

# First Quarter 2022

Earnings review and update

**rb RITCHIE BROS.**

# Forward looking statements and non-GAAP measures

## Caution Regarding Forward-Looking Statements

This presentation contains forward-looking statements and forward-looking information within the meaning of applicable US and Canadian securities legislation (collectively, “forward-looking statements”), including, in particular, statements regarding future financial and operational results, opportunities, and any other statements regarding events or developments that Ritchie Bros. believes or anticipates will or may occur in the future. Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as “expect”, “plan”, “anticipate”, “project”, “target”, “potential”, “schedule”, “forecast”, “budget”, “estimate”, “intend” or “believe” and similar expressions or their negative connotations, or statements that events or conditions “will”, “would”, “may”, “could”, “should” or “might” occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements necessarily involve assumptions, risks and uncertainties, certain of which are beyond Ritchie Bros.’ control, including risks and uncertainties related to: the duration and impact of the COVID-19 pandemic on Ritchie Bros.’ operations, the operations of our customers general economic conditions and conditions affecting the industries in which Ritchie Bros. operates; the maintenance of important business relationships; our ability to commercialize new platform solutions and offerings; deterioration of or instability in the economy, the markets we serve or the financial markets generally; strategic transactions; as well as the risks and uncertainties set forth in Ritchie Bros.’ Annual Report on Form 10-K for the year ended December 31, 2021 and Ritchie Bros.’ subsequent Quarterly Reports on Form 10-Q, which are available on the SEC, SEDAR, and Ritchie Bros.’ websites. The foregoing list is not exhaustive of the factors that may affect Ritchie Bros.’ forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, and actual results may differ materially from those expressed in, or implied by, these forward-looking statements. Forward-looking statements are made as of the date of this presentation and Ritchie Bros. does not undertake any obligation to update the information contained herein unless required by applicable securities legislation. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

This presentation contains certain non-GAAP financial measures. For a discussion of non-GAAP measures and the most directly comparable GAAP financial measures, see the Appendix to this presentation as well as our quarterly report on form 10-Q for quarter ended March 31, 2022, which are available on the SEC and SEDAR websites and at: [investor.ritchiebros.com](https://investor.ritchiebros.com). These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing our financial condition and results. Therefore, these measures should not be considered in isolation or as alternatives to measures of profitability, liquidity or other performance under GAAP. These measures may not be comparable to similarly-titled measures used by other companies.

This presentation also includes certain forward-looking non-GAAP financial measures. We are unable to present a quantitative reconciliation of this forward-looking non-GAAP financial information because management cannot reliably predict all of the necessary components of such measures. Accordingly, investors are cautioned not to place undue reliance on this information.

All figures are in US dollars, unless otherwise noted.

# Today's Speakers



**Ann Fandozzi**  
Chief Executive Officer



**Sharon Driscoll**  
Chief Financial Officer



# Quarter Highlights

## Performance

## Solid Results

- 1Q GTV growth of +13%
- 1Q Service Revenue increased +19% YoY / (~17% organic)
- 1Q Non-GAAP Adjusted Operating Income\* increase of +54% YoY

## Customers

## Our True North

- Lead with innovation – enhancing digital experience for customers
- Bids per lot sold and used pricing remains strong
- Continue to learn how to best service customer needs in current environment
- Welcomed customers back to Orlando

## Euro Auctions

## Discontinued

- Notified CMA we will not be proceeding to Phase 2 review
- Transaction will automatically terminate on June 28<sup>th</sup>, 2022
- Redeemed deal contingent notes that were held in escrow at par

## Investor Event

## Journey to Marketplace

- Hosting investor event in Ft. Worth May 18<sup>th</sup>
- Transparency on our journey and transformation to marketplace

\*Non-GAAP measures; please see appendix for reconciliation.

# Business Inventory Management System (IMS)

Continued focus on Adding Organizations

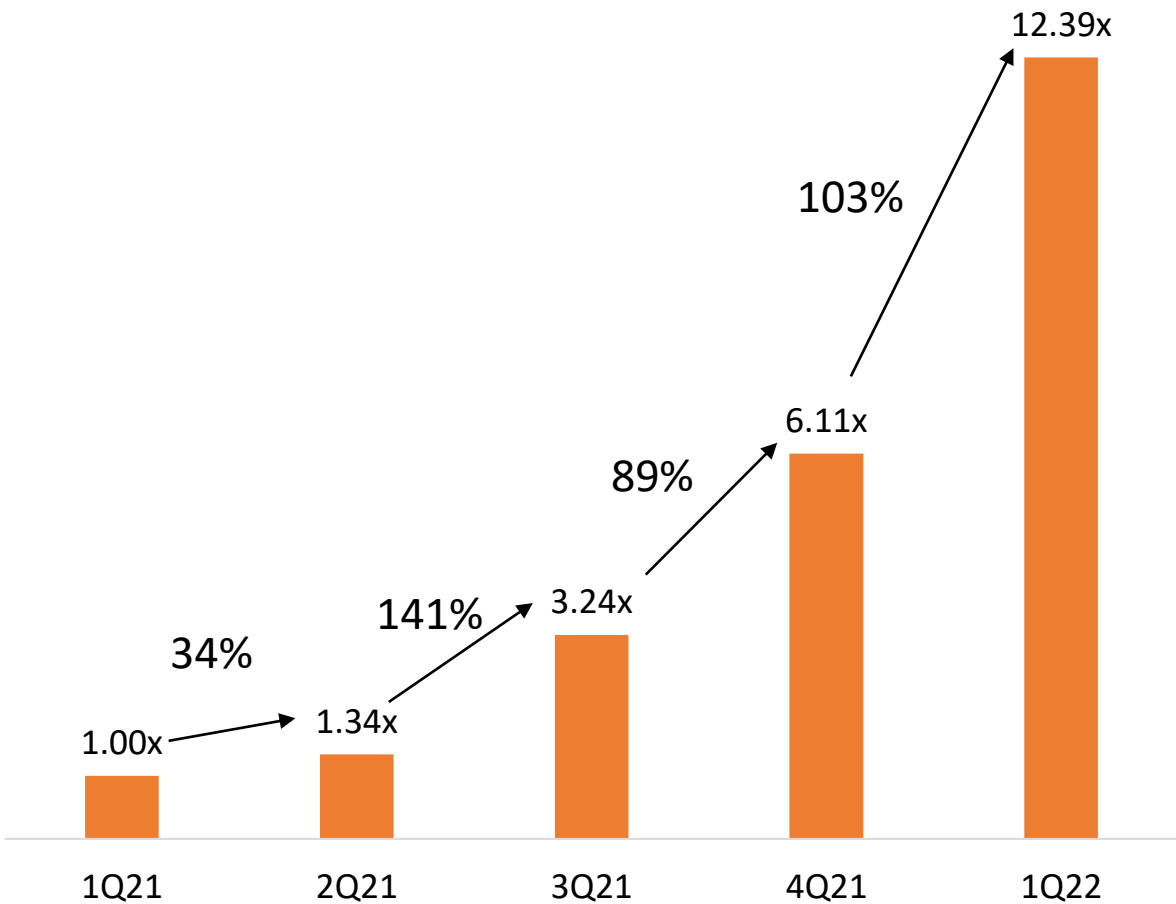
Number of Cumulative Organizations Activated: 103% Growth Q/Q

