significant estimates and assumptions.

While there are many estimates that management make to determine the fair value of intangible assets at the time of acquisition, the estimates with the highest degree of subjectivity are the forecasts of future cash flows and discount rates. Audit procedures to evaluate these estimates related to four of the business acquisitions required a high degree of auditor judgement and an increased extent of effort, including the need to involve a fair value specialist.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures on the forecasts of future cash flows and discount rates used to estimate the fair values of the intangible assets acquired related to four of the business acquisitions included the following, among others:

- Assessed the reasonableness of management forecasts of future cash flows by comparing the projections to historical results as well as other relevant internal and external information, including industry reports.
- With the assistance of fair value specialists, we evaluated the reasonableness of the discount rates used by:

    - Testing the source information underlying the determination of the discount rates and testing the mathematical accuracy of the calculation
    - Reviewing relevant internal and external information, including analyst and industry reports, to assess the reasonability of the selected discount rates
    - Developing a range of independent rates and comparing those to the discount rates used by management.

/s/ Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
February 25, 2021

We have served as the Company's auditor since 2009.

GFL Environmental Inc.
Consolidated Statements of Operations and Comprehensive Loss
(In millions of dollars except per share amounts)

	Notes	Successor December 31, 2020	Successor December 31, 2019	Successor December 31, 2018 (214 days)	Predecessor May 31, 2018 (151 days)
Revenue	15	**$ 4,196.2**	$ 3,346.9	$ 1,224.8	$ 627.8
Expenses					
Cost of sales		**4,006.1**	3,073.1	1,152.3	551.2
Selling, general and administrative expenses		**508.4**	396.5	217.7	126.5
Interest and other finance costs	10	**597.6**	532.2	242.2	127.4
Deferred purchase consideration	5	**2.0**	2.0	1.0	1.0
Loss (gain) on sale of property and equipment		**4.6**	1.2	4.7	(0.1)
(Gain) loss on foreign exchange		**(37.3)**	(48.9)	39.6	16.6
Mark-to-market loss on Purchase Contracts	12	**449.2**	—	—	—
Impairment and other charges	5	**21.4**	—	—	—
Other income		**—**	—	—	(3.2)
		5,552.0	3,956.1	1,657.5	819.4
Loss before income taxes		**(1,355.8)**	(609.2)	(432.7)	(191.6)
Current income tax expense		**1.3**	3.1	1.3	1.8
Deferred tax recovery		**(362.2)**	(160.6)	(115.3)	(28.7)
Income tax recovery	13	**(360.9)**	(157.5)	(114.0)	(26.9)
Net loss		**(994.9)**	(451.7)	(318.7)	(164.7)
Items that may be subsequently reclassified to net loss					
Currency translation adjustment		**(227.5)**	(102.8)	72.4	13.2
Reclassification to net loss of fair value movements on cash flow hedges, net of tax		**(13.1)**	—	—	—
Fair value movements on cash flow hedges, net of tax		**1.8**	61.2	(33.5)	3.8
Other comprehensive (loss) income		**(238.8)**	(41.6)	38.9	17.0
Total comprehensive loss		**$ (1,233.7)**	$ (493.3)	$ (279.7)	$ (147.7)
Loss per share					
Basic and Diluted	14	**$ (2.80)**	$ (2.50)	$ (2.14)	$ (0.29)

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

GFL Environmental Inc.
Consolidated Statements of Financial Position
(In millions of dollars)

	Notes	December 31, 2020	December 31, 2019
Assets			
Cash		**$ 27.2**	$ 574.8
Trade and other receivables, net of allowance	4	**867.3**	713.4
Prepaid expenses and other assets	5	**133.7**	132.1
Current assets		**1,028.2**	1,420.3
Property and equipment, net	6	**5,074.8**	2,850.1
Intangible assets, net	7	**3,093.4**	2,848.0
Other long-term assets	8	**33.2**	31.6
Goodwill	7	**6,500.4**	5,173.8
Non-current assets		**14,701.8**	10,903.5
Total assets		**15,730.0**	12,323.8
Liabilities			
Accounts payable and accrued liabilities		**1,014.8**	732.0
Income taxes payable		**9.1**	2.9
Current portion of long-term debt	9	**4.6**	64.4
Current portion of lease obligations	11	**37.5**	33.2
Current portion of due to related party	21	**12.8**	7.0
Current portion of tangible equity units	12	**59.2**	—
Current portion of landfill closure and post-closure obligations	8	**55.3**	25.6
Current liabilities		**1,193.3**	865.1
Long-term debt	9	**6,161.5**	7,560.7
Lease obligations	11	**153.7**	158.9
Other long-term liabilities		**37.2**	12.4
Due to related party	21	**30.8**	14.0
Deferred income tax liabilities	13	**466.0**	733.8
Tangible equity units	12	**1,327.9**	—
Landfill closure and post-closure obligations	8	**680.3**	211.0
Non-current liabilities		**8,857.4**	8,690.8
Total liabilities		**10,050.7**	9,555.9
Shareholders' equity			
Share capital	17	**7,644.8**	3,524.5
Contributed surplus	17	**54.3**	16.4
Deficit		**(1,778.3)**	(770.3)
Accumulated other comprehensive loss		**(241.5)**	(2.7)
Total shareholders' equity		**5,679.3**	2,767.9
Total liabilities and shareholders' equity		**$ 15,730.0**	$ 12,323.8

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

GFL Environmental Inc.
Consolidated Statements of Changes in Shareholders' Equity
(In millions of dollars except per share amounts)

	Notes	Share capital - # of shares[(1)]	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss) Cash flow hedges, net of tax	Currency translation	Total	Total shareholder equity
Predecessor (151 days)									
Balance, December 31, 2017		—	$ 879.5	$ 21.1	$ (381.6)	$ 9.0	$ (19.0)	(10.0)	$ 509.0
Net loss and comprehensive loss		—	—	—	(164.7)	3.8	13.2	17.0	(147.7)
Return of capital		—	(25.2)	—	—	—	—	—	(25.2)
Share capital issued, net of cancelled shares		—	8.3	384.2	—	—	—	—	392.5
Share-based payments		—	—	18.8	—	—	—	—	18.8
Balance, May 31, 2018		—	$ 862.6	$ 424.1	$ (546.3)	$ 12.8	$ (5.8)	$ 7.0	$ 747.4
Successor (214 days)									
Balance, June 1, 2018		—	$ —	$ —	$ —	$ —	$ —	—	—
Net loss and comprehensive loss		—	—	—	(318.7)	(33.5)	72.4	38.9	(279.7)
Share capital issued upon acquisition of subsidiary		121,700,362	261.2	—	—	—	—	—	261.2
Share capital issued upon loan to related party		1,226,571	1.2	—	—	—	—	—	1.2
Share capital issued, net of cancelled shares		54,966,815	3,208.0	—	—	—	—	—	3,208.0
Share-based payments		—	—	2.0	—	—	—	—	2.0
Balance, December 31, 2018		177,893,748	$ 3,470.4	$ 2.0	$ (318.7)	$ (33.5)	$ 72.4	$ 38.9	$ 3,192.6
Net loss and comprehensive loss		—	—	—	(451.7)	61.2	(102.8)	(41.6)	(493.3)
Return of capital		—	(5.8)	—	—	—	—	—	(5.8)
Share capital issued, net of cancelled shares		2,900,455	59.9	—	—	—	—	—	59.9
Share-based payments	17	—	—	14.5	—	—	—	—	14.5
Balance, December 31, 2019		180,794,203	$ 3,524.5	$ 16.4	$ (770.3)	$ 27.6	$ (30.4)	$ (2.7)	$ 2,767.9
Balance, December 31, 2019		180,794,203	$ 3,524.5	$ 16.4	$ (770.3)	$ 27.6	$ (30.4)	$ (2.7)	$ 2,767.9
Net loss and comprehensive loss		—	—	—	(994.9)	(11.3)	(227.5)	(238.8)	(1,233.7)
Return of capital		—	(0.8)	—	—	—	—	—	(0.8)
Dividends issued and paid		—	—	—	(13.1)	—	—	—	(13.1)
Share capital issued upon acquisition of subsidiary	3	3,092,118	78.4	—	—	—	—	—	78.4
Share capital issued, net of cancelled shares	17	171,048,492	4,103.4	—	—	—	—	—	4,103.4
Share issuance costs	17	—	(60.7)	—	—	—	—	—	(60.7)
Share-based payments	17	—	—	37.9	—	—	—	—	37.9
Balance, December 31, 2020		**354,934,813**	**$ 7,644.8**	**$ 54.3**	**$ (1,778.3)**	**$ 16.3**	**$ (257.9)**	**$ (241.5)**	**$ 5,679.3**

(1) Number of shares for Successor have been retrospectively adjusted for share split completed in conjunction with the pre-capital closing changes implemented as part of our Initial Public Offering.

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

GFL Environmental Inc.
Consolidated Statements of Cash Flows
(In millions of dollars)

	Notes	Successor December 31, 2020	Successor December 31, 2019	Successor December 31, 2018 (214 days)	Predecessor May 31, 2018 (151 days)
Operating activities					
Net loss		**$ (994.9)**	$ (451.7)	$ (318.7)	$ (164.7)
Adjustments for non-cash items					
Depreciation of property and equipment	6	**810.6**	465.3	178.2	66.3
Amortization of intangible assets	7	**427.0**	334.1	127.5	40.9
Impairment and other charges		**21.4**	—	—	—
Interest and other finance costs	10	**597.6**	532.2	242.2	127.4
Share based payments	17	**37.9**	14.5	2.0	18.8
(Gain) loss on unrealized foreign exchange on long-term debt and TEUs		**(37.3)**	(50.1)	36.6	6.0
Loss (gain) on sale of property and equipment		**4.6**	1.2	4.7	(0.1)
Mark-to-market loss on Purchase Contracts	12	**449.2**	—	—	—
Mark-to-market loss on fuel hedges		**1.8**	1.0	2.8	—
Current income tax expense		**1.3**	3.1	1.3	1.8
Deferred tax recovery		**(362.2)**	(160.6)	(115.3)	(28.7)
Interest paid in cash, net		**(442.6)**	(343.7)	(91.3)	(119.9)
Income taxes refund received (paid) in cash, net		**4.3**	(4.1)	0.6	(0.4)
Changes in non-cash working capital items	18	**5.2**	(74.9)	(30.3)	44.3
Landfill closure and post-closure expenditures	8	**(21.7)**	(15.3)	(10.9)	(1.8)
		502.2	251.0	29.4	(10.1)
Investing activities					
Proceeds on disposal of assets		**16.0**	20.8	2.0	0.6
Purchase of property and equipment and intangible assets		**(428.3)**	(457.8)	(160.3)	(52.3)
Business acquisitions, net of cash acquired	3	**(3,941.2)**	(721.3)	(6,648.3)	(332.1)
Cash released from escrow for acquisitions		**—**	—	—	12.6
		(4,353.5)	(1,158.3)	(6,806.6)	(371.2)
Financing activities					
Repayment of lease obligations		**(72.7)**	(57.8)	—	—
Issuance of long-term debt		**4,667.9**	3,143.8	3,559.4	2,205.4
Repayment of long-term debt		**(6,200.3)**	(1,569.9)	(72.2)	(2,117.4)
Payment of contingent purchase consideration	3	**(31.1)**	(8.6)	—	—
Issuance of share capital, net of issuance costs		**4,042.7**	—	3,208.0	384.2
Issuance of TEUs, net of issuance costs	12	**1,006.9**	—	—	—
Repayment of Amortizing Notes		**(42.8)**	—	—	—
Dividends issued and paid		**(13.1)**	—	—	—
Return of capital		**(0.8)**	(5.8)	—	(5.1)
Payment of financing costs		**(41.0)**	(20.7)	(63.6)	(42.4)
Issuance of loan from related party	21	**29.0**	—	35.0	67.9
Repayment of loan to related party		**(6.4)**	(10.5)	(3.5)	—
Cheques issued in excess of cash on hand		**—**	—	—	(3.9)
		3,338.3	1,470.5	6,663.1	488.7
(Decrease) increase in cash		**(513.0)**	563.2	(114.1)	107.4
Changes due to foreign exchange revaluation of cash		**(34.6)**	4.2	27.0	(12.9)
Cash, beginning of year		**574.8**	7.4	94.5	—
Cash, end of year		**$ 27.2**	$ 574.8	$ 7.4	$ 94.5

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

1. REPORTING ENTITY

GFL Environmental Holdings Inc. (old) (the "Predecessor") was incorporated on October 30, 2014 under the laws of the Province of Ontario. The Predecessor consisted of GFL Environmental Holdings Inc., and its wholly owned subsidiaries Green Investments Two Inc., 10529273 Canada Inc. and GFL Environmental Inc., all of which the Predecessor controlled.

GFL Environmental Holdings Inc. (new) (the "Successor") was formed on May 31, 2018 on the amalgamation of the Predecessor with Hulk Acquisitions Corp. (which was incorporated on April 18, 2018) under the laws of the Province of Ontario and was an investment holding company. Prior to its amalgamation with GFL Environmental Holdings Inc., Hulk Acquisitions Corp. did not have any assets or operations. On May 31, 2018, the Successor acquired control of the Predecessor.

GFL Environmental Inc. (“GFL” or the “Company”) was formed on March 5, 2020 under the laws of the Province of Ontario as a result of the amalgamation of GFL Environmental Inc. and its parent company GFL Environmental Holdings Inc. (new) (“Holdings”). The amalgamation was accounted for as a transaction between entities under common control and the net assets are recorded at historical cost retrospectively. Upon amalgamation, GFL became the financial reporting entity. Concurrently with the amalgamation, GFL completed an initial public offering of subordinate voting shares and tangible equity units (“TEUs”) (collectively, “the IPO”). GFL’s subordinate voting shares trade on the New York Stock Exchange and the Toronto Stock Exchange under the symbol “GFL” and the TEUs trade on the New York Stock Exchange under the symbol “GFLU”.

GFL is in the business of providing non-hazardous solid waste management, infrastructure and soil remediation services and liquid waste management services. These services are provided through wholly owned subsidiaries of GFL and a network of facilities across Canada and in 27 states in the United States. GFL’s registered office is Suite 500, 100 New Park Place, Vaughan, ON, L4K 0H9.

