

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

## FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2021

OR

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

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-13045



## IRON MOUNTAIN INCORPORATED

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

**23-2588479**

(State or other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

**One Federal Street, Boston, Massachusetts 02110**

(Address of Principal Executive Offices, Including Zip Code)

**(617) 535-4766**

(Registrant's Telephone Number, Including Area Code)

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

| Title of each class           | Trading Symbol(s) | Name of each exchange on which registered |
|-------------------------------|-------------------|-------------------------------------------|
| Common Stock, \$.01 par value | IRM               | NYSE                                      |

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

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

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

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/>            |                           |                          |

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

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

As of April 30, 2021, the registrant had 288,731,091 outstanding shares of common stock, \$.01 par value.



IRON MOUNTAIN INCORPORATED  
2021 FORM 10-Q QUARTERLY REPORT

# TABLE OF CONTENTS

---

## PART I—FINANCIAL INFORMATION

- 1 **ITEM 1.** Unaudited Condensed Consolidated Financial Statements
  - 2 Condensed Consolidated Balance Sheets at March 31, 2021 and December 31, 2020
  - 3 Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2021 and 2020
  - 4 Condensed Consolidated Statements of Comprehensive (Loss) Income for the Three Months Ended March 31, 2021 and 2020
  - 5 Condensed Consolidated Statements of Equity for the Three Months Ended March 31, 2021 and 2020
  - 6 Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2021 and 2020
  - 7 Notes to Condensed Consolidated Financial Statements (Unaudited)
- 23 **ITEM 2.** Management's Discussion and Analysis of Financial Condition and Results of Operations
- 44 **ITEM 4.** Controls and Procedures

---

## PART II—OTHER INFORMATION

- 46 **ITEM 2.** Unregistered Sales of Equity Securities and Use of Proceeds
- 46 **ITEM 6.** Exhibits
- 48 Signatures

# Part I

**ITEM 1.** UNAUDITED CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

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

**ITEM 4.** CONTROLS AND PROCEDURES

# PART I. FINANCIAL INFORMATION

## ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# IRON MOUNTAIN INCORPORATED

## CONDENSED CONSOLIDATED BALANCE SHEETS

### (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

### (UNAUDITED)

|                                                                                                                                                                                    | MARCH 31,<br>2021 | DECEMBER 31,<br>2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                                                      |                   |                      |
| Current Assets:                                                                                                                                                                    |                   |                      |
| Cash and cash equivalents                                                                                                                                                          | \$ 138,944        | \$ 205,063           |
| Accounts receivable (less allowances of \$60,743 and \$56,981 as of March 31, 2021 and December 31, 2020, respectively)                                                            | 814,983           | 859,344              |
| Prepaid expenses and other                                                                                                                                                         | 220,564           | 205,380              |
| Total Current Assets                                                                                                                                                               | 1,174,491         | 1,269,787            |
| Property, Plant and Equipment:                                                                                                                                                     |                   |                      |
| Property, plant and equipment                                                                                                                                                      | 8,254,410         | 8,246,337            |
| Less—Accumulated depreciation                                                                                                                                                      | (3,787,770)       | (3,743,894)          |
| Property, Plant and Equipment, Net                                                                                                                                                 | 4,466,640         | 4,502,443            |
| Other Assets, Net:                                                                                                                                                                 |                   |                      |
| Goodwill                                                                                                                                                                           | 4,520,775         | 4,557,609            |
| Customer relationships, customer inducements and data center lease-based intangibles                                                                                               | 1,271,604         | 1,326,977            |
| Operating lease right-of-use assets                                                                                                                                                | 2,205,299         | 2,196,502            |
| Other                                                                                                                                                                              | 305,640           | 295,949              |
| Total Other Assets, Net                                                                                                                                                            | 8,303,318         | 8,377,037            |
| Total Assets                                                                                                                                                                       | \$ 13,944,449     | \$ 14,149,267        |
| <b>LIABILITIES AND EQUITY</b>                                                                                                                                                      |                   |                      |
| Current Liabilities:                                                                                                                                                               |                   |                      |
| Current portion of long-term debt                                                                                                                                                  | \$ 363,911        | \$ 193,759           |
| Accounts payable                                                                                                                                                                   | 327,060           | 359,863              |
| Accrued expenses and other current liabilities (includes current portion of operating lease liabilities)                                                                           | 951,502           | 1,146,288            |
| Deferred revenue                                                                                                                                                                   | 284,974           | 295,785              |
| Total Current Liabilities                                                                                                                                                          | 1,927,447         | 1,995,695            |
| Long-term Debt, net of current portion                                                                                                                                             | 8,552,415         | 8,509,555            |
| Long-term Operating Lease Liabilities, net of current portion                                                                                                                      | 2,061,140         | 2,044,598            |
| Other Long-term Liabilities                                                                                                                                                        | 191,001           | 204,508              |
| Deferred Income Taxes                                                                                                                                                              | 191,138           | 198,377              |
| Commitments and Contingencies                                                                                                                                                      |                   |                      |
| Redeemable Noncontrolling Interests                                                                                                                                                | 61,601            | 59,805               |
| Equity:                                                                                                                                                                            |                   |                      |
| Preferred stock (par value \$0.01; authorized 10,000,000 shares; none issued and outstanding)                                                                                      | —                 | —                    |
| Common stock (par value \$0.01; authorized 400,000,000 shares; issued and outstanding 288,727,747 and 288,273,049 shares as of March 31, 2021 and December 31, 2020, respectively) | 2,888             | 2,883                |
| Additional paid-in capital                                                                                                                                                         | 4,347,151         | 4,340,078            |
| (Distributions in excess of earnings) Earnings in excess of distributions                                                                                                          | (3,083,421)       | (2,950,339)          |
| Accumulated other comprehensive items, net                                                                                                                                         | (306,911)         | (255,893)            |
| Total Equity                                                                                                                                                                       | 959,707           | 1,136,729            |
| Total Liabilities and Equity                                                                                                                                                       | \$ 13,944,449     | \$ 14,149,267        |