Organizations

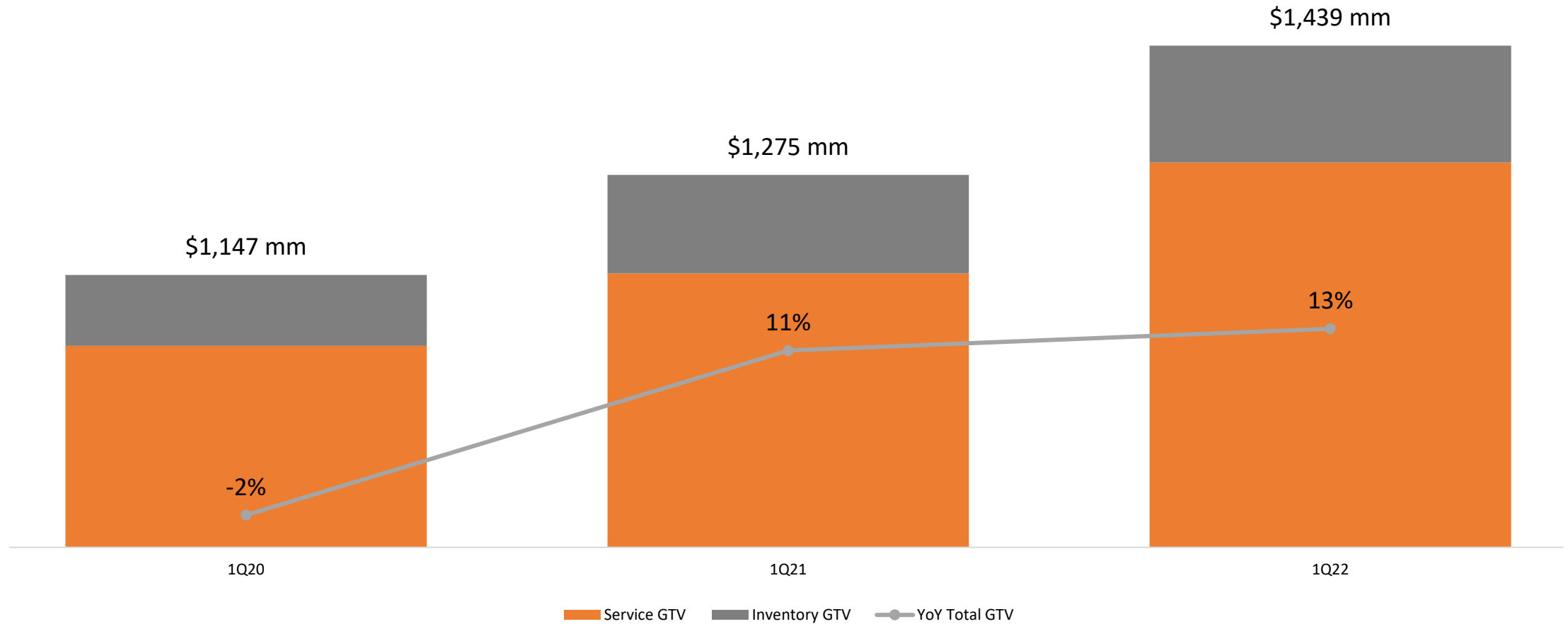
Number of Assets  
per Organization

Services  
per asset

Revenue



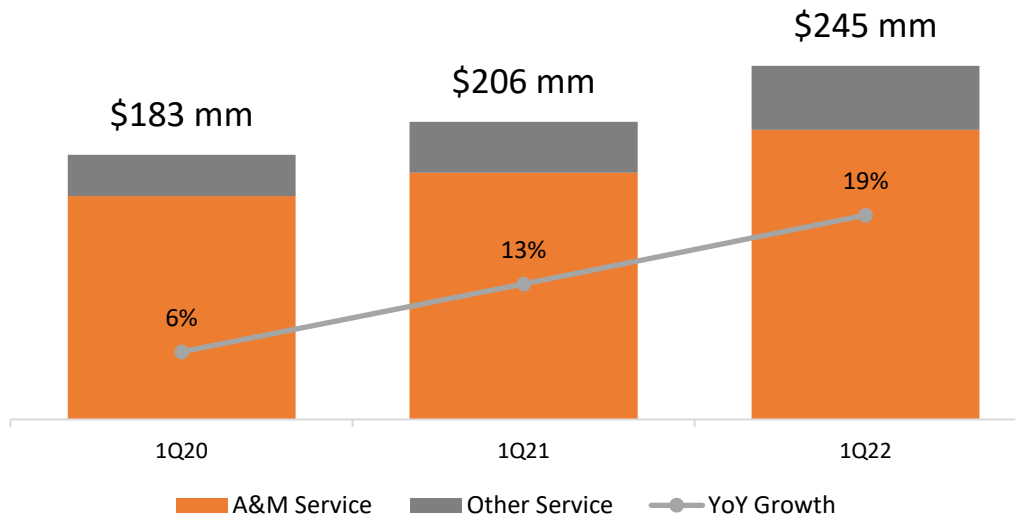
# Gross Transaction Value Overview



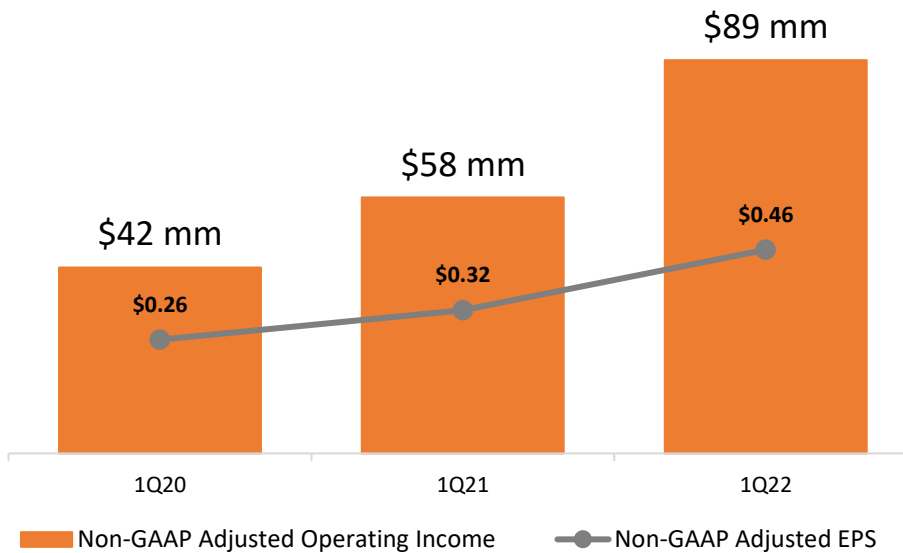
- +13% increase with strength in all regions with no meaningful foreign exchange or auction calendar shifts impacting the quarter
- GTV was driven by strong mix adjusted used equipment values partially offset by lower lot counts and unfavorable mix

# Financial Overview

## Total Service Revenue



## Non-GAAP Adjusted Operating Income & EPS\*



### Total Service Revenue

**\$245 mm**      **+19%**

- Strong contribution from A&M and other service revenue
- Total Organic Service Revenue growth ~17%