The audited consolidated financial statements as at December 31, 2020, and December 31, 2019 and for the year ended December 31, 2020, the year ended December 31, 2019 and the period from June 1, 2018 to December 31, 2018, represent the consolidated financial information of the Successor. Prior to, and including, May 31, 2018, the audited consolidated financial statements include the accounts of the Predecessor. Due to the change in the basis of accounting resulting from the application of the acquisition method of accounting, the Predecessor’s audited consolidated financial statements and the Successor’s audited consolidated financial statements are not comparable.

These audited consolidated financial statements (the “Annual Financial Statements”) include the accounts of GFL and its subsidiaries as of December 31, 2020.

The Board of Directors approved these Annual Financial Statements on February 25, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Reclassification of prior year presentation

Certain revenue disaggregation and segment reporting balances reported in prior periods have been reclassified for consistency with the current period presentation. These immaterial reclassifications had no effect on the reported consolidated results of operations.

In the second quarter of 2019, GFL revised its accounting policy in regard to the presentation in certain "Other" revenue to reflect changes made in the manner in which results were being internally reported and managed. As a result of the policy revision, revenue previously disclosed as attributable to a specific service line was reclassified as "Other" revenue within the revenue by service line disclosure.

(In millions of dollars except per share amounts or otherwise stated)

During the year ended December 31, 2020, GFL moved one of its business units from its Infrastructure and soil remediation segment to its Solid waste segment to make the segment presentation consistent with an internal management reorganization. This move resulted in a decrease in Solid waste revenue and an increase in Infrastructure and soil remediation revenue. Also, during the year ended December 31, 2020, GFL harmonized the presentation of intercompany revenues across all of its business units for internal reporting purposes to align with how our chief operating decision maker ("CODM") reviews results, which resulted in an increase to the amounts disclosed for Landfill, Transfer, Material Recovery and Intercompany revenue within GFL's revenue by service type disclosure. Additionally, during the year ended December 31, 2020, GFL harmonized the presentation of corporate costs, which resulted in an increase to the amounts disclosed in Corporate and a decrease in Solid USA.

All previously reported revenue by service type and segment information has been retrospectively adjusted to conform to the updated 2020 presentation.

GFL has amended certain 2019 and 2018 balances due to rounding.

Basis of measurement

GFL's Annual Financial Statements were prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of the reporting period (see Note 19).

Presentation and functional currency

These Annual Financial Statements are presented in Canadian dollars which is GFL's functional currency.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, exposure or rights to variable returns from the Company's involvement with the entity, and the ability to use its power over the entity to affect the amount of the Company's returns. The financial accounts and results of subsidiaries are included in the Annual Financial Statements of the Company from the date that control commences until the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Company and its subsidiaries are eliminated in full on consolidation.

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and impairment. Assets are depreciated to residual values over their estimated useful lives, with depreciation commencing when an asset is ready for use. Significant parts of property and equipment that have different depreciable lives are depreciated separately. Judgment is used in determining the appropriate level of componentization.

Depreciation is computed on a straight-line basis, unless otherwise stated, using the following useful lives:

Type of property and equipment	Depreciation term
Buildings and improvements	10 to 30 years or term of lease
Landfills	Units of production
Vehicles	10 to 20 years
Machinery and equipment	3 to 20 years
Containers	5 to 10 years
Right-of-use assets	Shorter of lease term or life of underlying asset(s)

The costs of repair and maintenance activities are recognized in the consolidated statement of operations as incurred. Distinguishing major inspections and overhaul from repairs and maintenance in determining which costs are capitalized is a matter of management judgement.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included as a gain or loss in the consolidated statement of operations in the period the asset is de-recognized.

Property and equipment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If the possibility of impairment is indicated, the Company will estimate the recoverable amount of the asset and record any impairment loss in the consolidated statement of operations.

Assets under development are not depreciated until they are available for use.

Landfill assets

Landfill assets represent the cost of landfill airspace, including original acquisition cost and landfill construction and development costs, incurred during the operating life of the site. Landfill assets also include capitalized landfill closure and post-closure costs, net of accumulated amortization, and the cost of either new or landfill expansion permits.

The original cost of landfill assets, together with incurred and projected landfill construction and development costs, is amortized on a per unit basis as landfill airspace is consumed.

Landfill assets are amortized over their total available disposal capacity representing the sum of estimated permitted airspace capacity (having received the final permit from the governing authorities) plus future permitted airspace capacity, representing an estimate of airspace capacity that management believes is probable of being permitted based on the following criteria:

- Personnel are actively working to obtain the permit or permit modifications necessary for expansion of an existing landfill, and progress is being made on the project;
- It is probable that the required approvals will be received within the normal application and processing periods for approvals in the jurisdiction in which the landfill is located;
- The Company has a legal right to use or obtain land associated with the expansion plan;
- There are no significant known political, technical, legal or business restrictions or issues that could impair the success of the expansion effort;
- Management is committed to pursuing the expansion; and
- Additional airspace capacity and related costs have been estimated based on the conceptual design of the proposed expansion.

The Company has been successful in receiving approvals for expansions pursued; however, there can be no assurance that the Company will be successful in obtaining approvals for landfill expansions in the future.

Leasing arrangements

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

As the interest rate implicit in GFL's leases is typically not readily determinable, GFL utilizes its weighted average incremental borrowing rate to discount the lease payments.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Intangible assets

Intangible assets are stated at cost, less accumulated amortization and impairment, and consist of customer lists, municipal and other commercial contracts, non-compete agreements, and trade name, licenses and permits. The Certificate of Approval ("C of A") licenses provide the Company with certain waste management rights in the province or state of issue and are considered to have an indefinite life and therefore are not subject to amortization, unless they relate to a leased facility in which case they are amortized over the lease term. Amortization is based on the estimated useful life using the following methods and rates:

Type of intangible asset		Amortization term
Trade names, certificates of approval and other licenses		Indefinite
Customer lists and municipal contracts	Straight-line	5 to 10 years
Non-compete agreements	Straight-line	5 years

Intangible assets with indefinite useful lives are tested at least annually, at the cash-generating unit level for impairment. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Intangible assets with finite lives are amortized over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization expense is included as part of cost of sales.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the purchase price over the fair value of the net identifiable assets of the acquired business. Goodwill is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash-generating units ("CGU"), or groups of CGUs, based on the lowest level within the entity in which the goodwill is monitored for internal management purposes. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose. The Company tests its goodwill for impairment at the operating segment level. Any potential impairment of goodwill is identified by comparing the recoverable amount of a group of CGUs to its carrying value. Goodwill is reduced by the amount of deficiency, if any. If the deficiency exceeds the carrying amount of goodwill, the carrying values of the remaining assets in the CGUs are reduced by the excess on a pro-rata basis. The Company tests goodwill for impairment annually on December 31, or more frequently if there are indications of impairment.

The recoverable amount of a CGU is the higher of the estimated fair value less costs of disposal or value-in-use of the CGU. In assessing value-in-use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Deferred financing costs

Deferred financing costs in respect of the Company's long-term debt are presented as a reduction of long-term debt and are recognized using the effective interest method over the term of the related financing agreement.

Landfill closure and post-closure obligations

The Company recognizes the estimated liability for an asset retirement obligation that results from acquisition, construction, development or normal operations in the year in which it is incurred. Costs associated with capping, closing and monitoring a landfill or portions thereof after it ceases to accept waste, are initially measured at the discounted future value of the estimated cash flows over the landfill's operating life, representing the period over which the site receives waste. This value is capitalized as part of the cost of the related asset and amortized over the asset's useful life.

Estimates are reviewed at least once annually and consider, amongst other things, regulations that govern each site. The Company estimates the fair value of landfill closure and post-closure costs using present value techniques that consider and incorporate assumptions and considerations marketplace participants would use in the determination of those estimates, including inflation, markups, inherent uncertainties due to the timing of work performed, information obtained from third parties, quoted and actual prices paid for similar work and engineering estimates. Inflation assumptions are based on management's evaluation of current and future economic conditions and the expected timing of these expenditures. Fair value estimates are discounted applying the risk-free rate, which is a rate that is essentially free of default risk. In determining the risk-free rate, consideration is given to both current and future economic conditions and the expected timing of expenditures.

Revenue recognition

The Company records revenue when control is transferred to the customer, generally at the time that the service is provided. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue from the following major sources:

Collection and disposal of solid waste

The Company generates revenue through fees charged for the collection of solid waste including recyclables, from its municipal, residential and commercial and industrial customers. Revenues from these contracts are influenced by a variety of factors including collection frequency, type of service, type and volume or weight of waste and type of equipment and containers furnished to the customer. In addition to handling the Company's own collected waste volumes, its transfer stations, material recovery facilities ("MRFs"), landfills and organic waste processing facilities generate revenue from tipping fees paid to the Company by municipalities and third-party haulers and waste generators and from the sale of recycled commodities. The Company also operates MRFs, transfer stations and landfills for municipal owners under a variety of compensation arrangements, including fixed fee arrangements or on a tonnage or other basis.

Our municipal customer relationships are generally supported by contracts ranging from three to ten years. Our municipal collection contracts provide for fees based upon a per household, per tonne or ton, per lift or per service basis and often provide for annual price increases indexed to Consumer Price Index ("CPI") and market costs for fuel. We provide regularly scheduled service to a large percentage of our commercial and industrial customers under contracts with three to five-year terms with automatic renewals, volume-based pricing and CPI, fuel and other adjustments. Other commercial and industrial customers are serviced on an "on- call" basis.

Certain future variable considerations of long-term customer contracts may be unknown upon entering into the contract, including the amount that will be billed in accordance with annual CPI, market costs for fuel and commodity prices. The amount to be billed is often tied to changes in an underlying base index such as a CPI or a fuel or commodity index, and revenue is recognized once the index is established for the future period. The Company does not disclose the value of unsatisfied performance obligations for these contracts as its right to consideration corresponds directly to the value provided to the customer for services completed to date and all future variable consideration is allocated to wholly unsatisfied performance obligations.

Collection and disposal of liquid waste

The Company generates revenue through fees charged for the collection, management, transportation, processing and disposal of a wide variety of industrial and commercial liquid wastes. Revenue is primarily derived from fees charged to customers on a per service, volume and/or hour basis. Revenues from these contracts are influenced by a variety of factors including timing of contract, type of service, type and volume of liquid waste and type of equipment used. Revenue in the liquid waste business is also derived from the stewardship return incentives paid by most Canadian provinces in which the Company has liquid waste operations, as well as from the sale of used motor oil, solvents and downstream products to third parties. The fees received from third parties are based primarily on the market, type and volume of material sold. Generally, fees are billed and revenue is recognized at the time control is transferred. Revenue recognized under these agreements is variable in nature based on volumes and commodity prices at the time of sale, which are unknown at contract inception.

Soil remediation and infrastructure contracts

The Company earns revenue through fees collected for the excavation and transport of clean and contaminated soils and the remediation and disposal of contaminated and remediated soils. The Company also offers complementary civil, demolition, excavation and shoring services in its infrastructure business. In the soil remediation and infrastructure business, revenue is generated on a project basis, normally encompassing all of the above services.

Fees charged for soil remediation and infrastructure contracts are determined based on the expected costs to complete each specific project. Revenue is recognized for these services based on the stage of completion of the contract, measured based on the expected remaining costs to complete the project. In cases where soil remediation services are sold outside of an infrastructure project, the fees for remediation and the related excavation operations are generated on a per tonne basis.

Unbilled revenue

Unbilled revenue occurs in certain situations, which vary by project. For example, amounts relating to contract assets are balances due from customers under construction contracts that arise when GFL receives payments from customers in relation with a series of performance related milestones. GFL will previously have recognized a contract asset for any work performed. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Share based payments

Stock options issued by the Company as remuneration of its key employees, officers, and directors are settled in subordinate voting shares and are accounted for as equity-settled awards.

The fair value of options granted is measured using either the Black-Scholes option pricing model or the Monte Carlo simulation methods, which rely on estimates of the expected risk-free interest rate, expected dividend payments, expected share price volatility, value of the Company's shares and the expected average life of the options. The Company believes these models adequately capture the substantive features of the option awards and are appropriate to calculate their fair values.

The fair value of the options determined at grant date is expensed over the vesting period using an accelerated method of amortization, with a corresponding increase to contributed surplus. Expense related to share-based payments is included as part of selling, general and administrative expense. Upon exercise of options, the amount recognized in contributed surplus for the awards and the cash received upon exercise are recognized as an increase in share capital.

GFL has a long-term incentive plan ("LTIP") to grant long-term equity-based incentives, including options, performance stock units ("PSUs"), restricted stock units ("RSUs"), and deferred share units ("DSUs") to eligible participants. Each award represents the right to receive subordinate voting shares, or in the case of PSUs and RSUs, subordinate voting shares and/or cash, in accordance with the terms of the LTIP. Each DSU represents a unit equivalent in value to a subordinate voting share based on the closing price of the subordinate voting shares on the day prior to the grant.

The fair value of the RSUs and DSUs granted are based on the closing price of the subordinate voting shares on the day prior to the grant. The fair value of the RSUs and DSUs are recognized as compensation expense over the vesting period. As of December 31, 2020, there have been no PSUs issued.

Income taxes

Income tax expense or recovery is comprised of current and deferred income taxes. It is recognized in the consolidated statement of operations, except to the extent that the expense relates to items recognized directly in equity.

A current or non-current tax liability/asset is the estimated tax payable/receivable on taxable earnings for the period, and any adjustments to taxes payable with respect to previous periods.

The liability method is used to account for deferred tax assets and liabilities, which arise from temporary differences between the carrying amount of assets and liabilities recognized in the consolidated statement of financial position and their corresponding tax basis. The carry forward of unused tax losses and credits are recognized to the extent that it is probable they can be used in the future.

The carrying amount of deferred income tax assets is reviewed at each financial position date and reduced to the extent it is no longer probable that the income tax asset will be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply when the asset or liability is recovered or settled. Current and deferred tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted at the end of the reporting date.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

Financial instruments

Classification and measurement

All financial assets and liabilities are recognized initially at fair value plus or minus transaction costs, except for financial instruments at fair value through profit or loss ("FVTPL"), for which transaction costs are expensed.