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

# IRON MOUNTAIN INCORPORATED

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

### (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)

|                                                                                                                                          | THREE MONTHS ENDED<br>MARCH 31, |            |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------|
|                                                                                                                                          | 2021                            | 2020       |
| Revenues:                                                                                                                                |                                 |            |
| Storage rental                                                                                                                           | \$ 708,056                      | \$ 683,547 |
| Service                                                                                                                                  | 373,984                         | 385,184    |
| Total Revenues                                                                                                                           | 1,082,040                       | 1,068,731  |
| Operating Expenses:                                                                                                                      |                                 |            |
| Cost of sales (excluding depreciation and amortization)                                                                                  | 451,909                         | 466,921    |
| Selling, general and administrative                                                                                                      | 258,723                         | 238,733    |
| Depreciation and amortization                                                                                                            | 165,642                         | 162,584    |
| Restructuring Charges                                                                                                                    | 39,811                          | 41,046     |
| Intangible impairments                                                                                                                   | —                               | 23,000     |
| (Gain) Loss on disposal/write-down of property, plant and equipment, net                                                                 | (4,451)                         | (1,055)    |
| Total Operating Expenses                                                                                                                 | 911,634                         | 931,229    |
| Operating Income (Loss)                                                                                                                  | 170,406                         | 137,502    |
| Interest Expense, Net (includes Interest Income of \$2,571 and \$1,448 for the three months ended March 31, 2021 and 2020, respectively) | 104,422                         | 105,649    |
| Other Expense (Income), Net                                                                                                              | 4,713                           | (42,726)   |
| Net Income (Loss) Before Provision (Benefit) for Income Taxes                                                                            | 61,271                          | 74,579     |
| Provision (Benefit) for Income Taxes                                                                                                     | 14,640                          | 9,687      |
| Net Income (Loss)                                                                                                                        | 46,631                          | 64,892     |
| Less: Net Income (Loss) Attributable to Noncontrolling Interests                                                                         | 1,028                           | 917        |
| Net Income (Loss) Attributable to Iron Mountain Incorporated                                                                             | \$ 45,603                       | \$ 63,975  |
| Net Income (Loss) Per Share Attributable to Iron Mountain Incorporated:                                                                  |                                 |            |
| Basic                                                                                                                                    | \$ 0.16                         | \$ 0.22    |
| Diluted                                                                                                                                  | \$ 0.16                         | \$ 0.22    |
| Weighted Average Common Shares Outstanding—Basic                                                                                         | 288,756                         | 287,840    |
| Weighted Average Common Shares Outstanding—Diluted                                                                                       | 289,528                         | 288,359    |

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

# IRON MOUNTAIN INCORPORATED

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (IN THOUSANDS) (UNAUDITED)

|                                                                        | THREE MONTHS ENDED<br>MARCH 31, |              |
|------------------------------------------------------------------------|---------------------------------|--------------|
|                                                                        | 2021                            | 2020         |
| Net Income (Loss)                                                      | \$ 46,631                       | \$ 64,892    |
| Other Comprehensive (Loss) Income:                                     |                                 |              |
| Foreign Currency Translation Adjustment                                | (66,355)                        | (223,652)    |
| Change in Fair Value of Derivative Instruments                         | 15,206                          | (8,362)      |
| Total Other Comprehensive (Loss) Income                                | (51,149)                        | (232,014)    |
| Comprehensive (Loss) Income                                            | (4,518)                         | (167,122)    |
| Comprehensive Income (Loss) Attributable to Noncontrolling Interests   | 897                             | (430)        |
| Comprehensive (Loss) Income Attributable to Iron Mountain Incorporated | \$ (5,415)                      | \$ (166,692) |