### Other Service Revenue

**\$44 mm**      **+29%**

- Organic Other Service Revenue Growth of ~15%
- SmartEquip revenue of \$4.7mm
- 71% increase in RBFS to \$15.7mm

### Non-GAAP Adjusted Operating Income\*

**\$89mm**      **+54%**

- Cost of service increased ~3%
- SG&A costs increased ~11%

### Non-GAAP Adjusted EPS\*

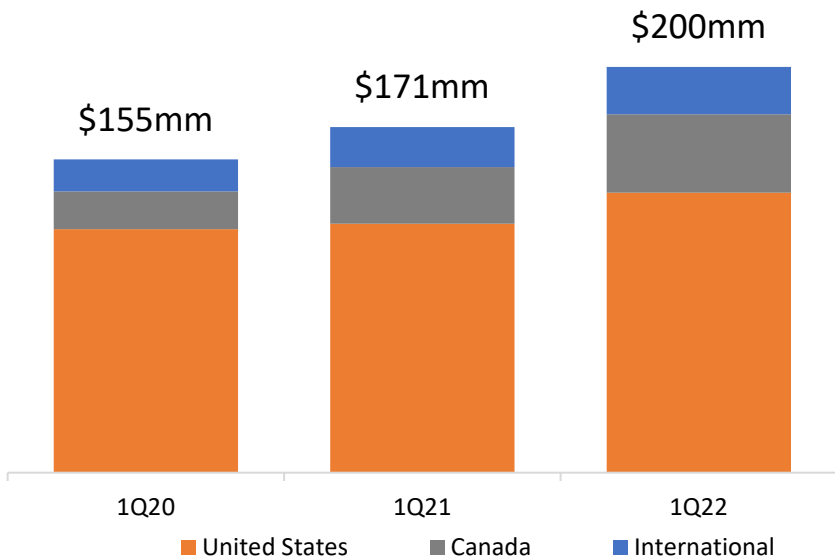
**\$0.46**      **+44%**

- Higher interest expense driven by deal contingent Euroauction bonds

\*Non-GAAP measures; please see appendix for reconciliation. Percentages: YoY Growth

# Auction and Marketplaces

## A&M Service Revenue: +17% YoY

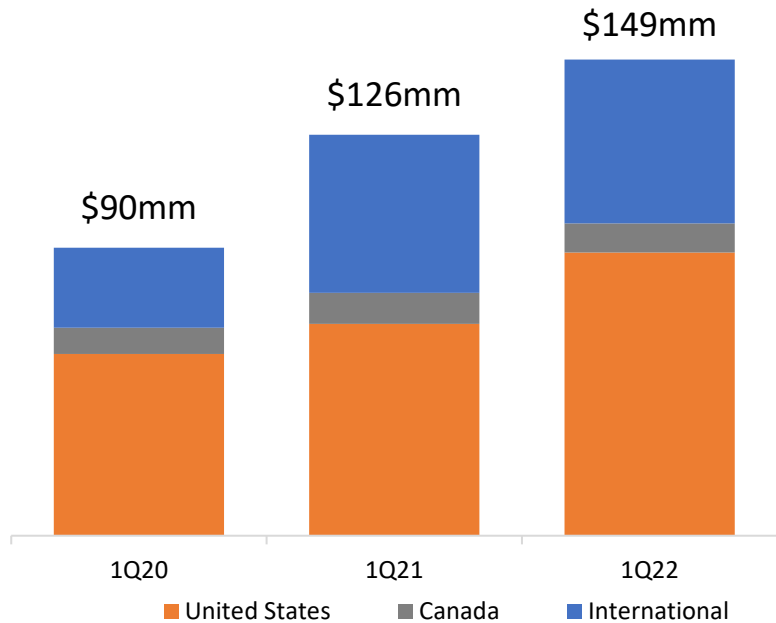


A&M Service Revenue as % of Total GTV : 13.9%

Regional Service Revenue growth:

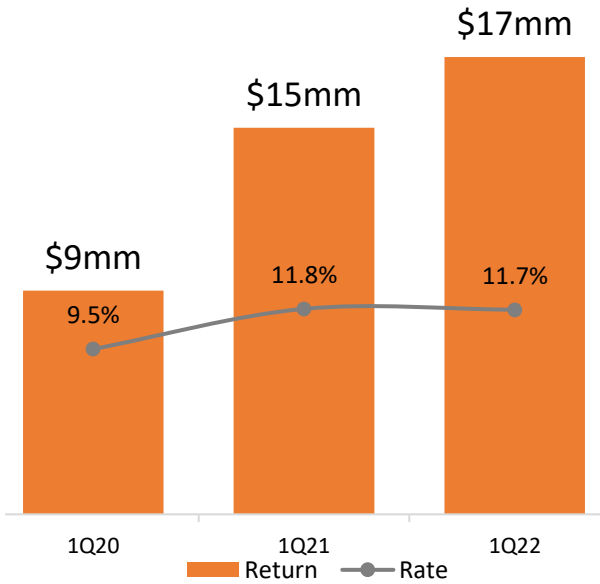
- United States : +12%
- Canada : +38%
- International : +18%

## Inventory Revenue: +19% YoY



- United States : +34%
- Canada : -7%
- International : +4%

## Inventory Return & Rate\*



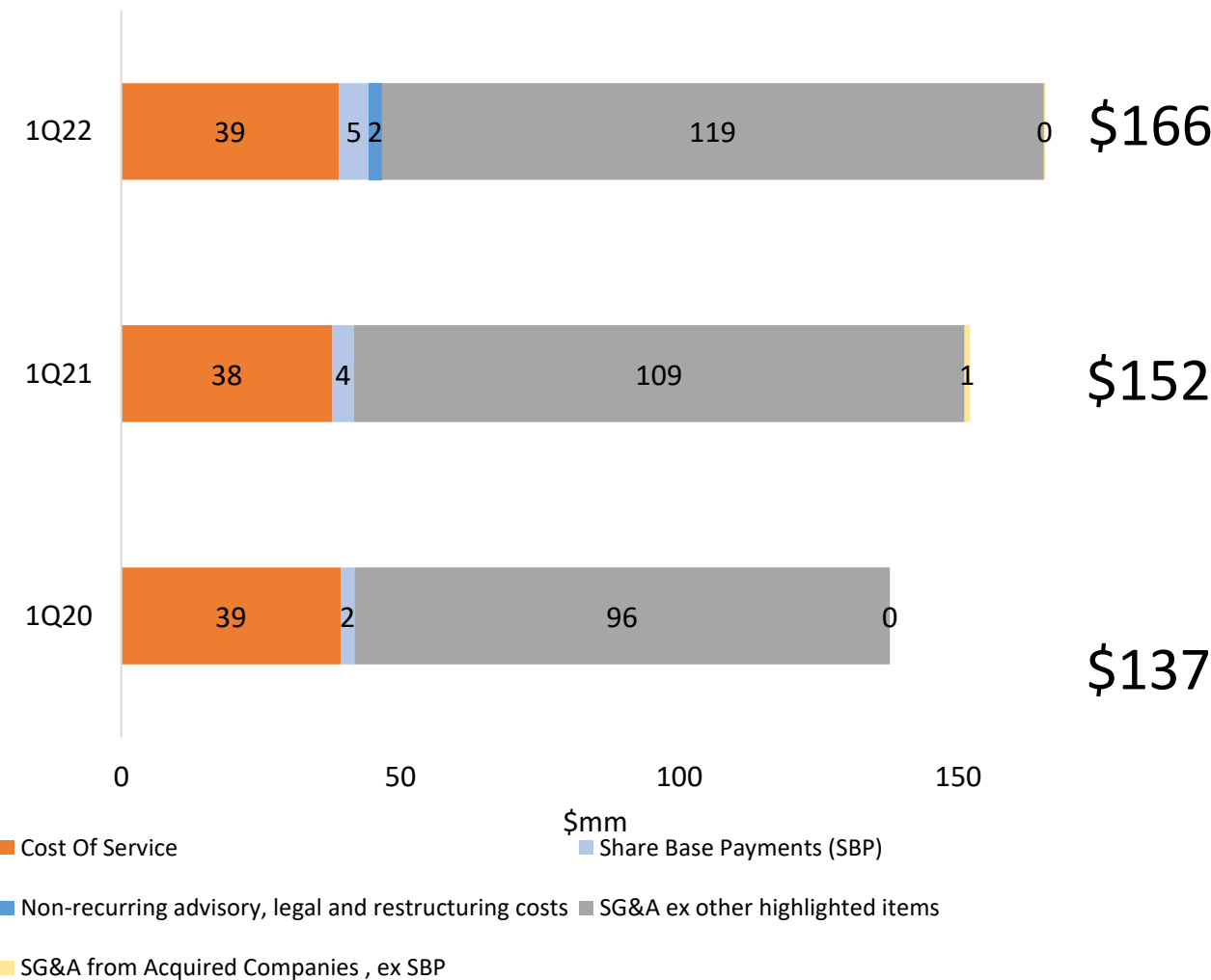
- Inventory rate remain strong at ~11.7%
- Solid contribution from At-Risk team as strong pricing continues

\* Return = Inventory Sales Revenue – Cost of Inventory Sold; Rate = Return / Inventory Sales Revenue