Debt financial instruments are subsequently measured at FVTPL, fair value through other comprehensive income ("FVTOCI"), or amortized cost using the effective interest rate method. The Company determines the classification of its financial assets based on the Company's business model for managing the financial assets and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The Company's derivatives designated as a hedging instrument in a qualifying hedge relationship are subsequently measured at FVTOCI. Equity instruments that meet the definition of a financial asset, if any, are subsequently measured at FVTPL or elected irrevocably to be classified at FVTOCI at initial recognition. Derivatives not designated in a qualified hedge relationship are measured at FVTPL.

Financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL in certain circumstances or when the financial liability is designated as such. For financial liabilities that are designated as FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the Company's own credit risk of that liability is recognized in other comprehensive income or loss unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income or loss would create or enlarge an accounting mismatch in the consolidated statement of operations. The remaining amount of change in the fair value of the liability is recognized in the consolidated statement of operations. Changes in fair value of a financial liability attributable to the Company's own credit risk that are recognized in other comprehensive income or loss are not subsequently reclassified to the consolidated statement of operations; instead, they are transferred to retained earnings, upon de-recognition of the financial liability.

All of the Company’s financial assets are categorized within the amortized cost measurement category. All of the Company’s financial liabilities, with the exception of deferred foreign exchange derivatives and the TEU Purchase Contracts, are also categorized within the amortized cost measurement category. Deferred foreign exchange derivatives, which qualify for hedge accounting, are categorized within the FVTOCI category and the TEU Purchase Contracts (as defined below), which is a financial liability with embedded derivative features, is categorized within the FVTPL category.

Impairment

The Company uses a forward-looking Expected Credit Loss ("ECL") model to determine impairment of financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

For trade receivables and holdbacks, the Company applies the simplified approach and has determined the allowance based on lifetime ECLs at each reporting date. The Company has established a provision that is based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment.

Hedge accounting

The Company is exposed to the risk of currency fluctuations and has entered into currency derivative contracts and is exposed to the risk of fuel price fluctuations and has entered into fuel derivative contracts to hedge a portion of this exposure on the basis of planned transactions. Where hedge accounting is applied, the criteria are documented at the inception of the hedge and updated at each reporting date. The Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking the hedging transactions. The Company also documents its assessment, at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Basis of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company uses valuation techniques that it believes are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Annual Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 — are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The fair values of certain of the Company’s financial instruments are determined using Level 1 and Level 2 fair value measurements. The Company does not have any Level 3 fair value measurements. In addition, there have been no significant transfers between levels.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and the equity instruments issued by the Company in exchange for control of the acquired company or business. Acquisition-related costs are recognized in the consolidated statement of operations as incurred. Where the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, it is measured at fair value at the acquisition date. Contingent consideration is remeasured at subsequent reporting dates at its fair value, and the resulting gain or losses recognized in the consolidated statement of operations.

Critical accounting judgments and estimates

The preparation of the Annual Financial Statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue, and expense for the period. Such estimates relate to unsettled transactions and events as of the date of the Annual Financial Statements. Accordingly, actual results may differ from estimated amounts as transactions are settled in the future. Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are applied prospectively.

The following areas are the critical judgments and estimates that management has made in applying the Company's accounting policies and that have the most significant effect on amounts recognized in the Annual Financial Statements:

- Determining fair value of acquired assets and liabilities in business combinations
- Determining key assumptions for impairment testing
- Estimating the percentage of completion for certain revenue arrangements
- Estimating the expected credit losses related to trade and other receivables
- Forecasting future taxable income and the timing of reversal of temporary differences in connection with deferred income taxes
- Estimating the amount and timing of the landfill closure and post-closure obligations
- Estimating the useful lives of property and equipment and finite-life intangible assets
- Determining inputs into valuation models for equity-settled share-based payments
- Determining the mark-to-market valuation of the Purchase Contracts
- Determining the mark-to-market valuation of the hedging instruments

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company's subsidiaries are measured using the currency of the primary economic environment in which each entity operates (the functional currency). Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the date of the transactions or valuation when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the changes at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of operations.

Foreign operations

The Company's foreign operations are conducted through its subsidiaries located in the United States of America ("US subsidiaries"), whose functional currency is the United States dollar.

The assets and liabilities of these US subsidiaries are translated into the presentation currency of the Company using the exchange rate at the reporting date. Revenues and expenses are translated at the average exchange rate for the period. The resulting foreign exchange translation differences are recorded as a currency translation adjustment in other comprehensive income or loss.

Changes in Accounting Policies

IFRS 9/IAS 39 and IFRS 7 Amendments, Interest rate benchmark reform

The IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 — Financial Instruments: Disclosures related to the first phase of interest rate benchmark reform. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. GFL has assessed the impact of the amendments and concluded that they had no impact on the Annual Financial Statements.

IFRS 3 Amendments, Definition of a business

The IASB issued amendments to IFRS 3 — Business combinations to revise the definition of a business. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, and to asset acquisitions that occur on or after the beginning of that period. GFL has assessed the impact of the amendments and concluded that they had no impact on the Annual Financial Statements.

IAS 1 and IAS 8 Amendments, Definition of material

The IASB issued amendments to IAS 1 — Presentation of financial statements and IAS 8 — Accounting policies, changes in accounting estimates and errors to revise the definition of material. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. GFL has assessed the impact of the amendments and concluded that they had no impact on the Annual Financial Statements.

Conceptual framework

The IASB issued the revised conceptual framework for financial reporting to replace its 2010 conceptual framework. The revised conceptual framework is effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. GFL assessed the revised conceptual framework and concluded that there is no impact on the Annual Financial Statements.

Future changes in accounting policies

The IASB has published Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual reporting periods beginning or after January 1, 2021. GFL will continue to evaluate the impact of the amendments.

(In millions of dollars except per share amounts or otherwise stated)

3. BUSINESS COMBINATIONS

	Year ended December 31, 2020	Year ended December 31, 2019
Net assets acquired		
Net working capital	**$ (63.5)**	$ 17.7
Right-of-use assets	**23.4**	47.2
Other long-term assets	**0.5**	—
Property and equipment	**1,483.4**	258.1
Landfill	**897.7**	—
Intangible assets		
Trade name, certificates of approval and other licenses	**31.0**	117.3
Customer lists and municipal contracts	**449.2**	131.8
Non-compete agreements	**216.1**	40.3
Goodwill	**1,470.6**	257.4
Assumption of lease obligations	**(23.4)**	(0.4)
Other long-term liabilities	**(28.3)**	(47.2)
Assumption of landfill closure and post-closure expenditures	**(262.6)**	(4.0)
Deferred tax liabilities	**(123.4)**	(80.7)
	$ 4,070.7	$ 737.5
Consideration		
Accrued contingent consideration	**$ 23.1**	$ 16.2
Share consideration issued	**78.4**	—
Cash	**3,969.2**	721.3
	$ 4,070.7	$ 737.5

For the year ended December 31, 2020, the acquisitions in the table above include the aggregate net assets acquired and consideration given for all acquisitions made during the period, which GFL considers to be individually immaterial. GFL acquired fifteen solid waste management businesses and seven liquid waste management businesses during the year ended December 31, 2020. The preliminary fair values of the aggregate identifiable assets acquired and liabilities assumed, and any goodwill recognized, as well as the purchase consideration transferred are presented above.

Contingent consideration, if any, is contingent on the acquired business meeting certain earnings and performance targets by specified dates. In addition to the cash consideration noted above, during the year ended December 31, 2020, GFL paid $31.1 million in additional consideration related to acquisitions from prior years.

As of December 31, 2020, GFL has not completed the purchase price allocation relating to 2020 acquisitions. Information to confirm the fair value of certain assets and liabilities of certain acquisitions remains outstanding. GFL expects to finalize these amounts no later than one year from the acquisition date. There may be differences between these provisional estimates and the final acquisition accounting.

Approximately $346.3 million of the goodwill acquired is expected to be deductible for tax purposes.

Since the transaction dates, revenue and net income before tax of $634.4 million and $33.9 million, respectively, attributable to the 2020 acquisitions are included in the Consolidated Statements of Operations and Comprehensive Loss. The net income before tax does not include $231.7 million of amortization related to the difference between the asset retirement obligation (“ARO”) calculated using the credit-adjusted, risk-free discount rate required for measurement of the ARO through purchase accounting, compared to the risk-free discount rate required for annual valuations.

For the year ended December 31, 2019, the acquisitions in the table above include the aggregate net assets acquired and consideration given for all acquisitions made during the period, which GFL considers to be individually immaterial. GFL acquired nineteen solid waste management businesses, thirteen liquid waste management businesses and one infrastructure business during the year ended December 31, 2019.

(In millions of dollars except per share amounts or otherwise stated)

In addition to the cash consideration noted above, during the year ended December 31, 2019, GFL paid $8.6 million in additional consideration related to acquisitions completed during 2018.

Approximately $4.2 million of goodwill related to the 2019 acquisitions is expected to be deductible for income tax purposes.

Additional disclosures

All acquisitions were accounted for as business combinations using the acquisition method with the results of operations consolidated with those of GFL from the date of acquisition.

GFL's growth strategy is to focus on generating organic growth from all of its operating segments. In addition to organic growth, GFL deploys an active acquisition strategy involving the integration of acquired businesses into each of its operating segments through integration of property and equipment, back office functions, improving route density and realignment of disposal alternatives to effect synergies and maximize profits. Goodwill arising from acquisitions is largely attributable to the assembled workforce of the acquisitions, the potential synergies with the acquiree, and intangible assets that do not qualify for separate recognition.

The Company records cash in escrow on the statement of financial position when it expects previously transferred consideration to be returned on account of specified conditions of the business combination not being met. As at December 31, 2020, the Company has recorded nil of cash in escrow (nil at December 31, 2019).

Contingent consideration is paid into an escrow account, where the release of funds is contingent on the acquired companies meeting certain earnings and performance targets by specified dates. The Company considers it probable that these targets will be met by these dates, and accordingly has accounted for these payments as consideration on the respective purchases.

Pro forma results of operations (unaudited)

If the 2020 acquisitions had occurred on January 1, 2020, the unaudited consolidated pro forma revenue and net loss before taxes for the year ended December 31, 2020 from GFL and the 2020 acquisitions would have been $5,116.6 million and $985.5 million, respectively. The pro forma results include depreciation expense of $231.7 million due to the difference between the ARO calculated using the credit-adjusted, risk-free discount rate required for measurement of the ARO through purchase accounting compared to the risk-free discount rate required for annual valuations. The pro forma results do not purport to be indicative of the results of operations which would have resulted had the acquisitions occurred at the beginning of the year, nor are they necessarily indicative of future operating results.

4. TRADE AND OTHER RECEIVABLES

	December 31, 2020	December 31, 2019
Trade	**$ 668.8**	$ 542.4
Holdbacks	**80.9**	64.6
Unbilled revenue	**129.7**	113.9
Expected credit loss	**(12.1)**	(7.5)
	$ 867.3	$ 713.4

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which GFL has not recognized an expected credit loss as there has not been a significant change in credit quality and the amounts are still considered recoverable.

5. PREPAID EXPENSES AND INVENTORY

	December 31, 2020	December 31, 2019
Prepaid expenses and other assets	**$ 76.3**	$ 81.6
Vehicle parts, supplies and inventory	**57.4**	50.5
	$ 133.7	$ 132.1

(In millions of dollars except per share amounts or otherwise stated)

In conjunction with an acquisition on July 25, 2015, the Company had paid into escrow an amount of $10.0 million. The release of this amount is tied to the employment contracts of key management of the acquired company. As such, these amounts are recorded in prepaid expenses and other assets and are amortized over the employee retention period as defined by the share purchase agreement. During the year ended December 31, 2020, $2.0 million was recognized in the consolidated statement of operations in respect of this arrangement ($2.0 million during the year ended December 31, 2019, $1.0 million during the seven month period ended December 31, 2018, and $1.0 million during the five month period ended May 31, 2018).

In the year ended December 31, 2020, GFL took a $14.2 million impairment charge, primarily including an $11.4 million write down of inventory and a $2.3 million write down to dispose of inventory.

In the year ended December 31, 2020, GFL wrote off an additional $7.2 million of other assets in relation to funds expected to be received from the vendor of a business acquired in 2018. As at December 31, 2020, the entire balance was determined to not be recoverable and was expensed in the year.

6. PROPERTY AND EQUIPMENT

	Land, building and improvements	Landfills	Vehicles	Machinery and equipment	Assets under development	Containers	Right-of-use assets	Total
Cost								
Balance, December 31, 2018	$ 465.1	$ 681.8	$ 840.2	$ 338.8	$ 81.9	$ 168.3	$ —	$ 2,576.1
IFRS 16 transition impact	—	—	—	—	—	—	103.8	103.8
Additions	68.4	81.3	120.7	85.2	134.0	47.0	26.7	563.3
Acquisitions via business combinations	77.9	4.0	72.5	91.1	—	12.6	47.2	305.3
Disposals	(2.2)	—	(13.1)	(1.7)	—	(12.9)	(15.9)	(45.8)
Transfers	13.7	21.9	62.6	(6.5)	(91.6)	(0.1)	—	—
Changes in foreign exchange	(9.1)	(23.1)	(21.7)	(6.0)	(2.8)	(7.9)	(0.3)	(70.9)
Balance, December 31, 2019	613.8	765.9	1,061.2	500.9	121.5	207.0	161.5	3,431.8
Balance, December 31, 2019	613.8	765.9	1,061.2	500.9	121.5	207.0	161.5	3,431.8
Additions	73.2	92.6	164.8	119.2	21.3	43.5	40.7	555.3
Acquisitions via business combinations	560.0	897.7	455.0	291.3	5.0	172.1	23.4	2,404.5
Disposals	(2.9)	—	(18.2)	(10.7)	—	(3.8)	(20.6)	(56.2)
Transfers	31.0	5.0	(0.3)	28.0	(63.5)	(0.2)	—	—
Changes in foreign exchange	(28.8)	(55.1)	(31.1)	(16.0)	(1.0)	(11.9)	(1.5)	(145.4)
Balance, December 31, 2020	**1,246.3**	**1,706.1**	**1,631.4**	**912.7**	**83.3**	**406.7**	**203.5**	**6,190.0**
Accumulated depreciation								
Balance, December 31, 2018	6.6	36.8	53.6	30.3	—	12.4	—	139.7
Depreciation	20.8	126.9	164.5	80.5	—	49.4	23.2	465.3
Disposals	(0.3)	—	(9.4)	(0.7)	—	(5.7)	(1.8)	(17.9)
Changes in foreign exchange	(0.3)	(1.5)	(2.1)	(0.5)	—	(0.9)	(0.1)	(5.4)
Balance, December 31, 2019	26.8	162.2	206.6	109.6	—	55.2	21.3	581.7
Balance, December 31, 2019	26.8	162.2	206.6	109.6	—	55.2	21.3	581.7
Depreciation	32.6	111.9	224.7	122.6	—	49.3	37.8	578.9
Disposals	(0.2)	—	(10.2)	(2.2)	—	(3.1)	(4.1)	(19.8)
Changes in foreign exchange	(1.2)	(8.4)	(9.3)	(3.1)	—	(2.8)	(0.8)	(25.6)
Balance, December 31, 2020	**58.0**	**265.7**	**411.8**	**226.9**	**—**	**98.6**	**54.2**	**1,115.2**
Carrying amounts								
At December 31, 2019	$ 587.0	$ 603.7	$ 854.6	$ 391.3	$ 121.5	$ 151.8	$ 140.2	$ 2,850.1
At December 31, 2020	**$ 1,188.3**	**$ 1,440.4**	**$ 1,219.6**	**$ 685.8**	**$ 83.3**	**$ 308.1**	**$ 149.3**	**$ 5,074.8**

(In millions of dollars except per share amounts or otherwise stated)

Total depreciation expense for the year ended December 31, 2020 was $810.6 million, which was comprised of $578.9 million depreciation shown above and $231.7 million depreciation expense due to the difference between the ARO calculated using the credit-adjusted, risk-free discount rate required for measurement of the ARO through purchase accounting, compared to the risk-free discount rate required for annual valuations (See Note 8). Depreciation expense for the year ended December 31, 2019, the seven months ended December 31, 2018, and the five months ended May 31, 2018, were $465.3 million, $178.2 million and $66.3 million, respectively (See Note 8).