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

# IRON MOUNTAIN INCORPORATED

## CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

### (IN THOUSANDS, EXCEPT SHARE DATA) (UNAUDITED)

| THREE MONTH PERIOD ENDED MARCH 31, 2021                                                             |              |                        |          |                                  |                                                                                          |                                                     |                             |                                           |
|-----------------------------------------------------------------------------------------------------|--------------|------------------------|----------|----------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------|-------------------------------------------|
| IRON MOUNTAIN INCORPORATED STOCKHOLDERS' EQUITY                                                     |              |                        |          |                                  |                                                                                          |                                                     |                             |                                           |
|                                                                                                     | TOTAL        | COMMON STOCK<br>SHARES | AMOUNTS  | ADDITIONAL<br>PAID-IN<br>CAPITAL | (DISTRIBUTIONS<br>IN EXCESS OF<br>EARNINGS)<br>EARNINGS IN<br>EXCESS OF<br>DISTRIBUTIONS | ACCUMULATED<br>OTHER<br>COMPREHENSIVE<br>ITEMS, NET | NONCONTROLLING<br>INTERESTS | REDEEMABLE<br>NONCONTROLLING<br>INTERESTS |
| <b>Balance, December 31, 2020</b>                                                                   | \$ 1,136,729 | 288,273,049            | \$ 2,883 | \$ 4,340,078                     | \$ (2,950,339)                                                                           | \$ (255,893)                                        | \$ —                        | \$ 59,805                                 |
| Issuance of shares under employee stock purchase plan and option plans and stock-based compensation | 6,398        | 454,698                | 5        | 6,393                            | —                                                                                        | —                                                   | —                           | —                                         |
| Change in equity related to redeemable noncontrolling interests                                     | 680          | —                      | —        | 680                              | —                                                                                        | —                                                   | —                           | (680)                                     |
| Parent cash dividends declared                                                                      | (178,685)    | —                      | —        | —                                | (178,685)                                                                                | —                                                   | —                           | —                                         |
| Foreign currency translation adjustment                                                             | (66,224)     | —                      | —        | —                                | —                                                                                        | (66,224)                                            | —                           | (131)                                     |
| Change in fair value of derivative instruments                                                      | 15,206       | —                      | —        | —                                | —                                                                                        | 15,206                                              | —                           | —                                         |
| Net income (loss)                                                                                   | 45,603       | —                      | —        | —                                | 45,603                                                                                   | —                                                   | —                           | 1,028                                     |
| Noncontrolling interests equity contributions                                                       | —            | —                      | —        | —                                | —                                                                                        | —                                                   | —                           | 2,200                                     |
| Noncontrolling interests dividends                                                                  | —            | —                      | —        | —                                | —                                                                                        | —                                                   | —                           | (621)                                     |
| <b>Balance, March 31, 2021</b>                                                                      | \$ 959,707   | 288,727,747            | \$ 2,888 | \$ 4,347,151                     | \$ (3,083,421)                                                                           | \$ (306,911)                                        | \$ —                        | \$ 61,601                                 |

| THREE MONTH PERIOD ENDED MARCH 31, 2020                                                             |              |                        |          |                                  |                                                                                          |                                                     |                             |                                           |
|-----------------------------------------------------------------------------------------------------|--------------|------------------------|----------|----------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------|-------------------------------------------|
| IRON MOUNTAIN INCORPORATED STOCKHOLDERS' EQUITY                                                     |              |                        |          |                                  |                                                                                          |                                                     |                             |                                           |
|                                                                                                     | TOTAL        | COMMON STOCK<br>SHARES | AMOUNTS  | ADDITIONAL<br>PAID-IN<br>CAPITAL | (DISTRIBUTIONS<br>IN EXCESS OF<br>EARNINGS)<br>EARNINGS IN<br>EXCESS OF<br>DISTRIBUTIONS | ACCUMULATED<br>OTHER<br>COMPREHENSIVE<br>ITEMS, NET | NONCONTROLLING<br>INTERESTS | REDEEMABLE<br>NONCONTROLLING<br>INTERESTS |
| <b>Balance, December 31, 2019</b>                                                                   | \$ 1,464,227 | 287,299,645            | \$ 2,873 | \$ 4,298,566                     | \$ (2,574,896)                                                                           | \$ (262,581)                                        | \$ 265                      | \$ 67,682                                 |
| Issuance of shares under employee stock purchase plan and option plans and stock-based compensation | 1,917        | 579,497                | 6        | 1,911                            | —                                                                                        | —                                                   | —                           | —                                         |
| Change in equity related to redeemable noncontrolling interests                                     | 4,000        | —                      | —        | 4,000                            | —                                                                                        | —                                                   | —                           | (4,000)                                   |
| Parent cash dividends declared                                                                      | (179,512)    | —                      | —        | —                                | (179,512)                                                                                | —                                                   | —                           | —                                         |
| Foreign currency translation adjustment                                                             | (222,305)    | —                      | —        | —                                | —                                                                                        | (222,305)                                           | —                           | (1,347)                                   |
| Change in fair value of derivative instruments                                                      | (8,362)      | —                      | —        | —                                | —                                                                                        | (8,362)                                             | —                           | —                                         |
| Net income (loss)                                                                                   | 63,876       | —                      | —        | —                                | 63,975                                                                                   | —                                                   | (99)                        | 1,016                                     |
| Noncontrolling interests dividends                                                                  | —            | —                      | —        | —                                | —                                                                                        | —                                                   | —                           | (1,194)                                   |
| <b>Balance, March 31, 2020</b>                                                                      | \$ 1,123,841 | 287,879,142            | \$ 2,879 | \$ 4,304,477                     | \$ (2,690,433)                                                                           | \$ (493,248)                                        | \$ 166                      | \$ 62,157                                 |