# Cost of Service and SG&A

Cost of service + SG&A up ~9% YoY



Maximizing Customer Experience and Investing for growth

## Cost Of Service

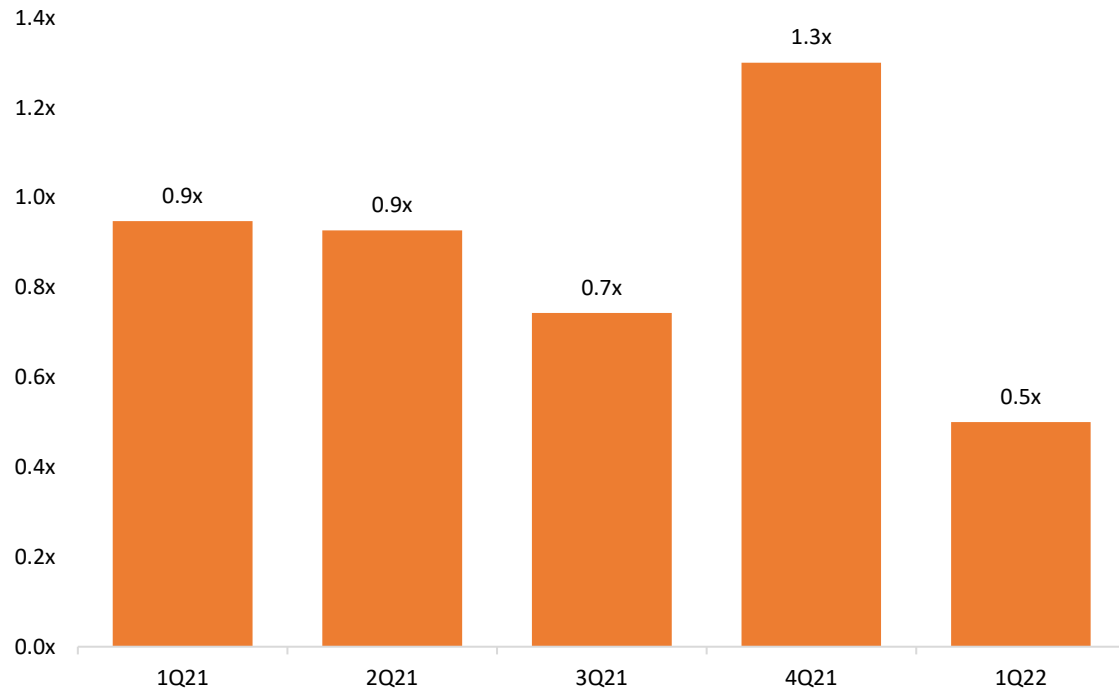
- Costs increased ~3% due to higher employee compensation expense as result of acquisition of Smart Equip. Excluding smart equip, cost of service was flat.

## SG&A

- Total SG&A expenses increased ~11% in 1Q;
- Total 1Q21 SG&A expense includes:
  - ~\$5.4mm in share base payments
  - ~\$2.3mm in non-recurring advisory, legal and restructuring costs
- SG&A excluding these highlighted items increased ~8%.
- ~8% growth in SG&A ex expenses highlighted above was driven by our IT strategy to build a new digital technology platform, costs associated with our accelerate growth initiatives, and increase in travel by sales force.
- Currently expect 2Q22 SG&A, exclusive of share base payments, non-recurring, to be between \$128mm to \$133mm**

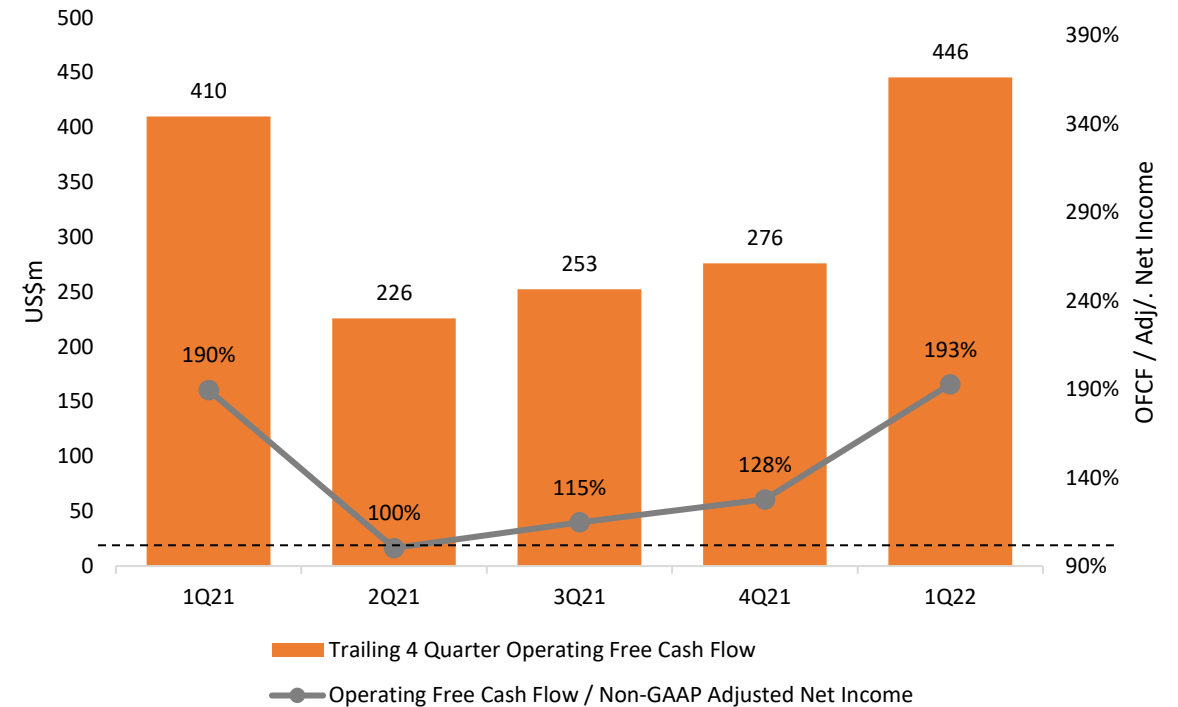
# Balance Sheet, Liquidity, & Operating Free Cash Flow