Depreciation of property and equipment expense included in cost of sales for the year ended December 31, 2020 was $785.1 million ($442.3 million for the year ended December 31, 2019, $172.1 million for the seven months ended December 31, 2018, and $63.1 million for the five months ended May 31, 2018).

Depreciation of property and equipment expense included in selling, general and administrative expenses for the year ended December 31, 2020 was $25.5 million ($23.1 million for the year ended December 31, 2019, $6.1 million for the seven months ended December 31, 2018, and $3.2 million for the five months ended May 31, 2018).

7. GOODWILL AND INTANGIBLE ASSETS, NET

Indefinite life intangible assets include C of A licenses that do not expire. GFL expects these assets to generate economic benefit in perpetuity. As such, GFL assessed these intangibles to have indefinite useful lives.

	December 31, 2020	December 31, 2019
Carrying amounts		
Indefinite life	**$ 641.4**	$ 612.1
Definite life	**2,452.0**	2,235.9
	$ 3,093.4	$ 2,848.0

(In millions of dollars except per share amounts or otherwise stated)

The following table presents the changes in cost and accumulated amortization of GFL's goodwill and intangible assets:

	Goodwill	Customer lists and municipal contracts	Trade name, C of A and other licenses	Non-compete agreements	Total
Cost					
Balance, December 31, 2018	$ 4,979.3	$ 2,337.6	$ 580.0	$ 150.7	$ 8,047.6
Acquisitions via business combinations	257.4	131.8	117.3	40.3	546.8
Changes in foreign exchange	(128.3)	(43.3)	(1.7)	(3.2)	(176.5)
Goodwill adjustment	65.4	—	—	—	65.4
Balance, December 31, 2019	5,173.8	2,426.1	695.6	187.8	8,483.3
Balance, December 31, 2019	5,173.8	2,426.1	695.6	187.8	8,483.3
Acquisitions via business combinations	1,470.6	449.2	31.0	216.1	2,166.9
Changes in foreign exchange	(144.0)	(30.7)	(3.4)	(6.4)	(184.5)
Balance, December 31, 2020	**6,500.4**	**2,844.6**	**723.2**	**397.5**	**10,465.7**
Accumulated amortization					
Balance, December 31, 2018	—	114.1	—	13.9	128.0
Amortization	—	295.0	4.8	34.3	334.1
Changes in foreign exchange	—	(0.5)	—	(0.1)	(0.6)
Balance, December 31, 2019	—	408.6	4.8	48.1	461.5
Balance, December 31, 2019	—	408.6	4.8	48.1	461.5
Amortization	—	341.6	8.9	76.5	427.0
Changes in foreign exchange	—	(12.2)	(0.8)	(3.6)	(16.6)
Balance, December 31, 2020	**—**	**738.0**	**12.9**	**121.0**	**871.9**
Carrying amounts					
At December 31, 2019	$ 5,173.8	$ 2,017.5	$ 690.8	$ 139.7	$ 8,021.8
At December 31, 2020	**$ 6,500.4**	**$ 2,106.6**	**$ 710.3**	**$ 276.5**	**$ 9,593.8**

All amortization expense is included in cost of sales.

GFL recorded a measurement period adjustment to adjust its previously reported purchase price allocations reported in the last quarter of the year ended December 31, 2019. This resulted in an increase in deferred income tax liabilities of $46.8 million, an increase in landfill closure and post-closure obligations of $5.9 million, a decrease in property and equipment of $4.5 million, an increase to accrued liabilities of $8.3 million, and an increase to goodwill of $65.4 million.

In assessing goodwill and indefinite life intangible assets for impairment at December 31, 2020 and 2019, GFL compared the aggregate recoverable amount of the assets included in CGUs to their respective carrying amounts.

For all CGUs, the recoverable amount was determined based on the value in use by discounting estimated future cash flows from a CGU to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Estimated cash flow projections are based on the GFL's one-year budget and three-year strategic plan. There was no impairment recorded at the CGU level as at December 31, 2020 and 2019.

The key assumptions used for both periods in determining the recoverable amount for each CGU are as follows:

- Revenue growth rates – Growth rates ranging from 5.0% to 6.4% were used for the periods covered in the financial projections and are based on historical results and expectations for the forecasted periods.

- Pre-tax discount rates – Pre-tax discount rates represent the current market assessment of the risks specific to each CGU taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The pre-tax discount rate calculation is based on the specific circumstances of the CGU and range from 5.6% to 7.5%.

(In millions of dollars except per share amounts or otherwise stated)

- Terminal growth value – The cash flows beyond the initial period are extrapolated using a growth rate of 3.0%. Rates are based on market and industry trends researched and identified by management.

- Capital expenditures – The cash flow forecasts for capital expenditures are based on past experience and include the ongoing capital expenditures required to maintain the business and include cash outflows for the purchase of property and equipment.

In all CGUs, reasonably possible changes to key assumptions would not cause the recoverable amount of each CGU to fall below the carrying value.

8. LANDFILL CLOSURE AND POST-CLOSURE OBLIGATIONS

	December 31, 2020	December 31, 2019
Balance, beginning of period	**$ 236.6**	$ 162.8
Acquisitions via business combinations	**262.6**	4.0
Adjustment related to prior year acquisitions	**—**	5.9
Provisions	**266.0**	78.7
Accretion	**6.9**	6.1
Expenditures	**(21.7)**	(15.3)
Changes in foreign exchange	**(14.8)**	(5.6)
Balance, end of period	**735.6**	236.6
Less: Current portion	**(55.3)**	(25.6)
	$ 680.3	$ 211.0

The present value of GFL's future landfill closure and post-closure obligations have been estimated by management based on GFL's cost, in today's dollars, to settle closure and post-closure obligations at its landfills, projected timing of these expenditures and the application of discount and inflation rates. GFL used a risk-free discount rate of 1.21% in Canada and 1.65% in the United States as at December 31, 2020 (1.76% in Canada and 2.39% in the United States as at December 31, 2019) and an inflation rate of 1.60% in Canada and 1.74% in the United States (2.00% in Canada and 1.52% in the United States as at December 31, 2019) to calculate the present value of the landfill closure and post-closure obligations. Obligations acquired through business combinations are initially valued at fair value using a credit adjusted discount rate. Reducing the discount rate to the risk free rate resulted in a one-time increase to the liability of $231.7 million included in the provisions line item in the table above for the year ended December 31, 2020 ($nil for the year ended December 31, 2019).

The landfill closure and post-closure obligation matures as follows:

Less than 1 year	$ 55.3
Between 1-2 years	38.0
Between 2-5 years	83.5
Over 5 years	558.8
	$ 735.6

Funded landfill post-closure assets

GFL is required to deposit monies into a social utility trust for the purpose of settling post closure costs at the landfills it owns in Quebec. The funding amount is established by the Quebec Government based on each cubic meter of waste accepted and payment is due quarterly. Additionally, GFL is required to deposit funds in a trust for the payment of post-closure obligations related to a municipal solid waste landfill located in Georgia. At December 31, 2020, included in other long-term assets are funded landfill post closure obligations, representing the fair value of legally restricted assets, totaling $19.3 million ($17.7 million as at December 31, 2019).

(In millions of dollars except per share amounts or otherwise stated)

9. LONG-TERM DEBT

The Company's long-term debt is comprised of the following:

	December 31, 2020	December 31, 2019
Revolving credit and swingline facility		
Revolving credit facility	**$ 148.8**	$ —
Term loan		
Term loan facility	**1,671.6**	3,351.2
Bonds		
5.625% USD senior unsecured notes ("5.625% 2022 Notes")(1)	**—**	454.6
5.375% USD senior unsecured notes ("5.375% 2023 Notes")(2)	**—**	519.5
4.250% USD senior secured notes ("4.250% 2025 Secured Notes")(3)	**636.6**	—
3.750% USD senior secured notes ("3.750%% 2025 Secured Notes")(4)	**954.9**	—
7.000% USD senior unsecured notes ("7.000% 2026 Notes")(5)	**—**	876.7
5.125% USD senior secured notes ("5.125% 2026 Secured Notes")(6)	**636.6**	649.4
8.500% USD senior unsecured notes, ("8.500% 2027 Notes")(7)	**458.4**	779.3
4.000% senior unsecured notes, ("4.000% 2028 Notes")(8)	**636.6**	—
3.500% USD senior secured notes ("3.500% 2028 Secured Notes")(9)	**954.9**	—
Paid in Kind notes		
11.000% Paid in Kind notes ("PIK Notes"), semi-annual interest commencing December 1, 2018, principal maturing on May 31, 2028	**—**	1,008.0
Promissory notes	**—**	27.5
Equipment loans and other		
At interest rates ranging from 3.02% to 4.37%	**9.2**	9.5
Subtotal	**6,107.6**	7,675.7
Fair value adjustment, discount and premium on bonds	**(5.4)**	(30.1)
Net derivative instruments	**122.3**	31.1
Deferred finance costs	**(58.4)**	(51.6)
Total long-term debt	**6,166.1**	7,625.1
Less: Current portion	**(4.6)**	(64.4)
Total non-current long-term debt	**$ 6,161.5**	$ 7,560.7

(1) The 5.625% 2022 Notes bear interest semi-annually which commenced May 12, 2017 with principal maturing on May 1, 2022.
(2) The 5.375% 2023 Notes bear interest semi-annually which commenced September 1, 2018 with principal maturing on March 1, 2023.
(3) The 4.250% 2025 Secured Notes bear interest semi-annually which commenced December 1, 2020 with the principal maturing on June 1, 2025.
(4) The 3.750% 2025 Secured Notes bear interest semi-annually commencing February 1, 2021 with the principal maturing on August 1, 2025.
(5) The 7.000% 2026 Notes bear interest semi-annually which commenced December 1, 2018 with principal maturing on June 1, 2026.
(6) The 5.125% 2026 Secured Notes bear interest semi-annually which commenced on December 15, 2019 with principal maturing on December 15, 2026.
(7) The 8.500% 2027 Notes bear interest semi-annually which commenced on May 1, 2019 with principal maturing on May 1, 2027.
(8) The 4.000% 2028 Notes bear interest semi-annually commencing February 1, 2021 with principal maturing on August 1, 2028.
(9) The 3.500% 2028 Secured Notes bear interest semi-annually commencing September 1, 2021 with principal maturing on September 1, 2028.

Revolving credit and swingline facility

GFL has a revolving credit and swingline facility (the "Revolving Credit Facility") totaling $628.0 million and US$40.0 million of which $148.8 million was drawn as at December 31, 2020 ($nil as at December 31, 2019).

On November 24, 2020, GFL entered into the Sixth Amended and Restated Credit Agreement (the "Revolving Credit Agreement") to, among other things, (a) reduce the applicable margin on existing borrowings by 50 basis points to 2.25% above Bankers Acceptance or Libor, based on GFL's Leverage Ratio as at December 31, 2020, (b) extend the maturity date to November 24, 2024, and (c) conform certain terms of the agreement to its other long term debt arrangements.

The interest rate applied on amounts drawn under the Revolving Credit Agreement is the effective Bankers' Acceptance/LIBOR rate or prime rate plus a spread. The spread is based on GFL's ratio of Net Funded Debt to Adjusted EBITDA as of the end of the most recently completed fiscal quarter or fiscal year end, and can range between 0.75% to 2.75% per annum, depending on the mechanism used to draw the funds.

The Revolving Credit Facility is secured by mortgages on certain properties, a general security agreement over all the assets of GFL and certain material subsidiaries and a pledge of shares of all subsidiaries.

Under the Revolving Credit Facility, GFL must satisfy the following financial covenant:

> If the Revolving Credit Facility is more than 35% utilized, then GFL's maximum Total Net Funded Debt to Adjusted EBITDA, each as defined in the Revolving Credit Facility, must be equal to or less than 8.00:1.

As at December 31, 2020 and December 31, 2019, GFL was in compliance with this covenant.

On March 5, 2020, GFL used a portion of the net proceeds of the IPO to repay $392.9 million of the Revolving Credit Facility.

Term Loan Facility

GFL has a Term Loan Facility (the "Term Loan Facility") totaling US$1,312.9 million which matures on May 31, 2025, and bears interest at a rate of LIBOR plus 3.00% or US prime plus 2.00%.

The Term Loan Facility is secured by mortgages on certain properties, a general security agreement over all the assets of GFL and certain material subsidiaries and a pledge of the shares of such subsidiaries.