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

# IRON MOUNTAIN INCORPORATED

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

### (IN THOUSANDS) (UNAUDITED)

|                                                                                                                                                                        | THREE MONTHS ENDED<br>MARCH 31, |             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------|
|                                                                                                                                                                        | 2021                            | 2020        |
| Cash Flows from Operating Activities:                                                                                                                                  |                                 |             |
| Net income (loss)                                                                                                                                                      | \$ 46,631                       | \$ 64,892   |
| Adjustments to reconcile net income (loss) to cash flows from operating activities:                                                                                    |                                 |             |
| Depreciation                                                                                                                                                           | 114,449                         | 113,700     |
| Amortization (includes amortization of deferred financing costs and discounts of \$4,127 and \$4,513 for the three months ended March 31, 2021 and 2020, respectively) | 55,320                          | 53,397      |
| Intangible impairments                                                                                                                                                 | —                               | 23,000      |
| Revenue reduction associated with amortization of customer inducements and above- and below-market leases                                                              | 2,263                           | 2,682       |
| Stock-based compensation expense                                                                                                                                       | 10,953                          | 6,527       |
| (Benefit) provision for deferred income taxes                                                                                                                          | (6,315)                         | (107)       |
| (Gain) loss on disposal/write-down of property, plant and equipment, net                                                                                               | (4,451)                         | (1,055)     |
| Foreign currency transactions and other, net                                                                                                                           | 9,220                           | (44,849)    |
| (Increase) decrease in assets                                                                                                                                          | (22,154)                        | (45,594)    |
| (Decrease) increase in liabilities                                                                                                                                     | (137,087)                       | (47,178)    |
| Cash Flows from Operating Activities                                                                                                                                   | 68,829                          | 125,415     |
| Cash Flows from Investing Activities:                                                                                                                                  |                                 |             |
| Capital expenditures                                                                                                                                                   | (145,528)                       | (97,144)    |
| Cash paid for acquisitions, net of cash acquired                                                                                                                       | —                               | (118,069)   |
| Acquisition of customer relationships                                                                                                                                  | (874)                           | (1,734)     |
| Customer inducements                                                                                                                                                   | (1,457)                         | (4,328)     |
| Contract fulfillment costs and third-party commissions                                                                                                                 | (16,719)                        | (11,142)    |
| Investments in joint ventures and other investments                                                                                                                    | (6,500)                         | —           |
| Proceeds from sales of property and equipment and other, net                                                                                                           | 12,448                          | 1,246       |
| Cash Flows from Investing Activities                                                                                                                                   | (158,630)                       | (231,171)   |
| Cash Flows from Financing Activities:                                                                                                                                  |                                 |             |
| Repayment of revolving credit facility, term loan facilities and other debt                                                                                            | (415,030)                       | (2,581,771) |
| Proceeds from revolving credit facility, term loan facilities and other debt                                                                                           | 625,689                         | 2,850,451   |
| Debt repayment and equity distribution to noncontrolling interests                                                                                                     | (621)                           | (1,194)     |
| Parent cash dividends                                                                                                                                                  | (180,992)                       | (181,302)   |
| Net (payments) proceeds associated with employee stock-based awards                                                                                                    | (4,556)                         | (4,610)     |
| Net proceeds (payments) of debt financing costs and other                                                                                                              | 5,000                           | (7,816)     |
| Cash Flows from Financing Activities                                                                                                                                   | 29,490                          | 73,758      |
| Effect of Exchange Rates on Cash and Cash Equivalents                                                                                                                  | (5,808)                         | (8,873)     |
| (Decrease) increase in Cash and Cash Equivalents                                                                                                                       | (66,119)                        | (40,871)    |
| Cash and Cash Equivalents, including Restricted Cash, Beginning of Period                                                                                              | 205,063                         | 193,555     |
| Cash and Cash Equivalents, including Restricted Cash, End of Period                                                                                                    | \$ 138,944                      | \$ 152,684  |
| Supplemental Information:                                                                                                                                              |                                 |             |
| Cash Paid for Interest                                                                                                                                                 | \$ 185,558                      | \$ 157,541  |
| Cash Paid for Income Taxes, Net                                                                                                                                        | \$ 20,847                       | \$ 14,004   |
| Non-Cash Investing and Financing Activities:                                                                                                                           |                                 |             |
| Financing Leases                                                                                                                                                       | \$ 4,976                        | \$ 13,061   |
| Accrued Capital Expenditures                                                                                                                                           | \$ 59,490                       | \$ 60,761   |
| Fair Value of Investments Applied to Acquisitions                                                                                                                      | \$ —                            | \$ 27,276   |
| Dividends Payable                                                                                                                                                      | \$ 185,560                      | \$ 184,231  |

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

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data) (Unaudited)

### 1. GENERAL

The unaudited condensed consolidated financial statements of Iron Mountain Incorporated, a Delaware corporation ("IMI"), and its subsidiaries ("we" or "us"), have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted pursuant to those rules and regulations, but we believe that the disclosures included herein are adequate to make the information presented not misleading. The interim condensed consolidated financial statements are presented herein and, in the opinion of management, reflect all adjustments of a normal recurring nature necessary for a fair presentation. Interim results are not necessarily indicative of results for a full year.

The Condensed Consolidated Financial Statements and Notes thereto, which are included herein, should be read in conjunction with the Consolidated Financial Statements and Notes thereto for the year ended December 31, 2020 included in our Annual Report on Form 10-K filed with the SEC on February 24, 2021 (our "Annual Report").

We have been organized and have operated as a real estate investment trust for United States federal income tax purposes ("REIT") beginning with our taxable year ended December 31, 2014.

In March 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a pandemic. The preventative and protective actions that governments have ordered, or we or our customers have implemented, have resulted in a period of reduced service operations and business disruption for us, our customers and other third parties with which we do business. The broader impacts of the COVID-19 pandemic on our financial position, results of operations and cash flows, including impacts to the estimates we use in the preparation of our financial statements, remain uncertain and difficult to predict as information continues to evolve, and the severity and duration of the pandemic remains unknown, as is our visibility of its effect on the markets we serve and our customers within those markets.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents include cash on hand and cash invested in highly liquid short-term securities, which have remaining maturities at the date of purchase of less than 90 days. Cash and cash equivalents are carried at cost, which approximates fair value.