## Adjusted Net Debt / TTM Non-GAAP Adjusted EBITDA\*



- Available credit facilities of ~\$1.1bn of which ~\$878 mm is unused at end of the first quarter.
- **Currently expect interest expense of ~\$18mm for 2Q22 and ~\$12 run rate starting 3Q22**

## Operating Free Cash Flow



- Operating free cash flow was impacted by timing, size, and number of auctions.
- Continue to exceed Evergreen Target of 100% OFCF / non-GAAP Adjusted Net Income

\*Non-GAAP Measure

# Current Trends and Looking Forward

- Equipment availability remains tight as OEMs continue to digest uncertainty around supply chain, logistics, and labor
- Equipment continues to age and end users will need disposition services as they engage in fleet upgrades or fleet realignment decisions
- RBA continues to make strides by putting foundational pieces of the strategy into place through organic test and learn models and M&A

# Appendix

- **Gross Transaction Value**

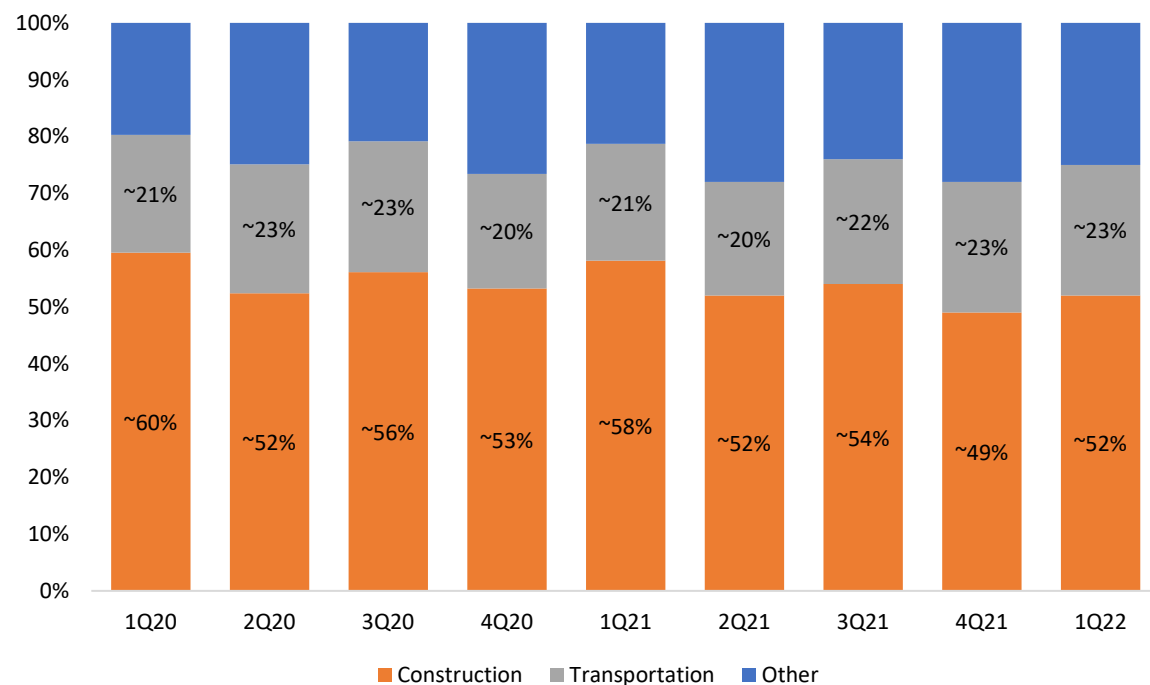
- Mix Adjusted Pricing Indices & Sector Mix: United States and Canada

- **US GAAP – Reconciliation of Non-GAAP measures**

- The following tables reconcile non-GAAP measures referred to in this presentation to the most directly comparable GAAP measure reflected in the Company's financial statements.

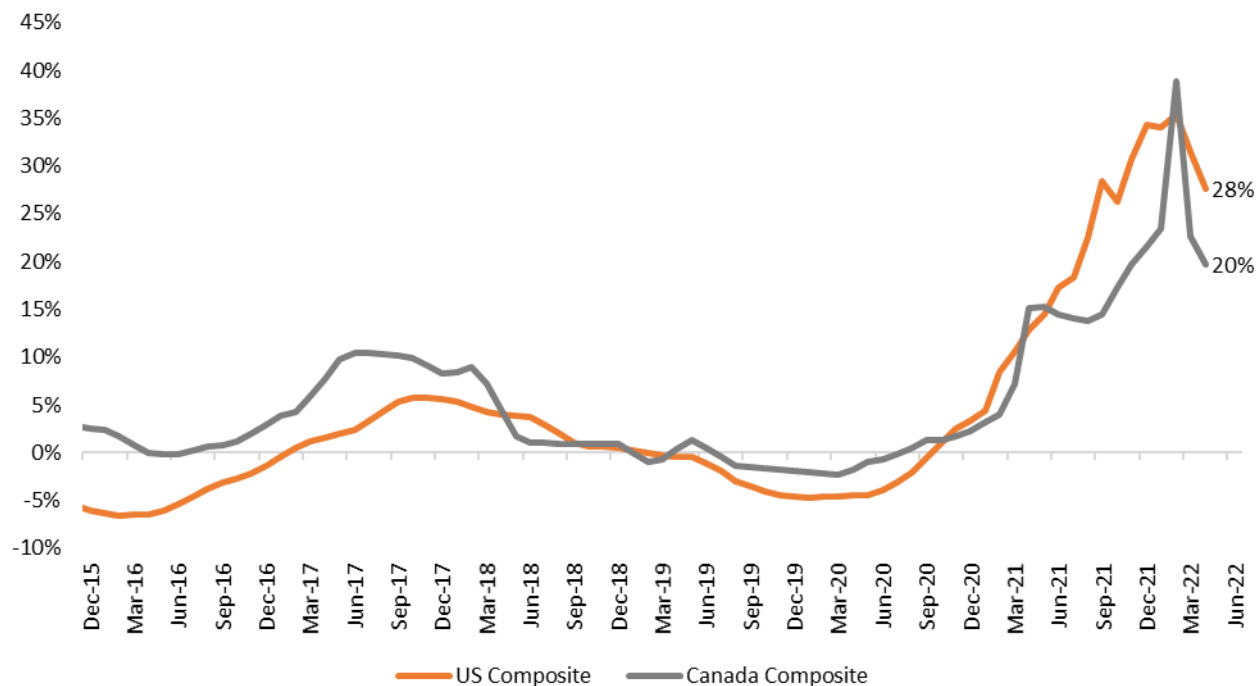
# GTV Sector Mix and Used Equipment Pricing Trends