On March 5, 2020, GFL used a portion of the net proceeds of the IPO to repay US$523.0 million of the Term Loan Facility.

On December 21, 2020, GFL used the net proceeds of the 3.500% 2028 Secured Notes issuance to repay US$744.3 million of the Term Loan Facility and completed the repricing of the balance of the Term Loan Facility, by reducing the LIBOR floor from 1.00% to 0.50%.

Bonds

2020 Financings

On March 5, 2020, GFL used a portion of the net proceeds of the IPO to fund the redemption of the following (i) the entire US$350.0 million outstanding aggregate principal amount of the 5.625% 2022 Notes, (ii) the entire US$400.0 million outstanding aggregate principal amount of the 5.375% 2023 Notes, (iii) US$270.0 million outstanding aggregate principal amount of the 7.000% 2026 Notes, (iv) US$240.0 million of the aggregate principal amount of the 8.500% 2027 Notes, and (v) related fees, premiums and accrued and unpaid interest on the 5.625% 2022 Notes, the 5.375% 2023 Notes, the 7.000% 2026 Notes and the 8.500% 2027 Notes. A loss on extinguishment of the bonds of $73.8 million and write off of deferred financing costs of $17.4 million was recognized in interest and other finance costs.

On April 22, 2020, GFL issued the 4.250% 2025 Secured Notes. Concurrent with the issuance, GFL entered into debt derivatives to convert all related interest and principal payment obligations to Canadian dollars and convert the floating rate to a fixed rate until maturity.

On August 24, 2020, GFL issued the 3.750% 2025 Secured Notes.

On November 23, 2020, GFL issued the 4.000% 2028 Notes. Concurrent with the issuance, GFL entered into cross-currency swaps to manage its currency risk. GFL used the net proceeds of the issuance to fund the redemption of the entire US$405.0 million outstanding aggregate principal amount, related fees, premiums and accrued interest on the 7.000% 2026 Notes. A loss on extinguishment of the bond of $35.5 million and write off of deferred financing costs of $6.6 million was recognized in interest and other finance costs. At the same time, the associated debt derivatives were settled for net proceeds received of $6.9 million.

On December 21, 2020, GFL issued the 3.500% 2028 Secured Notes. GFL used the net proceeds of the issuance to fund the redemption of US$744.3 million of the Term Loan Facility, related fees, premiums and accrued interest.

On December 31, 2020, GFL terminated US$469.4 million of the original and the offset swap positions, resulting in a net payment of $31.9 million paid by GFL. The remaining US$30.6 million offset swap position was settled on February 1, 2021 with a final payment of $3.8 million, paid by GFL.

(In millions of dollars except per share amounts or otherwise stated)

In conjunction with the repayments of notes throughout the year, GFL incurred accelerated interest payments of $4.4 million ($nil for the year ended December 31, 2019, $nil for the seven month period ended December 31, 2018 and $nil for the five month period ended May 31, 2018) and loss on extinguishments of both bonds and PIK Notes of $168.7 million ($nil for the year ended December 31, 2019, $nil for the seven month period ended December 31, 2018, and $nil for the five month period ended May 31, 2018).

2019 Financings

On April 17, 2019, GFL issued US$600.0 million 8.500% 2027 Notes. GFL used the proceeds of the offering to repay amounts outstanding under the Revolving Credit Facility. The balance of the proceeds was used for general corporate expenses including to fund future acquisitions.

On December 16, 2019, GFL issued US$500.0 million 5.125% 2026 Secured Notes. GFL used the proceeds of the offering to fund acquisitions and repay amounts outstanding under the Revolving Credit Facility. The balance of the proceeds will be used for general corporate expenses including to fund future acquisitions.

On December 16, 2019, GFL also issued an additional US$275.0 million in aggregate principal amount of 7.000% 2026 Notes under the indenture entered into in respect of the US$400.0 million in aggregate principal amount of the Company's existing 7.000% 2026 Notes due 2026. GFL used the proceeds of the 7.000% 2026 Notes to fund acquisitions and repay amounts outstanding under the Revolving Credit Facility. The balance of the proceeds will be used for general corporate expenses including to fund future acquisitions.

Paid in Kind Notes

On March 5, 2020, in connection with the pre-closing capital changes implemented as part of the IPO, certain existing shareholders of Holdings subscribed for additional non-voting shares at a fair market value price per share of US$19.00, the proceeds of which, together with a loan in an aggregate principal amount of $29.0 million from Sejosa Holdings Inc., an entity controlled by Patrick Dovigi, Founder, Chairman, President and Chief Executive Officer, were used to redeem in full the PIK Notes in an aggregate amount of $1,049.9 million plus redemption premiums and penalties. A loss on extinguishment of $59.4 million was recognized in interest and other finance costs.

Letter of credit facility

GFL has a combined committed letter of credit facility to a maximum of $240.0 million. At December 31, 2020, GFL had $133.8 million ($104.3 million as at December 31, 2019) outstanding against this facility which is not recognized in the Annual Financial Statements. Interest expense in connection with these letters of credit was $3.8 million for the year ended December 31, 2020 ($2.8 million for the year ended December 31, 2019, $0.6 million for the seven month period ended December 31, 2018, and $0.6 million for the five month period ended May 31, 2018).

Changes in long-term debt arising from financing activities

The opening and closing balances of long-term debt are reconciled as follows:

	December 31, 2020	December 31, 2019
Balance, beginning of period	**$ 7,625.1**	$ 6,288.7
Cash flows		
Issuance of long-term debt	**4,667.9**	3,143.8
Repayment of long-term debt	**(6,200.3)**	(1,569.9)
Payment of financing costs	**(41.0)**	(20.7)
Non-cash changes		
Reclassification of finance leases	**—**	(64.4)
PIK note exchanged for common shares	**—**	(61.1)
Assumed via business combinations	**—**	0.4
Accrued interest and other non-cash changes	**125.6**	153.4
Revaluation of foreign exchange	**(129.7)**	(160.9)
Fair value movements on cash flow hedges	**118.5**	(84.2)
Balance, end of period	**$ 6,166.1**	$ 7,625.1

(In millions of dollars except per share amounts or otherwise stated)

Commitments related to long-term debt

Principal future payments on long term debt in each of the next five years are as follows:

	Long-term debt
2021	$ 4.6
2022	0.5
2023	0.2
2024	3.7
2025	1,591.5
Thereafter	4,507.1
	$ 6,107.6

10. INTEREST AND OTHER FINANCING COSTS

GFL's interest and other financing costs are comprised of the following:

	Successor			Predecessor
	December 31, 2020	**December 31, 2019**	**December 31, 2018 (214 days)**	**May 31, 2018 (151 days)**
Interest	**$ 372.4**	$ 472.7	$ 149.5	$ 85.1
Loss on extinguishment of debt	**168.7**	—	—	—
Amortization of deferred financing costs	**36.1**	9.7	23.3	4.1
Accretion of landfill closure and post-closure obligations	**6.9**	6.1	1.2	1.3
Other financing costs	**13.5**	43.7	68.2	36.9
Interest and other finance costs	**$ 597.6**	$ 532.2	$ 242.2	$ 127.4

11. LEASE OBLIGATIONS

GFL leases several assets including buildings, plants and equipment. The average lease term is five years.

GFL has options to purchase certain equipment for a nominal amount at the end of the lease term. GFL's obligations are secured by the lessors' title to the leased assets for such leases.

Future minimum payments under lease obligations are as follows:

	December 31, 2020	December 31, 2019
Lease obligations	**$ 241.0**	$ 246.4
Less: Interest	**49.8**	54.3
	191.2	192.1
Less: Current portion	**37.5**	33.2
	$ 153.7	$ 158.9

Lease obligations include $73.1 million of secured lease obligations as at December 31, 2020 ($58.7 million as at December 31, 2019).

Interest expense in connection with lease obligations was $10.9 million for the year ended December 31, 2020 ($10.5 million for the year ended December 31, 2019, and $0.5 million for the seven month period ended December 31, 2018, and $0.3 million for the five month period ended May 31, 2018). Leases are secured by the related asset.

(In millions of dollars except per share amounts or otherwise stated)

Principal and interest payments on future minimum lease payments under the lease obligations in each of the next five years are as follows:

	Lease liabilities
2021	$ 39.8
2022	65.1
2023	28.2
2024	19.5
2025	26.5
Thereafter	61.9
	$ 241.0

12. TANGIBLE EQUITY UNITS

On March 5, 2020, GFL completed its offering of 15,500,000 6.00% TEUs for total gross proceeds of $1,040.7 million (US$775.0 million). Each TEU, which has a stated amount of US$50.00, is comprised of a prepaid stock purchase contract ("Purchase Contract(s)") and a senior amortizing note ("Amortizing Note(s)") due March 15, 2023, both of which are freestanding instruments and separate units of account. The Amortizing Notes are classified as a financial liability held at amortized cost. The Purchase Contracts are accounted for as prepaid forward contracts to deliver a variable number of equity instruments equal to a fixed dollar amount, subject to a cap and floor. Accordingly, the Purchase Contracts meet the definition of a financial liability with embedded derivative features, which GFL has elected to measure at fair value through profit or loss.

GFL allocated the proceeds from the issuance of the TEUs to notes and other derivative financial liabilities based on the relative fair values of the respective components of each TEU. The value allocated to the Amortizing Notes is reflected with issuance costs as a reduction of the face amount of the notes. The issuance costs are accreted to the face amount of the notes using the effective interest method.

The value allocated to the Purchase Contracts is subsequently measured at fair value through profit or loss. The fair value of the Purchase Contracts of the TEUs is based on the trading price of the Purchase Contracts to the extent an active market exists, otherwise a valuation model is used. The fair value of the Purchase Contracts was estimated using a Monte-Carlo simulation to simulate GFL's stock price using inputs such as USD risk-free interest rate curve, GFL's spot stock price in USD on the New York Stock Exchange, dividend forecasts, volatility of GFL's stock, and credit spread.

This resulted in an unrealized loss of $449.2 million on the market value of the Purchase Contracts for the year ended December 31, 2020 ($nil for the year ended December 31, 2019, $nil for the seven month period ended December 31, 2018, and $nil for the five month period ended May 31, 2018).

The aggregate values assigned upon issuance of the TEUs, based on the relative fair values of the respective components of each TEU, were as follows:

	Purchase Contracts	Amortizing Notes	Total
Fair value price per TEU on issuance	$ 55.71	$ 11.43	$ 67.14
Gross proceeds	863.5	177.2	1,040.7
Issuance costs	(28.1)	(5.7)	(33.8)
Net proceeds on issuance	$ 835.4	$ 171.5	$ 1,006.9

Each Amortizing Note has an initial principal amount of US$8.5143 and bears interest at 4.000% per year. On each of March 15, June 15, September 15, and December 15, GFL will pay equal quarterly cash instalments of US$0.7500 per Amortizing Note (except for the June 15, 2020 installment payment, which was US$0.8333 per Amortizing Note), which cash payment in the aggregate will be the equivalent of 6.000% per year with respect to each US$50.00 stated amount of the TEUs. Each instalment constitutes a payment of interest and a partial payment of principal.

(In millions of dollars except per share amounts or otherwise stated)

Unless settled earlier, on March 15, 2023, each Purchase Contract will automatically settle for subordinate voting shares. Upon settlement of a Purchase Contract, GFL will deliver not more than 2.6316 subordinate voting shares and not less than 2.1930 subordinate voting shares, subject to adjustment, based on the Applicable Market Value of GFL's subordinate voting shares as described below:

- If the Applicable Market Value is greater than the threshold appreciation price, which is US$22.80, holders will receive 2.1930 subordinate voting shares per Purchase Contract;
- If the Applicable Market Value is less than or equal to the threshold appreciation price but greater than or equal to the reference price, which is US$19.00, the holder will receive a number of subordinate voting shares per Purchase Contract equal to US$50.00, divided by the Applicable Market Value; and
- If the Applicable Market Value is less than the reference price, the holder will receive 2.6316 subordinate voting shares per Purchase Contract.

The Applicable Market Value is defined as the arithmetic average of the volume weighted average price per share of GFL's subordinate voting shares over the twenty consecutive trading day period immediately preceding March 15, 2023.

The TEUs are comprised of the following:

	December 31, 2020	December 31, 2019
Amortizing Notes	**$ 123.4**	$ —
Purchase Contracts	**1,263.7**	—
	1,387.1	—
Less: Current portion of Amortizing Notes	**(59.2)**	—
	$ 1,327.9	$ —

The 33,991,500 minimum shares to be issued are included in the calculation of basic net loss per share. The TEUs have a potentially dilutive effect on the calculation of net income per share. The difference between the minimum subordinate voting shares and the maximum subordinate voting shares are dilutive securities, and accordingly, are included in GFL's diluted net loss per share on a pro-rata basis to the extent the Applicable Market Value is higher than US$22.80 but is less than US$19.00 at period end. See note 14 for additional information regarding the calculation of net loss per share.