#### B. ACCOUNTS RECEIVABLE

We maintain an allowance for doubtful accounts and a credit memo reserve for estimated losses resulting from the potential inability of our customers to make required payments and potential disputes regarding billing and service issues. Rollforward of allowance for doubtful accounts and credit memo reserves for the three months ended March 31, 2021 is as follows:

|                                            |    |          |
|--------------------------------------------|----|----------|
| Balance as of December 31, 2020            | \$ | 56,981   |
| Credit memos charged to revenue            |    | 13,026   |
| Allowance for bad debts charged to expense |    | 9,850    |
| Deductions and other <sup>(1)</sup>        |    | (19,114) |
| Balance as of March 31, 2021               | \$ | 60,743   |

<sup>(1)</sup> Primarily consists of the issuance of credit memos, the write-off of accounts receivable and the impact associated with currency translation adjustments.

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. LEASES

We lease facilities for certain warehouses, data centers and office space. We also have land leases, including those on which certain facilities are located. Operating and financing lease right-of-use assets and lease liabilities as of March 31, 2021 and December 31, 2020 are as follows:

| DESCRIPTION                                                                         | MARCH 31, 2021 | DECEMBER 31, 2020 |
|-------------------------------------------------------------------------------------|----------------|-------------------|
| <b>Assets:</b>                                                                      |                |                   |
| Operating lease right-of-use assets                                                 | \$ 2,205,299   | \$ 2,196,502      |
| Financing lease right-of-use assets, net of accumulated depreciation <sup>(1)</sup> | 300,399        | 310,534           |
| <b>Liabilities:</b>                                                                 |                |                   |
| <i>Current</i>                                                                      |                |                   |
| Operating lease liabilities                                                         | \$ 248,319     | \$ 250,239        |
| Financing lease liabilities <sup>(1)</sup>                                          | 42,692         | 43,149            |
| <i>Long-term</i>                                                                    |                |                   |
| Operating lease liabilities                                                         | 2,061,140      | 2,044,598         |
| Financing lease liabilities <sup>(1)</sup>                                          | 311,448        | 323,162           |

<sup>(1)</sup> Financing lease right-of-use assets, current financing lease liabilities and long-term financing lease liabilities are included within Property, Plant and Equipment, Net, Current portion of long-term debt and Long-term Debt, net of current portion, respectively, within our Condensed Consolidated Balance Sheets.

The components of the lease expense for the three months ended March 31, 2021 and 2020 are as follows:

| DESCRIPTION                                         | THREE MONTHS ENDED MARCH 31, |            |
|-----------------------------------------------------|------------------------------|------------|
|                                                     | 2021                         | 2020       |
| Operating lease cost <sup>(1)</sup>                 | \$ 132,675                   | \$ 123,289 |
| <b>Financing lease cost:</b>                        |                              |            |
| Depreciation of financing lease right-of-use assets | \$ 12,648                    | \$ 12,955  |
| Interest expense for financing lease liabilities    | 4,975                        | 4,844      |

<sup>(1)</sup> Operating lease cost, the majority of which is included in Cost of sales, includes variable lease costs of \$28,368 and \$27,805 for the three months ended March 31, 2021 and 2020, respectively.

*Other information:* Supplemental cash flow information relating to our leases for the three months ended March 31, 2021 and 2020 is as follows:

| CASH PAID FOR AMOUNTS INCLUDED IN MEASUREMENT OF LEASE LIABILITIES:           | THREE MONTHS ENDED MARCH 31, |           |
|-------------------------------------------------------------------------------|------------------------------|-----------|
|                                                                               | 2021                         | 2020      |
| Operating cash flows used in operating leases                                 | \$ 93,645                    | \$ 86,418 |
| Operating cash flows used in financing leases (interest)                      | 4,975                        | 4,844     |
| Financing cash flows used in financing leases                                 | 12,441                       | 12,739    |
| <b>NON-CASH ITEMS:</b>                                                        |                              |           |
| Operating lease modifications and reassessments                               | \$ 31,994                    | \$ 34,916 |
| New operating leases (including acquisitions and sale-leaseback transactions) | 48,200                       | 110,609   |

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. GOODWILL

Our reporting units as of December 31, 2020 are described in detail in Note 2.k. to Notes to Consolidated Financial Statements included in our Annual Report.

The changes in the carrying value of goodwill attributable to each reportable operating segment for the three months ended March 31, 2021 are as follows:

|                                                                           | GLOBAL RIM<br>BUSINESS | GLOBAL<br>DATA<br>CENTER<br>BUSINESS | CORPORATE<br>AND OTHER<br>BUSINESS | TOTAL<br>CONSOLIDATED |
|---------------------------------------------------------------------------|------------------------|--------------------------------------|------------------------------------|-----------------------|
| Goodwill balance, net of accumulated amortization as of December 31, 2020 | \$ 4,024,182           | \$ 436,987                           | \$ 96,440                          | \$ 4,557,609          |
| Fair value and other adjustments                                          | (5,804)                | —                                    | —                                  | (5,804)               |
| Currency effects                                                          | (24,298)               | (6,359)                              | (373)                              | (31,030)              |
| Goodwill balance, net accumulated amortization as of March 31, 2021       | \$ 3,994,080           | \$ 430,628                           | \$ 96,067                          | \$ 4,520,775          |
| Accumulated goodwill impairment balance as of March 31, 2021              | \$ 132,409             | \$ —                                 | \$ 26,011                          | \$ 158,420            |

#### E. INVESTMENTS

##### I. FRANKFURT DATA CENTER JOINT VENTURE

In October 2020, we formed a joint venture with AGC Equity Partners (the "Frankfurt JV"). Our equity interest in the Frankfurt JV at both March 31, 2021 and December 31, 2020 was 20%, and the carrying value of our investment in the Frankfurt JV at March 31, 2021 and December 31, 2020 was \$26,257 and \$26,500, respectively, which is presented as a component of Other within Other assets, net in our Condensed Consolidated Balance Sheets.