## Sector Mix



- Construction assets include heavy equipment such as trucks, excavators, cranes and dozers.
- Transportation assets include vehicles, buses, trailers and trucks that are used for transport

## Used equipment prices: Mix Adjusted Pricing Indices



- Sign up for free monthly report: <https://www.rbassetsolutions.com/market-trends-report>
- Find prior reports at: <https://investor.ritchiebros.com/Market-Trends-Report>



### **Non-GAAP Adjusted Operating Income\* Reconciliation**

We believe that non-GAAP adjusted operating income\* provides useful information about the growth or decline of our operating income for the relevant financial period and eliminates the financial impact of adjusting items we do not consider to be part of our normal operating results.

Non-GAAP adjusting operating income\* eliminates the financial impact of adjusting items which are significant recurring and non-recurring items that we do not consider to be part of our normal operating results, such as share-based payments expense, acquisition-related costs, amortization of acquired intangible assets, management reorganization costs, and certain other items, which the Company refers to as 'adjusting items'.

In 2021, we updated the calculation of non-GAAP adjusted operating income\* to add-back share-based payments expense, all acquisition-related costs (including any share-based continuing employment costs recognized in acquisition-related costs), amortization of acquired intangible assets, and gain or loss on disposition of property, plant and equipment. We have also adjusted for certain non-recurring advisory, legal and restructuring costs and the change in fair value of derivatives. These adjustments in 2021 have been applied retrospectively to all periods presented, as applicable.

The following table reconciles non-GAAP adjusted operating income\* to operating income, which is the most directly comparable GAAP measure in our consolidated income statements.

(in U.S. \$000's, except percentages)	Three months ended March 31,		
	2022	2021	% Change 2022 over 2021
Operating income	\$ 232,840	\$ 44,502	423 %
Share-based payments expense	5,386	3,778	43 %
Acquisition-related costs	9,637	2,922	230 %
Amortization of acquired intangible assets	8,532	6,641	28 %
Gain on disposition of property, plant and equipment	(169,820)	(68)	249,635 %
Non-recurring advisory, legal and restructuring costs	2,285	—	100 %
Non-GAAP adjusted operating income*	\$ 88,860	\$ 57,775	54 %

- (1) Please refer to page 12 for a summary of adjusting items during the three months and year ended March 31, 2022 and March 31, 2021.
- (2) Non-GAAP adjusted operating income\* represents operating income excluding the effects of adjusting items.
- (3) Non-recurring advisory, legal and restructuring costs include \$0.9 million related to severance and retention costs in connection with the restructuring of our IT team driven by our strategy to build a new digital technology platform, \$0.5 million of terminated and ongoing transaction and legal costs relating to mergers and acquisition activity, \$0.4 million of SOX remediation costs, and \$0.6 million of advisory costs relating to a cybersecurity incident detected in Q4 2021.

**Non-GAAP Adjusted Net Income Attributable to Stockholders\* and Non-GAAP Diluted Adjusted EPS Attributable to Stockholders\* Reconciliation**

The Company believes that non-GAAP adjusted net income attributable to stockholders\* provides useful information about the growth or decline of the net income attributable to stockholders for the relevant financial period and eliminates the financial impact of adjusting items the Company does not consider to be part of the normal operating results. Non-GAAP diluted adjusted EPS attributable to stockholders\* eliminates the financial impact of adjusting items which are after-tax effects of significant recurring and non-recurring items that the Company does not consider to be part of the normal operating results, such as share-based payments expense, acquisition-related costs, amortization of acquired intangible assets, management reorganization costs, and certain other items, which the Company refers to as 'adjusting items'.

In 2021, the Company updated the calculation of non-GAAP diluted adjusted EPS attributable to stockholders\* to add-back share-based payments expense and all acquisition-related costs (including any share-based continuing employment costs recognized in acquisition-related costs), amortization of acquired intangible assets, and gain or loss on disposition of property, plant and equipment. We have also adjusted for certain non-recurring advisory, legal and restructuring costs and the change in fair value of derivatives. These adjustments in 2021 have been applied retrospectively to all periods presented, as applicable.

The following table reconciles non-GAAP adjusted net income attributable to stockholders\* and non-GAAP diluted adjusted EPS attributable to stockholders\* to net income attributable to stockholders and diluted EPS attributable to stockholders, which are the most directly comparable GAAP measures in the consolidated income statements.

(in U.S. \$000's, except share and per share data, and percentages)	Three months ended March 31,		
	2022	2021	% Change
			2022 over 2021
Net income attributable to stockholders	\$ 178,094	\$ 28,188	532 %
Share-based payments expense	5,386	3,778	43 %
Acquisition-related costs	9,637	2,922	230 %
Amortization of acquired intangible assets	8,532	6,641	28 %
Gain on disposition of property, plant and equipment	(169,820)	(68)	249,635 %
Change in fair value of derivatives	(1,263)	—	(100)%
Non-recurring advisory, legal and restructuring costs	2,285	—	100 %
Related tax effects of the above	18,112	(5,466)	(431)%
Non-GAAP adjusted net income attributable to stockholders*	\$ 50,963	\$ 35,995	42 %
Weighted average number of dilutive shares outstanding	111,655,861	111,267,392	0 %
Diluted earnings per share attributable to stockholders	\$ 1.60	\$ 0.25	540 %
Non-GAAP diluted adjusted EPS attributable to Stockholders*	\$ 0.46	\$ 0.32	44 %

- (1) Please refer to page 12 for a summary of adjusting items for the three months and year ended March 31, 2022 and March 31, 2021.
- (2) Non-GAAP adjusted net income attributable to stockholders\* represents net income attributable to stockholders, excluding the effects of adjusting items.
- (3) Non-GAAP diluted adjusted EPS attributable to stockholders\* is calculated by dividing non-GAAP adjusted net income attributable to stockholders\*, net of the effect of dilutive securities, by the weighted average number of dilutive shares outstanding.
- (4) Non-recurring advisory, legal and restructuring costs include \$0.9 million related to severance and retention costs in connection with the restructuring of our IT team driven by our strategy to build a new digital technology platform, \$0.5 million of terminated and ongoing transaction and legal costs relating to mergers and acquisition activity, \$0.4 million of SOX remediation costs, and \$0.6 million of advisory costs relating to a cybersecurity incident detected in Q4 2021.