Principal future payments on the Amortizing Notes are as follows:

	Amortizing Notes
2021	$ 59.2
2022	59.2
2023	14.8
	$ 133.2

(In millions of dollars except per share amounts or otherwise stated)

13. INCOME TAXES

The effective income tax rates differ from the amount that would be computed by applying the combined federal and provincial statutory income tax rates to loss before income taxes. The reconciliation is as follows:

	Successor			Predecessor
	December 31, 2020	December 31, 2019	December 31, 2018 (214 days)	May 31, 2018 (151 days)
Loss before income taxes	**$ (1,355.8)**	$ (609.2)	$ (432.7)	$ (191.6)
Income tax recovery at the combined basic federal and provincial tax rate (26.5% in 2020; 26.5% in 2019; and 26.5% in 2018)	**(359.3)**	(161.4)	(114.7)	(50.8)
Decrease (increase) resulting from:				
Permanent differences	**12.5**	8.8	5.3	3.7
Variance between combined Canadian tax rate and the tax rate applicable to U.S. earnings	**(1.3)**	1.9	1.3	0.9
(Recognition) non-recognition of deferred tax assets	**(11.1)**	(6.5)	(1.6)	11.9
Other	**(1.7)**	(0.3)	(4.3)	7.3
Income tax recovery	**$ (360.9)**	$ (157.5)	$ (114.0)	$ (26.9)

Deferred income taxes

Deferred income taxes represent the net tax effect of non-capital tax losses and temporary differences between the consolidated financial statement carrying amounts and the tax basis of assets and liabilities. The changes in the periods in the components of the Company's deferred tax assets and liabilities are as follows:

	Balance, December 31, 2019	Acquisitions via business combinations	Foreign exchange	Recognized in equity	Recognized in net loss	Recognized in other comprehensive loss	Balance, December 31, 2020
Deferred tax assets							
Non-capital loss carry forwards	**$ 216.3**	**$ 68.4**	**$ (1.5)**	**$ —**	**$ 143.6**	**$ —**	**$ 426.8**
Landfill closures and post-closure obligations	**55.0**	**64.2**	**(0.7)**	**—**	**61.4**	**—**	**179.9**
Accrued liabilities	**2.5**	**6.1**	**—**	**—**	**1.5**	**—**	**10.1**
Other	**50.8**	**—**	**(0.4)**	**22.3**	**33.3**	**—**	**106.0**
	324.6	**138.7**	**(2.6)**	**22.3**	**239.8**	**—**	**722.8**
Deferred tax liabilities							
Property and equipment	**383.4**	**212.1**	**(2.2)**	**—**	**77.9**	**—**	**671.2**
Intangible assets	**663.4**	**41.1**	**(4.2)**	**—**	**(84.6)**	**—**	**615.7**
Cash flow hedges	**14.9**	**—**	**—**	**—**	**—**	**(5.1)**	**9.8**
Other	**(3.3)**	**8.9**	**2.2**	**—**	**(115.7)**	**—**	**(107.9)**
	1,058.4	**262.1**	**(4.2)**	**—**	**(122.4)**	**(5.1)**	**1,188.8**
Net deferred income tax liabilities	**$ 733.8**	**$ 123.4**	**$ (1.6)**	**$ (22.3)**	**$ (362.2)**	**$ (5.1)**	**$ 466.0**

Acquisitions via business combinations includes $2.7 million of measurement period adjustments to adjust previously reported purchase price allocations completed during prior years.

(In millions of dollars except per share amounts or otherwise stated)

As at December 31, 2020, the Company had income tax losses of approximately $1,754.0 million ($908.2 million as at December 31, 2019) available to carry forward to reduce future years' taxable income. If not utilized, these losses will begin to expire in 2024 and fully expire in 2040.

	Balance, December 31, 2018	Acquisitions via business combinations [1]	Foreign exchange	Recognized in net loss	Recognized in other comprehensive loss	Balance, December 31, 2019
Deferred tax assets						
Non-capital loss carry forwards	$ 142.1	$ (12.3)	$ (4.4)	$ 90.9	$ —	$ 216.3
Landfill closures and post-closure obligations	40.0	2.2	(1.3)	14.1	—	55.0
Accrued liabilities	5.4	(0.1)	(0.3)	(2.5)	—	2.5
Other	28.0	14.5	(2.0)	10.3	—	50.8
	215.5	4.3	(8.0)	112.8	—	324.6
Less: Non-recognition of deferred tax assets	(20.3)	—	(0.3)	20.6	—	—
	195.2	4.3	(8.3)	133.4	—	324.6
Deferred tax liabilities						
Property and equipment	309.0	50.8	(11.8)	35.4	—	383.4
Intangible assets	664.5	81.0	(11.7)	(70.4)	—	663.4
Cash flow hedges	(7.5)	—	—	(0.1)	22.5	14.9
Other	(11.7)	—	0.5	7.9	—	(3.3)
	954.3	131.8	(23.0)	(27.2)	22.5	1,058.4
Net deferred income tax liabilities	$ 759.1	$ 127.5	$ (14.7)	$ (160.6)	$ 22.5	$ 733.8

(1) Acquisitions via business combinations includes $46.8 million of measurement period adjustments to adjust previously reported purchase price allocations completed during 2018.

14. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the period attributable to equity holders by the weighted average number of shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing the net loss attributable to equity and TEU holders by the weighted average number of shares outstanding during the period plus the weighted average number of shares, if any, that would be issued on exercise of stock options, to the extent that they are considered dilutive.

	Successor			Predecessor
	December 31, 2020	December 31, 2019	December 31, 2018 (214 days)	May 31, 2018 (151 days)
Net loss	**$ (994.9)**	$ (451.7)	$ (318.7)	$ (164.7)
Less amounts attributable to preferred shareholders	**13.7**	—	—	—
Adjusted net loss	**$ (1,008.6)**	$ (451.7)	$ (318.7)	$ (164.7)
Weighted average shares outstanding[(1),(2)]	**360,383,291**	180,545,277	149,028,989	571,497,668
Weighted average number of shares on exercise of stock options, conversion of TEUs, and conversion of preferred shares	**—**	—	—	—
Diluted weighted average number of shares outstanding	**360,383,291**	180,545,277	149,028,989	571,497,668
Loss per share				
Basic and Diluted	**$ (2.80)**	$ (2.50)	$ (2.14)	$ (0.29)

(1) Weighted average shares at December 31, 2020 includes the 33,991,500 minimum subordinate voting share conversion of the TEUs.
(2) Weighted average shares at December 31, 2019 and December 31, 2018 adjusted for share split completed in conjunction with the pre-capital closing changes implemented as part of the IPO.

Diluted Net loss per share excludes the effects of time-based and performance-based share options, RSUs, TEUs and Preferred Shares that are anti-dilutive.

(In millions of dollars except per share amounts or otherwise stated)

15. SALES AND OPERATING REVENUE

The following table presents GFL's revenue disaggregated by service type and segment.

	Successor			Predecessor
	December 31, 2020	**December 31, 2019 (1)**	**December 31, 2018 (214 days) (2)**	**May 31, 2018 (151 days) (3)**
Residential	**$ 1,067.8**	$ 815.3	$ 272.1	$ 135.4
Commercial/industrial	**1,350.1**	1,106.9	340.1	173.2
Total collection	**2,417.9**	1,922.2	612.2	308.6
Landfill	**348.4**	255.5	77.8	37.2
Transfer	**426.7**	337.2	98.2	56.4
Material recovery	**263.3**	95.5	28.2	18.2
Other	**226.6**	172.0	83.1	40.1
Solid waste	**3,682.9**	2,782.4	899.5	460.5
Infrastructure and soil remediation	**535.1**	538.3	260.7	135.1
Liquid waste	**455.8**	385.2	168.3	88.7
Intercompany revenue	**(477.6)**	(359.0)	(103.7)	(56.5)
Revenue	**$ 4,196.2**	$ 3,346.9	$ 1,224.8	$ 627.8

Refer to Note 2 for additional details on the reclassifications outlined below:

(1) Includes reclassification to increase Intercompany revenue by $45.9 million and decrease Infrastructure and soil remediation revenue by $2.1 million. This resulted in increases in revenue of $20.8 million in Landfill, $25.7 million in Transfer, $1.2 million in Material recovery and $0.3 million in Commercial. There was no change in total revenue.

(2) Includes reclassification to decrease revenues of $35.7 million from Material recovery, $1.8 million from Liquid waste and $0.1 million from Infrastructure and soil remediation. This resulted in increases in revenue of $36.7 million in Other and $1.0 million in Landfill. There was no change in total revenue.

(3) Includes reclassification to decrease revenues of $21.4 million in Material recovery. This resulted in increases in revenue of $20.5 million in Other, $0.7 million in Liquid waste and $0.2 million in Landfill. There was no change in total revenue.

16. SEGMENT REPORTING

GFL's main lines of business are the transporting, managing, and recycling of solid and liquid waste and infrastructure and soil remediation services. GFL is divided into operating segments corresponding to the following lines of business: Solid waste, which includes hauling, landfill, transfer and material recovery facilities; Infrastructure and soil remediation; and Liquid waste. Inter-segment transfers are made at market prices.

The operating segments are presented in accordance with the same criteria used for the internal report prepared for the chief operating decision-maker who is responsible for allocating the resources and assessing the performance of the operating segments. The CODM assesses the performance of the segments on several factors, including gross revenue, intercompany revenue, revenue, and adjusted EBITDA. GFL's chief operating decision-maker is the Chief Executive Officer.

The Solid waste segment follows a national internal reporting structure, and each country is considered a separate operating segment by the chief operating decision-maker.

(In millions of dollars except per share amounts or otherwise stated)

The following is an analysis of GFL's revenue and results from continuing operations by reportable segment. "Adjusted EBITDA" represents GFL's earnings before taxes, interest and other finance costs, depreciation and amortization, loss (gain) on foreign exchange, loss (gain) on sale of property and equipment, mark-to-market loss (gain) on fuel hedge, mark-to-market loss (gain) on Purchase Contracts, share-based payments, acquisition, integration and other costs (included in selling, general and administrative expenses related to acquisition activity), costs associated with the IPO, acquisition, rebranding and other integration costs (included in cost of sales related to acquisition activity), and deferred purchase consideration. The definition of Adjusted EBITDA has been amended from the prior year. Gross revenue is calculated based on revenue before intercompany revenue eliminations.

	Year ended December 31, 2020			
Successor	**Gross Revenue**	**Intercompany Revenue**	**Revenue**	**Adjusted EBITDA**
Solid waste				
Canada	**$ 1,417.8**	**$ (187.0)**	**$ 1,230.8**	**$ 338.6**
USA	**2,262.0**	**(236.2)**	**2,025.8**	**639.2**
Solid waste	**3,679.8**	**(423.2)**	**3,256.6**	**977.8**
Infrastructure and soil remediation	**538.2**	**(10.9)**	**527.3**	**91.6**
Liquid waste	**455.8**	**(43.5)**	**412.3**	**97.5**
Corporate	**—**	**—**	**—**	**(90.2)**
	$ 4,673.8	**$ (477.6)**	**$ 4,196.2**	**$ 1,076.7**

	Year ended December 31, 2019			
Successor	**Gross Revenue**	**Intercompany Revenue**	**Revenue**(1)	**Adjusted EBITDA**(2)
Solid waste				
Canada	$ 1,174.8	$ (161.1)	$ 1,013.7	$ 267.7
USA	1,603.4	(155.8)	1,447.6	431.0
Solid waste	2,778.2	(316.9)	2,461.3	698.7
Infrastructure and soil remediation	541.0	(6.0)	535.0	103.7
Liquid waste	386.7	(36.1)	350.6	79.5
Corporate	—	—	—	(56.2)
	$ 3,705.9	$ (359.0)	$ 3,346.9	$ 825.7

Refer to Note 2 for additional details on the reclassifications outlined below:
(1) Includes reclassification of $1.7 million from Liquid waste into Solid waste - Canada.
(2) Includes reclassification of $3.8 million from Liquid waste and $24.1 million from Corporate into Solid waste Canada in the amount of $1.5 million and Solid waste USA in the amount of $26.4 million.

	Period ended December 31, 2018 (214 days)			
Successor	**Gross Revenue**	**Intercompany Revenue**	**Revenue** (1)	**Adjusted EBITDA** (2)
Solid waste				
Canada	$ 595.5	$ (75.3)	$ 520.2	$ 142.6
USA	302.0	(8.5)	293.5	63.6
Solid waste	897.5	(83.8)	813.7	206.2
Infrastructure and soil remediation	262.7	(4.0)	258.7	56.4
Liquid waste	168.3	(15.9)	152.4	38.3
Corporate	—	—	—	(18.9)
	$ 1,328.5	$ (103.7)	$ 1,224.8	$ 282.0

Refer to Note 2 for additional details on the reclassifications outlined below:
(1) Includes reclassification of $0.6 million from Solid waste Canada into Liquid waste.
(2) Includes reclassification of $4.9 million from Corporate to Solid waste USA and $0.5 million from Solid waste Canada to Liquid waste.

(In millions of dollars except per share amounts or otherwise stated)

Predecessor	Period ended May 31, 2018 (151 days) Gross Revenue	Intercompany Revenue	Revenue [1]	Adjusted EBITDA [2]
Solid waste				
Canada	$ 362.5	$ (40.3)	$ 322.2	$ 80.1
USA	97.0	(3.1)	93.9	17.3
Solid waste	459.5	(43.4)	416.1	97.4
Infrastructure and soil remediation	136.2	(2.8)	133.4	23.4
Liquid waste	88.6	(10.3)	78.3	15.8
Corporate	—	—	—	(9.3)
	$ 684.3	$ (56.5)	$ 627.8	$ 127.3

Refer to Note 2 for additional details on the reclassifications outlined below:
(1) Includes reclassification of $0.6 million from Solid waste Canada into Liquid waste.
(2) Includes reclassification of $0.6 million from Solid waste Canada into Liquid waste.

Adjusted EBITDA reconciles to net loss for the periods presented as follows:

	Successor			Predecessor
	December 31, 2020	**December 31, 2019**	**December 31, 2018 (214 days)**	**May 31, 2018 (151 days)**
Total segment adjusted EBITDA	**$ 1,076.7**	$ 825.7	$ 282.0	$ 127.3
Less:				
Depreciation and amortization	**810.6**	465.3	178.2	66.3
Amortization of intangible assets	**427.0**	334.1	127.5	40.9
Interest and other finance costs	**597.6**	532.2	242.2	127.4
(Gain) loss on foreign exchange	**(37.3)**	(48.9)	39.6	16.6
Loss (gain) on sale of property and equipment	**4.6**	1.2	4.7	(0.1)
Mark-to-market loss on fuel hedges	**1.8**	1.0	2.8	—
Mark-to-market loss on Purchase Contracts	**449.2**	—	—	—
Share-based payments	**37.9**	14.5	2.0	18.8
Impairment	**21.4**	—	—	—
Transaction costs	**60.1**	65.5	103.7	42.4
IPO transaction costs	**46.2**	—	—	—
Other income	**—**	—	—	(3.2)
Acquisition, rebranding and other integration costs	**11.4**	36.4	13.0	8.8
Unbilled revenue reversal	**—**	31.6	—	—
Deferred purchase consideration	**2.0**	2.0	1.0	1.0
Income tax recovery	**(360.9)**	(157.5)	(114.0)	(26.9)
Net loss	**$ (994.9)**	$ (451.7)	$ (318.7)	$ (164.7)

As we continue to grow our business, we may be faced with new events or circumstances that are not indicative of our underlying business performance or that impact the ability to assess our operating performance. The definition of Adjusted EBITDA for the three months and year ended December 31, 2020 removes the impact of the mark-to-market loss on Purchase Contracts, IPO transaction costs and impairment and other charges, all of which did not exist in the prior periods.