##### II. MAKESPACE JOINT VENTURE

During 2019, we formed a joint venture with MakeSpace Labs, Inc. (the "MakeSpace JV"). Our equity interest in the MakeSpace JV at March 31, 2021 and December 31, 2020 was 42% and 39%, respectively, and the carrying value of our investment in the MakeSpace JV at March 31, 2021 and December 31, 2020 was \$21,075 and \$16,924, respectively, which is presented as a component of Other within Other assets, net in our Condensed Consolidated Balance Sheets.

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. FAIR VALUE MEASUREMENTS

The assets and liabilities carried at fair value measured on a recurring basis as of March 31, 2021 and December 31, 2020 are as follows:

| DESCRIPTION            | TOTAL CARRYING<br>VALUE AT<br>MARCH 31, 2021 | FAIR VALUE MEASUREMENTS AT MARCH 31, 2021 USING |                                                     |                                                 |
|------------------------|----------------------------------------------|-------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
|                        |                                              | QUOTED PRICES IN<br>ACTIVE MARKETS<br>(LEVEL 1) | SIGNIFICANT OTHER<br>OBSERVABLE INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS (LEVEL 3) |
| Money Market Funds     | \$ 7,673                                     | \$ —                                            | \$ 7,673                                            | \$ —                                            |
| Time Deposits          | 1,291                                        | —                                               | 1,291                                               | —                                               |
| Trading Securities     | 11,323                                       | 11,067                                          | 256                                                 | —                                               |
| Derivative Liabilities | 34,497                                       | —                                               | 34,497                                              | —                                               |

| DESCRIPTION            | TOTAL CARRYING<br>VALUE AT<br>DECEMBER 31, 2020 | FAIR VALUE MEASUREMENTS AT DECEMBER 31, 2020 USING |                                                     |                                                 |
|------------------------|-------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
|                        |                                                 | QUOTED PRICES IN<br>ACTIVE MARKETS<br>(LEVEL 1)    | SIGNIFICANT OTHER<br>OBSERVABLE INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS (LEVEL 3) |
| Money Market Funds     | \$ 62,657                                       | \$ —                                               | \$ 62,657                                           | \$ —                                            |
| Time Deposits          | 2,121                                           | —                                                  | 2,121                                               | —                                               |
| Trading Securities     | 10,892                                          | 10,636                                             | 256                                                 | —                                               |
| Derivative Liabilities | 49,703                                          | —                                                  | 49,703                                              | —                                               |

There were no material items that are measured at fair value on a non-recurring basis at March 31, 2021 and December 31, 2020, other than those disclosed in Note 2.o. to Notes to Consolidated Financial Statements included in our Annual Report which are based on Level 3 inputs.

#### G. ACCUMULATED OTHER COMPREHENSIVE ITEMS, NET

The changes in accumulated other comprehensive items, net for the three months ended March 31, 2021 and 2020 are as follows:

|                                                    | THREE MONTHS ENDED MARCH 31, 2021                              |                                                         |              | THREE MONTHS ENDED MARCH 31, 2020                              |                                                         |              |
|----------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------|--------------|----------------------------------------------------------------|---------------------------------------------------------|--------------|
|                                                    | FOREIGN<br>CURRENCY<br>TRANSLATION<br>AND OTHER<br>ADJUSTMENTS | CHANGE IN<br>FAIR VALUE OF<br>DERIVATIVE<br>INSTRUMENTS | TOTAL        | FOREIGN<br>CURRENCY<br>TRANSLATION<br>AND OTHER<br>ADJUSTMENTS | CHANGE IN<br>FAIR VALUE OF<br>DERIVATIVE<br>INSTRUMENTS | TOTAL        |
| Beginning of Period                                | \$ (206,190)                                                   | \$ (49,703)                                             | \$ (255,893) | \$ (252,825)                                                   | \$ (9,756)                                              | \$ (262,581) |
| Other comprehensive (loss) income:                 |                                                                |                                                         |              |                                                                |                                                         |              |
| Foreign currency translation and other adjustments | (66,224)                                                       | —                                                       | (66,224)     | (222,305)                                                      | —                                                       | (222,305)    |
| Change in fair value of derivative instruments     | —                                                              | 15,206                                                  | 15,206       | —                                                              | (8,362)                                                 | (8,362)      |
| Total other comprehensive (loss) income            | (66,224)                                                       | 15,206                                                  | (51,018)     | (222,305)                                                      | (8,362)                                                 | (230,667)    |
| End of Period                                      | \$ (272,414)                                                   | \$ (34,497)                                             | \$ (306,911) | \$ (475,130)                                                   | \$ (18,118)                                             | \$ (493,248) |

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. REVENUES

The costs associated with the initial movement of customer records into physical storage and certain commissions are considered costs to obtain or fulfill customer contracts (collectively, "Contract Fulfillment Costs"). Contract Fulfillment Costs as of March 31, 2021 and December 31, 2020, are as follows:

|                    | MARCH 31, 2021        |                          |                     | DECEMBER 31, 2020     |                          |                     |
|--------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
|                    | GROSS CARRYING AMOUNT | ACCUMULATED AMORTIZATION | NET CARRYING AMOUNT | GROSS CARRYING AMOUNT | ACCUMULATED AMORTIZATION | NET CARRYING AMOUNT |
| Intake Costs asset | \$ 66,337             | \$ (35,904)              | \$ 30,433           | \$ 63,721             | \$ (33,352)              | \$ 30,369           |
| Commissions asset  | 99,721                | (43,125)                 | 56,596              | 91,069                | (38,787)                 | 52,282              |