**Non-GAAP Adjusted EBITDA\***

The Company believes non-GAAP adjusted EBITDA\* provides useful information about the growth or decline of our net income when compared between different financial periods. The Company uses non-GAAP adjusted EBITDA as a key performance measure because we believe it facilitates operating performance comparisons from period to period.

In 2021, the Company updated the calculation of non-GAAP adjusted EBITDA\* to add-back share-based payments expense and all acquisition-related costs (including any share-based continuing employment costs recognized in acquisition-related costs), and gain or loss on disposition of property, plant and equipment. We have also adjusted for certain non-recurring advisory, legal and restructuring costs and the change in fair value of derivatives. These adjustments in 2021 have been applied retrospectively to all periods presented, as applicable.

The following table reconciles non-GAAP adjusted EBITDA\* to net income, which is the most directly comparable GAAP measure in, or calculated from, our consolidated income statements:

(in U.S. \$000's, except percentages)	Three months ended March 31,		
	2022	2021	% Change 2022 over 2021
Net income	\$ 178,101	\$ 28,139	533 %
Add: depreciation and amortization expenses	24,225	21,070	15 %
Add: interest expense	20,686	8,946	131 %
Less: interest income	(544)	(303)	80 %
Add: income tax expense	36,236	8,419	330 %
EBITDA	258,704	66,271	290 %
Share-based payments expense	5,386	3,778	43 %
Acquisition-related costs	9,637	2,922	230 %
Gain on disposition of property, plant and equipment	(169,820)	(68)	249,635 %
Change in fair value of derivatives	(1,263)	—	(100)%
Non-recurring advisory, legal and restructuring costs	2,285	—	100 %
Non-GAAP adjusted EBITDA*	\$ 104,929	\$ 72,903	44 %

- (1) Please refer to page 12 for a summary of adjusting items during the three months and year ended March 31, 2022 and March 31, 2021.
- (2) Non-GAAP adjusted EBITDA\* is calculated by adding back depreciation and amortization expenses, interest expense, income tax expense, and subtracting interest income from net income, as well as adding back share-based payments expense, acquisition-related costs, and excluding the effects of any non-recurring or unusual adjusting items.
- (3) Non-recurring advisory, legal and restructuring costs include \$0.9 million related to severance and retention costs in connection with the restructuring of our IT team driven by our strategy to build a new digital technology platform, \$0.5 million of terminated and ongoing transaction and legal costs relating to mergers and acquisition activity, \$0.4 million of SOX remediation costs, and \$0.6 million of advisory costs relating to a cybersecurity incident detected in Q4 2021.



## **Adjusting Items Non-GAAP Measures**

In 2021, we began adjusting for share-based payment expenses, amortization of acquired intangible assets and all gains or losses on disposition of property, plant and equipment, which we did not consider to be part of our normal operating results. These adjustments in 2021 have been applied retrospectively to all periods presented.

### **Adjusting items during the three months and year ended March 31, 2022 were:**

#### Recognized in the first quarter of 2022

- \$5.4 million (\$3.4 million after tax, or \$0.03 per diluted share) share based payments expense.
- \$8.5 million (\$6.4 million after tax, or \$0.06 per diluted share) amortization of acquired intangible assets primarily from the acquisitions of Iron Planet, SmartEquip, and Rouse.
- \$169.8 million (\$145.5 million after tax, or \$1.30 per diluted share) gain recognized on the disposition of property, plant and equipment of which \$169.1 million related to the sale of a property located in Bolton, Ontario.
- \$9.6 million (\$8.0 million after tax, or \$0.07 per diluted share) of acquisition-related costs related to the proposed acquisition of Euro Auctions and the completed acquisitions of SmartEquip and Rouse.
- \$1.3 million (\$1.1 million after tax, or \$0.01 per diluted share) gain due to the change in fair value of derivatives to manage our exposure to foreign currency exchange rate fluctuations on the purchase consideration for the proposed acquisition of Euro Auctions.
- \$2.3 million (\$1.7 million after tax, or \$0.02 per diluted share) of non-recurring advisory, legal and restructuring costs, which include \$0.9 million (\$0.6 million after tax, or \$0.01 per diluted share) related to severance and retention costs in connection with the restructuring of our IT team driven by our strategy to build a new digital technology platform, \$0.5 million (\$0.3 million after tax, or \$0.00 per diluted share) of terminated and ongoing transaction and legal costs relating to mergers and acquisition activity, \$0.4 million (\$0.3 million after tax, or \$0.00 per diluted share) of SOX remediation costs, and \$0.6 million (\$0.4 million after tax, or \$0.00 per diluted share) of advisory costs relating to a cybersecurity incident detected in Q4 2021.

### **Adjusting items during the three months and year ended March 31, 2021 were:**

#### Recognized in the first quarter of 2021

- \$3.8 million (\$0.1 million after tax, or \$0.00 per diluted share) share based payments expense.
- \$6.6 million (\$4.9 million after tax, or \$0.04 per diluted share) amortization of acquired intangible assets primarily from the acquisitions of Iron Planet and Rouse.
- \$2.9 million (\$2.8 million after tax, or \$0.03 per diluted share) of acquisition-related costs related to the acquisition of Rouse.