(In millions of dollars except per share amounts or otherwise stated)

Geographical information

Revenues from external customers and non-current assets, excluding deferred tax assets, can be analyzed according to the following geographic areas:

	Successor			Predecessor	Successor
	Revenue				Non-current assets
	December 31, 2020	December 31, 2019	December 31, 2018 (214 days)	May 31, 2018 (151 days)	December 31, 2020
Canada	**$ 1,996.1**	$ 1,760.8	$ 931.3	$ 533.9	**$ 4,917.2**
USA	**2,200.1**	1,586.1	293.5	$ 93.9	**9,784.6**
	$ 4,196.2	$ 3,346.9	$ 1,224.8	$ 627.8	**$ 14,701.8**

Goodwill and indefinite life intangible assets by operating segment

The carrying amount of goodwill and indefinite life intangible assets allocated to the operating segments for impairment testing purposes is as follows:

	December 31, 2020	December 31, 2019
Solid waste		
Canada	**$ 1,734.4**	$ 1,707.6
USA	**4,738.0**	3,383.0
Infrastructure and soil remediation	**240.0**	237.8
Liquid waste	**429.4**	457.5
	$ 7,141.8	$ 5,785.9

17. SHAREHOLDER'S CAPITAL

a) Authorized capital

GFL's authorized share capital consists of (i) an unlimited number of subordinate voting shares, (ii) an unlimited number of multiple voting shares, and (iii) an unlimited number of preferred shares.

Subordinate and multiple voting shares

The rights of the holders of the subordinate voting shares and the multiple voting shares are substantially identical, except for voting and conversion. The holders of outstanding subordinate voting shares are entitled to one vote per subordinate voting share and the holders of multiple voting shares are entitled to ten votes per multiple voting share. The subordinate voting shares are not convertible into any other classes of shares. Each outstanding multiple voting share may at any time, at the option of the holder, be converted into one subordinate voting share.

In addition, all multiple voting shares will convert automatically into subordinate voting shares at such time that is the earlier of the following: (i) Patrick Dovigi and/or his affiliates no longer beneficially own, directly or indirectly, at least 2.0% of the aggregate of the issued and outstanding subordinate voting shares and multiple voting shares; (ii) Patrick Dovigi is no longer serving as a director or in a senior management position at GFL; or (iii) the twentieth anniversary of the closing of the IPO.

The subordinate voting shares and multiple voting shares rank pari passu with respect to the payment of dividends, return of capital and distribution of assets in the event of liquidation, dissolution or winding up of GFL.

Preferred shares

The preferred shares are issuable at any time and from time to time in series. Each series of preferred shares shall consist of such number of preferred shares and having such rights, privileges, restrictions and conditions as determined by the Board of Directors prior to the issuance thereof.

(In millions of dollars except per share amounts or otherwise stated)

On October 1, 2020, GFL issued US$600.0 million of perpetual convertible preferred shares ("the Preferred Shares") to funds managed by HPS Investment Partners, LLC ("HPS"). Pursuant to the terms of the private placement, HPS subscribed for 28,571,428 Preferred Shares at US$21.00 per share for gross proceeds of US$600.0 million. Based on a conversion price of US$25.20 per share, as at December 31, 2020, the Preferred Shares are convertible into 24,226,190 subordinate voting shares of the Company, representing approximately 7.2% of the issued and outstanding subordinate voting shares and 5.3% of the outstanding voting rights attached to the Company's shares. The holders of the Preferred Shares are entitled to vote on an as-converted basis on all matters on which holders of subordinate voting shares and multiple voting shares vote, and to the greatest extent possible, will vote with the holders of subordinate voting shares and multiple voting shares as a single class. Each holder of Preferred Shares shall be deemed to hold, for the sole purpose of voting at any meeting of shareholders of the Company at which such holder is entitled to vote, the number of Preferred Shares equal to the number of subordinate voting shares into which such holder's registered Preferred Shares are convertible as of the record date for the determination of shareholders entitled to vote at such shareholders meeting. The liquidation preference of the Preferred Shares accrete at a rate of 7.000% per annum, compounded quarterly. From and after the fourth anniversary of the issuance of the Preferred Shares, GFL will have the option each quarter to redeem a number of Preferred Shares in an amount equal to the increase in the liquidation preference for the quarter. This optional redemption amount can be satisfied in either cash or subordinate voting shares at the election of GFL. If GFL elects to pay the optional redemption amount for a particular quarter in cash, the accretion rate for that quarter will be 6.000% per annum. The Preferred Shares are subject to transfer restrictions, but can be converted into subordinate voting shares by the holder at any time. GFL may also require the conversion or redemption of the Preferred Shares at an earlier date in certain circumstances.

Amalgamation

Effective March 5, 2020, immediately prior to the completion of the IPO, GFL amalgamated with Holdings. In connection with the amalgamation, all of the issued and outstanding shares of Holdings were exchanged for subordinate voting shares and multiple voting shares of GFL at an exchange ratio of 20.363259-for-one, other than the Class F shares of Holdings which were converted to multiple voting shares on an exchange ratio of 26.343032-for-one. As a result, the historical share and per share amounts presented in the Annual Financial Statements for the Successor have been retroactively adjusted to reflect this change.

Share issuances and cancellations

	Total	Common shares of GFL Holdings	Subordinated voting shares	Multiple voting shares	Preferred shares
Balance, December 31, 2019	180,794,203	180,794,203	—	—	—
Exchange upon amalgamation of GFL Holdings	—	(180,794,203)	169,114,345	11,679,858	—
Issued as partial consideration for acquisitions	3,092,118	—	3,092,118	—	—
Issued and fully paid during the year	171,060,581	—	142,106,047	383,106	28,571,428
Cancelled during the year	(12,089)	—	(12,089)	—	—
Balance, December 31, 2020	**354,934,813**	**—**	**314,300,421**	**12,062,964**	**28,571,428**

On January 1, 2020, GFL issued 2,056,331 subordinate voting shares as partial consideration for an acquisition.

On February 1, 2020, GFL issued 1,035,787 subordinate voting shares as partial consideration for an acquisition.

On February 1, 2020, in connection with his resignation as an officer of GFL, the Company issued Ven Poole a separation payment of 73,947 subordinate voting shares issued at the IPO price of US$19.00.

Between January 1, 2020 and March 5, 2020, GFL issued 17,694,685 subordinate voting shares to its existing shareholders for aggregate cash consideration of $348.9 million and made a return of capital of $0.8 million.

On March 5, 2020, in connection with the pre-closing capital changes implemented as part of the IPO, certain existing shareholders of Holdings subscribed for 47,496,202 subordinate voting shares for aggregate cash consideration of $1,064.6 million. Also, on this date, 704,800 subordinate voting shares were issued at the IPO price of US$19.00 in partial consideration for the redemption of the PIK Notes.

On March 5, 2020, in conjunction with the IPO, GFL issued 73,361,842 subordinate voting shares for total gross proceeds received by GFL of $1,871.8 million (US$1,393.9 million). Share issuance costs, net of deferred tax, amounted to $45.5 million (US$33.9 million).

(In millions of dollars except per share amounts or otherwise stated)

On August 20, 2020, 11,145 subordinate voting shares were cancelled.

On December 2, 2020, 944 subordinate voting shares were cancelled.

Contributed surplus

The contributed surplus consists of the following:

Balance, December 31, 2018	$	2.0
Share-based compensation expense	$	14.5
Balance, December 31, 2019	$	16.4
Share-based compensation expense		37.9
Balance, December 31, 2020	$	54.3

b) Share options, performance share units, restricted share units, and deferred share units

Holdings established a stock option plan dated May 31, 2018, as amended on November 14, 2018 (the "Legacy Stock Option Plan"). In connection with the IPO, 159,468,329 options issued and outstanding under the Legacy Stock Option Plan (before exchange ratio restatement) with an exercise price of $1.00 (both of which are on a pre-converted basis) vested in accordance with the terms of the Legacy Stock Option Plan. After giving effect to the IPO, the options exercised on a net basis, less applicable withholding taxes, into 3,203,925 subordinate voting shares (the "Legacy Option Shares"). At completion of the IPO, there were no options outstanding under the Legacy Stock Option Plan and such plan was terminated.

Unless otherwise determined by the Board of Directors, the Legacy Option Shares will be held by a trustee in trust or in escrow on behalf of the legacy option holders. One-third of the Legacy Option Shares will vest and be released from escrow on each of the first three anniversaries of the IPO. Unless otherwise determined by the Board of Directors, if prior to the third anniversary of the IPO a legacy option holder's employment with GFL is terminated without cause, such legacy option holder's Legacy Option Shares held in trust at such time will continue to vest. Unless otherwise determined by the Board of Directors, if a legacy option holder's employment is otherwise terminated prior to the third anniversary of the closing of the IPO, the legacy option holder's Legacy Option Shares held in trust at such time will be cancelled for no consideration.

In connection with the IPO, a long-term incentive plan ("LTIP") was adopted by the Board of Directors which allowed GFL to grant long-term equity-based incentives, including options, performance stock units ("PSUs"), and restricted stock units ("RSUs"), to eligible participants. Each award represents the right to receive subordinate voting shares, or in the case of PSUs and RSUs, subordinate voting shares and/or cash, in accordance with the terms of the LTIP. The director deferred share unit plan (the "DSU Plan") was adopted by the Board of Directors, to provide non-employee directors the opportunity to receive a portion of their compensation in the form of deferred share units ("DSUs"). Each DSU represents a unit equivalent in value to a subordinate voting share based on the closing price of the subordinate voting shares on the day prior to the grant.

The maximum number of subordinate voting shares reserved for issuance under the LTIP, the DSU Plan, and any other security-based compensation arrangement in any one-year period is 10% of the total issued and outstanding subordinate voting shares and multiple voting shares in the capital or as of December 31, 2020, would equate to 32,636,339 subordinate voting shares in the capital of the Company.

Options

Changes in the number of share options held by officers and employees with their average exercise price per option are summarized below:

	December 31, 2020	
	Options	**Weighted average exercise price (US$)**
Share options outstanding, December 31, 2019	—	$ —
Granted	19,643,184	28.05
Share options outstanding, December 31, 2020	19,643,184	$ 28.05
Vested share options, December 31, 2020	3,928,636	$ 19.00

For the year ended December 31, 2020, there were no share options exercised, expired, forfeited, or cancelled.

The weighted-average fair value of the share options granted in 2020 and the weighted-average assumptions used in the Black-Scholes option valuation model to determine their fair value at the grant date are as follows:

Grant date share price (USD per option)	$ 19.00
Grant date fair value (USD in millions)	$ 23.6
Expected volatility (%)	23.51 %
Expected dividend yield (%)	nil
Expected life (years)	4.2
Risk-free interest rate (%)	0.65 %

Expected volatility was calculated based upon the historical average volatility of comparable public companies. The fair value of the options is recognized as compensation expense over the vesting period. For the year ended December 31, 2020, the total compensation expense related to share options amounted to $30.5 million ($14.5 million for the year ended December 31, 2019, $2.0 million for the seven month period ended December 31, 2018, and $18.8 million for the five month period ended May 31, 2018). For the year ended December 31, 2020, total compensation expense consisted of an expense under the LTIP of $22.3 million and an expense under the Legacy Stock Option Plan of $8.2 million.

RSUs and DSUs

During the year ended December 31, 2020, 1,524,358 RSUs were granted to eligible participants. The RSUs vest ratably over a three-year period following the first anniversary of the date of grant in increments of 33.3% per annum, subject to the participants' continued employment. When cash dividends are paid on the subordinate voting shares, the recipient shall receive additional units ("Dividend Share Units") as of the dividend payment date. Dividend Share Units are subject to the same vesting provision as the RSUs. Upon vesting, the RSUs will be settled in either cash or subordinated voting shares, at the option of the Company. None of the RSUs granted have vested.

The fair value of the RSUs granted during the year ended December 31, 2020, was based on the closing price of the subordinate voting shares on the day prior to the grant US$19.00.

The fair value of the RSUs is recognized as compensation expense over the vesting period. For the year ended December 31, 2020, the total compensation expense related to RSUs amounted to $6.9 million.

During the year ended December 31, 2020, 18,248 DSUs were granted to non-employee directors for compensation under the DSU Plan. The grant date fair values of US$19.00 per share and US$21.26 per share were determined by the Board of Directors, based on the closing price of the subordinate voting shares on the day prior to the grant. The DSUs vest immediately and are exercisable upon the non-employee director's departure from service. For the year ended December 31, 2020, the total compensation expense related to DSUs amounted to $0.5 million.

(In millions of dollars except per share amounts or otherwise stated)

A summary of the status of RSUs and DSUs granted under the LTIP is as follows:

	December 31, 2020		December 31, 2020	
	RSUs	Weighted average grant date fair value (US$)	DSUs	Weighted average grant date fair value (US$)
Outstanding, December 31, 2019	—	$ —	—	$ —
Granted	1,524,358	19.95	18,248	19.92
Cancelled	(1,699)	19.00	—	—
Outstanding, December 31, 2020	1,522,659	$ 19.95	18,248	$ 19.92
Expected to vest	1,482,660	$ 19.95	18,248	$ 19.92

For the year ended December 31, 2020, there were no RSUs or DSUs exercised, expired, or forfeited.

18. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital

	Successor			Predecessor
	December 31, 2020	December 31, 2019	December 31, 2018 (214 days)	May 31, 2018 (151 days)
Effects of changes in				
Accounts payable and accrued liabilities	**$ 83.4**	$ 13.3	$ 13.2	$ 66.6
Trade and other receivables — net of allowance	**(77.7)**	(57.3)	(38.5)	(16.8)
Prepaid expenses and other assets	**(0.5)**	(30.6)	(8.2)	(5.3)
Income taxes payable	**—**	(0.3)	3.2	(0.2)
	$ 5.2	$ (74.9)	$ (30.3)	$ 44.3

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

GFL's financial instruments consist of cash and cash equivalent, trade accounts receivable, trade accounts payable, long-term debt, and tangible equity units.