Deferred revenue liabilities are reflected in our Condensed Consolidated Balance Sheets as follows:

| DESCRIPTION                  | LOCATION IN BALANCE SHEET   | MARCH 31, 2021 | DECEMBER 31, 2020 |
|------------------------------|-----------------------------|----------------|-------------------|
| Deferred revenue - Current   | Deferred revenue            | \$ 284,974     | \$ 295,785        |
| Deferred revenue - Long-term | Other Long-term Liabilities | 36,581         | 35,612            |

#### DATA CENTER LESSOR CONSIDERATIONS

Our Global Data Center Business features storage rental provided to customers at contractually specified rates over a fixed contractual period, which are accounted for in accordance with Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, as amended ("ASU 2016-02"). Storage rental revenue, including revenue associated with power and connectivity, associated with our Global Data Center Business for the three months ended March 31, 2021 and 2020 are as follows:

|                                       | THREE MONTHS ENDED MARCH 31, |           |
|---------------------------------------|------------------------------|-----------|
|                                       | 2021                         | 2020      |
| Storage rental revenue <sup>(1)</sup> | \$ 67,157                    | \$ 64,595 |

<sup>(1)</sup> Revenue associated with power and connectivity included within storage rental revenue was \$13,133 and \$11,413 for the three months ended March 31, 2021 and 2020, respectively.

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. STOCK-BASED COMPENSATION

Stock-based compensation expense for the cost of stock options, restricted stock units ("RSUs"), performance units ("PUs") and shares of stock issued under our employee stock purchase plan (collectively, "Employee Stock-Based Awards") for the three months ended March 31, 2021 and 2020 is as follows:

|                                  | THREE MONTHS ENDED MARCH 31, |          |
|----------------------------------|------------------------------|----------|
|                                  | 2021                         | 2020     |
| Stock-based compensation expense | \$ 10,953                    | \$ 6,527 |

As of March 31, 2021, unrecognized compensation cost related to the unvested portion of our Employee Stock-Based Awards was \$80,625.

#### RESTRICTED STOCK UNITS AND PERFORMANCE UNITS

The fair value of RSUs and earned PUs that vested during the three months ended March 31, 2021 and 2020 is as follows:

|                                      | THREE MONTHS ENDED MARCH 31, |           |
|--------------------------------------|------------------------------|-----------|
|                                      | 2021                         | 2020      |
| Fair value of RSUs vested            | \$ 19,861                    | \$ 18,379 |
| Fair value of earned PUs that vested | 5,591                        | 10,890    |

As of March 31, 2021, we expected 100% achievement of each of the predefined targets associated with the awards of PUs made in 2021, 2020 and 2019.

#### J. OTHER EXPENSE (INCOME), NET

Consolidated other expense (income), net for the three months ended March 31, 2021 and 2020 consists of the following:

| DESCRIPTION                                      | THREE MONTHS ENDED MARCH 31, |             |
|--------------------------------------------------|------------------------------|-------------|
|                                                  | 2021                         | 2020        |
| Foreign currency transaction losses (gains), net | \$ 2,314                     | \$ (37,399) |
| Other, net <sup>(1)</sup>                        | 2,399                        | (5,327)     |
| Other Expense (Income), Net                      | \$ 4,713                     | \$ (42,726) |

<sup>(1)</sup> Other, net for the three months ended March 31, 2021 is primarily comprised of losses on our equity method investments. Other, net for the three months ended March 31, 2020 is primarily comprised of a gain on our previously held 25% equity investment in OSG Records Management (Europe) Limited ("OSG"), which is partially offset by losses on our equity method investments.

#### K. INCOME TAXES

We provide for income taxes during interim periods based on our estimate of the effective tax rate for the year.

Our effective tax rates for the three months ended March 31, 2021 and 2020 are as follows:

|                    | THREE MONTHS ENDED MARCH 31, |                     |
|--------------------|------------------------------|---------------------|
|                    | 2021 <sup>(1)</sup>          | 2020 <sup>(2)</sup> |
| Effective Tax Rate | 23.9 %                       | 13.0 %              |

<sup>(1)</sup> The primary reconciling items between the federal statutory tax rate of 21.0% and our overall effective tax rate for the three months ended March 31, 2021 were the benefits derived from the dividends paid deduction and the impacts of differences in the tax rates at which our foreign earnings are subject.

<sup>(2)</sup> The primary reconciling items between the federal statutory tax rate of 21.0% and our overall effective tax rate for the three months ended March 31, 2020 were the benefits derived from the dividends paid deduction and foreign exchange losses in different jurisdictions with different tax rates as well as the impacts of differences in the tax rates at which our foreign earnings are subject.