Fair value measurement

The carrying value of GFL's financial assets are equal to their fair values. The carrying value of GFL's financial liabilities approximate their fair values with the exception of GFL's Bonds and Amortizing Notes. The fair value hierarchy for GFL's financial assets and liabilities not measured at fair value are as follows:

	December 31, 2020				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Bonds	**$ 4,272.6**	**$ 4,454.3**	**$ —**	**$ 4,454.3**	**$ —**
Amortizing Notes	**$ 123.4**	**126.8**	**—**	**126.8**	**—**
Total debt	**$ 4,396.0**	**$ 4,581.1**	**$ —**	**$ 4,581.1**	**$ —**

	December 31, 2019				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Bonds	$ 3,249.4	$ 3,092.3	$ —	$ 3,092.3	$ —
Total debt	$ 3,249.4	$ 3,092.3	$ —	$ 3,092.3	$ —

GFL uses a discounted cash flow model incorporating observable market data, such as foreign currency forward rates, to estimate the fair value of its bonds. Certain of the mortgages, finance leases, equipment loans and amount due to related party do not bear interest or bear interest at an amount that is not stated at fair value.

Purchase Contracts and derivative instruments, which are recorded at fair value, are classified within Level 2.

(In millions of dollars except per share amounts or otherwise stated)

Financial risk management objectives

As a result of holding and issuing financial instruments, GFL is exposed to liquidity, credit and market risks. The following provides a description of these risks and how GFL manages these exposures.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. GFL's principal financial assets that expose it to credit risk are accounts receivable.

GFL uses historical trends of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. GFL considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that accounts receivable that meet either of the following criteria are generally not recoverable:

- the customer is insolvent; or
- GFL's relationship with the customer has been severed; and/or
- the customer's receivable has aged beyond a reasonable period.

GFL provides credit to its customers in the normal course of its operations. The amounts disclosed in the statement of financial position represent the maximum credit risk and are net of allowance for doubtful accounts, based on management's estimates taking into account GFL's prior experience and its assessment of the current economic environment.

The following is a breakdown of the trade receivables aging. It does not include holdbacks or unbilled revenue as they are made up of amounts to be received at the end of specific long-term contracts.

	December 31, 2020	December 31, 2019
0-60 days	**$ 543.8**	$ 394.9
61-90 days	**47.3**	61.2
91+ days	**77.7**	86.3
	$ 668.8	$ 542.4

In determining the recoverability of trade and other receivables, GFL considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

Liquidity risk

GFL monitors and manages its liquidity to ensure that it has access to sufficient funds to meet its liabilities when due. Management of GFL believes that future cash flows from operations and the availability of credit under existing bank arrangements is adequate to support GFL's financial liquidity needs for its ongoing operations.

At December 31, 2020, available sources of liquidity include GFL's Revolving Credit Facility of $628.0 million and US$40.0 million of which $148.8 million was drawn as at December 31, 2020 ($nil at December 31, 2019).

GFL has financial liabilities with varying contractual maturity dates. With the exception of long-term debt and lease obligations, all of GFL's significant financial liabilities mature in less than one year.

(In millions of dollars except per share amounts or otherwise stated)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial liability will fluctuate because of changes in market interest rates. GFL enters into both fixed and floating rate debt, including equipment loans and also leases certain assets with fixed rates.

GFL's risk management objective is to minimize the potential for changes in interest rates to cause adverse changes in cash flows to GFL. The ratio of fixed to floating rate obligations outstanding is designed to maintain flexibility in GFL's capital structure to adjust to prevailing market conditions.

At December 31, 2020, GFL had a ratio of fixed to floating rate obligations of approximately 70.2% fixed and 29.8% floating (as at December 31, 2019 56.4% fixed, 43.6% floating).

A 1% change in the interest rate on floating rate obligations would have resulted in a change in the interest expense for the year ended December 31, 2020, of approximately $18.2 million based on the balances outstanding as at December 31, 2020 (approximately $33.5 million for the year ended December 31, 2019, approximately $21.9 million for the seven month period ended December 31, 2018, and approximately $15.6 million for the five month period ended May 31, 2018).

Foreign currency risk

GFL manages its currency risk in respect of its outstanding U.S. dollar senior unsecured notes with certain cross-currency interest rate swaps. GFL's swapped instruments included the following:

Underlying Notes	Notional Amount ($US)	Fixed/Variable Interest Rate Paid	Fixed/Variable Interest Rate Received	Fixed Foreign Exchange Rate Paid	Effective Date	Expiration
9.875% 2021 Notes	30.6	9.890 %	9.875 %	1.4130	February 1, 2016	February 1, 2021
Term Loan	403.6	3-Month CDOR + 3.174 %	3-Month LIBOR + 2.750 %	1.2976	May 31, 2018	May 30, 2025
8.500% 2027 Notes	48.0	8.399 %	8.500 %	1.3355	April 23, 2019	May 1, 2027
8.500% 2027 Notes	300.0	8.419 %	8.500 %	1.3355	April 23, 2019	May 1, 2027
5.125% 2026 Secured Notes	500.0	5.725 %	5.125 %	1.3245	December 16, 2019	December 15, 2026
4.250% 2025 Secured Notes	500.0	4.805 %	4.250 %	1.4198	April 29, 2020	June 1, 2025
4.000% 2028 Notes	500.0	4.524 %	4.000 %	1.3112	November 23, 2020	August 1, 2028

Concurrently with the offering of the 5.625% 2022 Notes, the 5.375% 2023 Notes, the 4.250% 2025 Secured Notes, the 5.125% 2026 Secured Notes, the 8.500% 2027 Notes, and the 4.000% 2028 Notes, GFL entered into cross-currency swaps to receive and pay interest semi-annually. A cross-currency swap was entered into for a portion of the 7.000% 2026 Notes.

These effective cross-currency swaps eliminate the impact of changes in the value of the U.S. dollar between the date of issuance of the 5.625% 2022 Notes, the 5.375% 2023 Notes, the 4.250% 2025 Secured Notes, the 8.500% 2027 Notes, the 4.000% 2028 Notes, and the 5.125% 2026 Secured Notes and their respective maturity dates.

On March 5, 2020, GFL fully redeemed the 5.625% 2022 Notes and 5.375% 2023 Notes as well as a portion of the 7.000% 2026 Notes and the 8.500% 2027 Notes and terminated the cross-currency interest rate swaps associated with the 5.625% 2022 Notes and 5.375% 2023 Notes and the redeemed portion of the 7.000% 2026 Notes and 8.500% 2027 Notes.

On November 23, 2020, GFL issued the 4.000% 2028 Notes. Concurrently with the offering, GFL entered into cross-currency swaps to manage its currency risk. GFL used the net proceeds of the issuance to fund the redemption of the entire US$405.0 million outstanding aggregate principal amount, related fees, premiums and accrued interest on the 7.000% 2026 Notes and terminated the cross-currency interest rate swaps associated with the 7.000% 2026 Notes.

GFL fully redeemed a previous note offering in 2018. GFL had entered into cross-currency interest rate swaps concurrently with the offering of the notes, which continued to be in place after the redemption of the notes. As a result of the redemption, GFL discontinued the use of hedge accounting. GFL entered into an offset swap to receive and pay interest semi-annually at 9.312% on $648.8 million and 9.875% on US$500.0 million respectively in order to fully hedge this exposure.

In addition, the Company has exposure to foreign currency risk on its US Term Loan Facility due May 31, 2025. The Company manages a portion of this exposure with cash flow from its US operations and the Company entered into US$450.0 million in cross-currency swaps to hedge the impact of changes in the value of the U.S. dollar between the date of issuance of the Term Loan Facility and the Term Loan Facility maturity date of May 31, 2025, as adjusted for the mandatory repayments required under the Term Loan Facility. At maturity, the Company will have paid a total of $500.8 million in exchange for US$386.0 million.

These cross-currency swaps have been designated at inception and accounted for as cash flow hedges. A gain, net of tax, in the fair value of derivatives designated as cash flow hedges in the amount of $1.8 million has been recorded in other comprehensive loss for the year ended December 31, 2020 (gain, net of tax in the amount of $61.2 million for the year ended December 31, 2019, loss, net of tax in the amount of $33.5 million for the seven month period ended December 31, 2018, and a gain of $3.8 million for the five month period ended May 31, 2018).

Commodity risk

GFL uses diesel fuel option agreements to manage a portion of its exposure to fluctuations in diesel fuel prices. The fair value of GFL's fuel commodity contracts were obtained from dealer quotes. This value represents the estimated amount GFL would receive or pay to terminate the commodity contracts, taking into consideration the difference between the contract value of the fuel volume and values at the valuation date quoted for agreements of similar term and maturity.

The fair value of the agreements represented an asset of approximately $3.7 million as of December 31, 2020, which is included in our net derivative instruments ($0.6 million as at December 31, 2019). GFL recognized an expense for changes in the fair value of the fuel contracts within its consolidated statements of operations of $1.8 million for the year ended December 31, 2020 ($1.0 million for the year ended December 31, 2019, $2.8 million for the seven month period ended December 31, 2018, and $nil for the five month period ended May 31, 2018).

GFL markets a variety of recyclable materials, including cardboard, mixed paper, plastic containers, glass bottles and ferrous and aluminum metals. GFL owns and operates recycling operations and sells other collected recyclable materials to third parties for processing before resale. To reduce our exposure to commodity price risk with respect to recycled materials, GFL has adopted a pricing strategy of charging collection and processing fees for recycling volume collected from third parties.

Capital management

GFL defines capital that it manages as the aggregate of its shareholders' equity and long-term debt net of cash.

GFL makes adjustments to its capital based on the funds available to GFL in order to support the ongoing operations of the business and in order to ensure that the entities in GFL will be able to continue as going concerns, while maximizing the return to stakeholders through the optimization of the debt and equity balances.

GFL manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or modify the capital structure, GFL may arrange new debt with existing or new lenders or obtain additional financing through other means.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of GFL, is reasonable. There were no changes in GFL's approach to capital management during the year ended December 31, 2020 and year ended December 31, 2019.

20. COMMITMENTS AND CONTINGENT LIABILITIES

a) Performance bonds

In the normal course of business, GFL is required to provide performance bonds in respect of certain contracts which guarantee payment for labour, material and services in the event of a default by GFL.

GFL has executed indemnity agreements in favour of the surety of these bonds. As at December 31, 2020, the aggregate contract limit for the bonds totaled $1,697.4 million ($778.6 million as at December 31, 2019).

b) Contingent liabilities

In the normal course of business activities, GFL is subject to a number of claims and legal actions that may be made by customers, suppliers or others. Though the final outcome of actions outstanding or pending at the end of the period is not determinable, management believes the resolutions will not have a material effect on the financial position, statement of operations or cash flow of GFL.

21. RELATED PARTY TRANSACTIONS

Included in due to related party is a non-interest bearing unsecured promissory note payable to Josaud Holdings Inc., an entity controlled by Patrick Dovigi, in an initial aggregate principal amount of $35.0 million, which is scheduled to mature on January 1, 2023. The note is being repaid in equal semi-annual instalments of $3.5 million. As at December 31, 2020, $17.5 million principal amount was outstanding on the note ($21.0 million as at December 31, 2019).

Also included in due to related party is an interest bearing unsecured promissory note issued on March 5, 2020, payable to Sejosa Holdings Inc., an entity controlled by Patrick Dovigi, in an aggregate principal amount of $29.0 million and bearing market interests. The note is payable in equal semi-annual instalments of $2.9 million. The loan is scheduled to mature on March 5, 2025. As at December 31, 2020, $26.1 million principal amount was outstanding on the note ($nil as at December 31, 2019).

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

On February 1, 2020, in connection with his resignation as an officer of GFL, the Company issued a director a separation payment of 73,947 subordinate voting shares issued at the IPO price of US$19.00.

From time to time, GFL has entered into leases with entities controlled by affiliates of Patrick Dovigi, our Founder, Chief Executive Officer and a director of the Company as well as entities controlled by another director of the Company (the “Related Parties”). To date, GFL leases four properties from the Related Parties. These leases are on arm’s length and commercially reasonable terms and have been supported by rental rate comparisons prepared by third parties. None of the leased premises are material to the operations of GFL. For the year ended December 31, 2020, GFL paid $2.7 million ($1.6 million for the year ended December 31, 2019, $0.2 million for the seven month period ended December 31, 2018, and $nil for the five month period ended May 31, 2018) in aggregate lease payments to the Related Parties.

Compensation of key management personnel

The remuneration of key management personnel consisted of salaries, short-term benefits and share based payments. During the year ended December 31, 2020, total salaries and short-term benefits and share based payments to key management personnel was $41.8 million ($3.9 million for the year ended December 31, 2019, $59.3 million in the aggregate for the seven month period ended December 31, 2018 and the five month period ended May 31, 2018).

(In millions of dollars except per share amounts or otherwise stated)

22. EXPENSES BY NATURE

GFL's expenses by nature are as follows:

	Successor			Predecessor
	December 31, 2020	**December 31, 2019**	**December 31, 2018 (214 days)**	**May 31, 2018 (151 days)**
Employee benefits	**$ 1,308.1**	$ 1,022.5	$ 383.7	$ 207.0
Transfer and disposal costs	**1,002.0**	873.5	314.6	161.3
Interest and other finance costs	**597.6**	532.2	242.2	127.4
Depreciation of property and equipment	**810.6**	465.3	178.2	66.3
Amortization of intangible assets	**427.0**	334.1	127.5	40.9
Other expense	**408.1**	286.5	116.9	61.9
Transaction costs	**60.1**	65.5	103.7	42.4
IPO transaction costs	**46.2**	—	—	—
Acquisition, rebranding and other integration costs	**11.4**	36.4	13.0	8.8
Unbilled revenue reversal	**—**	31.6	—	—
Maintenance and repairs	**244.1**	183.8	65.6	31.9
Fuel costs	**159.0**	155.9	64.8	35.2
(Gain) loss on foreign exchange	**(37.3)**	(48.9)	39.6	16.6
Share-based payments	**37.9**	14.5	2.0	18.8
Loss (gain) on sale of property and equipment	**4.6**	1.2	4.7	(0.1)
Mark-to-market loss on Purchase Contracts	**449.2**	—	—	—
Impairment and other charges	**21.4**	—	—	—
Deferred purchase consideration	**2.0**	2.0	1.0	1.0
Total expenses by nature	**$ 5,552.0**	$ 3,956.1	$ 1,657.5	$ 819.4