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. INCOME (LOSS) PER SHARE—BASIC AND DILUTED

The calculation of basic and diluted income (loss) per share for the three months ended March 31, 2021 and 2020 are as follows:

|                                                                                                                        | THREE MONTHS ENDED MARCH 31, |             |
|------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------|
|                                                                                                                        | 2021                         | 2020        |
| Net Income (Loss)                                                                                                      | \$ 46,631                    | \$ 64,892   |
| Less: Net Income (Loss) Attributable to Noncontrolling Interests                                                       | 1,028                        | 917         |
| Net Income (Loss) Attributable to Iron Mountain Incorporated (utilized in numerator of Earnings Per Share calculation) | \$ 45,603                    | \$ 63,975   |
| Weighted-average shares—basic                                                                                          | 288,756,000                  | 287,840,000 |
| Effect of dilutive potential stock options                                                                             | 56,437                       | 51,799      |
| Effect of dilutive potential RSUs and PUs                                                                              | 715,850                      | 467,334     |
| Weighted-average shares—diluted                                                                                        | 289,528,287                  | 288,359,133 |
| Net Income (Loss) Per Share Attributable to Iron Mountain Incorporated:                                                |                              |             |
| Basic                                                                                                                  | \$ 0.16                      | \$ 0.22     |
| Diluted                                                                                                                | \$ 0.16                      | \$ 0.22     |
| Antidilutive stock options, RSUs and PUs, excluded from the calculation                                                | 4,708,068                    | 5,513,714   |

#### M. RECENT ACCOUNTING PRONOUNCEMENTS

In December 2019, the Financial Accounting Standards Board issued ASU No. 2019-12, Income Taxes (Topic 740) ("ASU 2019-12"). ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions for recognizing deferred taxes for investments, performing intra-period allocation and calculating income taxes in interim periods. ASU 2019-12 also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. We adopted ASU 2019-12 on January 1, 2021. ASU 2019-12 did not have a material impact on our consolidated financial statements.

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 3. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Derivative instruments we are party to include: (i) interest rate swap agreements (which are designated as cash flow hedges) and (ii) cross-currency swap agreements (which are designated as net investment hedges).

#### INTEREST RATE SWAP AGREEMENTS DESIGNATED AS CASH FLOW HEDGES

In March 2018, we entered into interest rate swap agreements to limit our exposure to changes in interest rates on a portion of our floating rate indebtedness. As of March 31, 2021 and December 31, 2020, we had \$350,000 in notional value of interest rate swap agreements outstanding, which expire in March 2022. Under the interest rate swap agreements, we receive variable rate interest payments associated with the notional amount of each interest rate swap, based upon one-month LIBOR, in exchange for the payment of fixed interest rates as specified in the interest rate swap agreements.

In July 2019, we entered into forward-starting interest rate swap agreements to limit our exposure to changes in interest rates on a portion of our floating rate indebtedness once our current interest rate swap agreements expire in March 2022. The forward-starting interest rate swap agreements have \$350,000 in notional value, commence in March 2022 and expire in March 2024. Under the forward-starting interest rate swap agreements, we will receive variable rate interest payments based upon one-month LIBOR, in exchange for the payment of fixed interest rates as specified in the interest rate swap agreements.

We have designated these interest rate swap agreements, including the forward-starting interest rate swap agreements, as cash flow hedges. Unrealized gains are recognized as assets, while unrealized losses are recognized as liabilities.

#### CROSS-CURRENCY SWAP AGREEMENTS DESIGNATED AS A HEDGE OF NET INVESTMENT

In August 2019, we entered into cross-currency swap agreements to hedge the variability of exchange rate impacts between the United States dollar and the Euro. Under the terms of the cross-currency swap agreements, we notionally exchanged approximately \$110,000 at an interest rate of 6.0% for approximately 99,055 Euros at a weighted average interest rate of approximately 3.65%. These cross-currency swap agreements expire in August 2023 ("August 2023 Cross Currency Swap Agreements").

In September 2020, we entered into cross-currency swap agreements to hedge the variability of exchange rate impacts between the United States dollar and the Euro. Under the terms of the cross-currency swap agreements, we notionally exchanged approximately \$359,200 at an interest rate of 4.5% for approximately 300,000 Euros at a weighted average interest rate of approximately 3.4%. These cross-currency swap agreements expire in February 2026 ("February 2026 Cross Currency Swap Agreements").

We have designated these cross-currency swap agreements as hedge of net investments against certain of our Euro denominated subsidiaries and they require an exchange of the notional amounts at maturity. These cross-currency swap agreements are marked to market at each reporting period, representing the fair values of the cross-currency swap agreements, and any changes in fair value are recognized as a component of Accumulated other comprehensive items, net. Unrealized gains are recognized as assets while unrealized losses are recognized as liabilities. These swaps are all deemed to be effective hedges and, therefore, all unrealized changes in fair value are included as a component of Accumulated other comprehensive items, net.

(Liabilities) assets recognized in our Condensed Consolidated Balance Sheets at March 31, 2021 and December 31, 2020, by derivative instrument, are as follows:

| DERIVATIVE INSTRUMENTS <sup>(1)</sup>        | MARCH 31, 2021 | DECEMBER 31, 2020 |
|----------------------------------------------|----------------|-------------------|
| <i>Cash Flow Hedges<sup>(2)</sup></i>        |                |                   |
| Interest Rate Swap Agreements                | \$ (16,861)    | \$ (21,062)       |
| <i>Net Investment Hedges<sup>(3)</sup></i>   |                |                   |
| August 2023 Cross Currency Swap Agreements   | (3,478)        | (8,229)           |
| February 2026 Cross Currency Swap Agreements | (14,158)       | (20,412)          |

<sup>(1)</sup> Our derivative assets are included as a component of Other within Other assets, net and our derivative liabilities are included as a component of Other long-term liabilities in our Condensed Consolidated Balance Sheets.

<sup>(2)</sup> As of March 31, 2021, cumulative net losses of \$16,861 are recorded within Accumulated other comprehensive items, net associated with these interest rate swap agreements.

<sup>(3)</sup> As of March 31, 2021, cumulative net losses of \$17,636 are recorded within Accumulated other comprehensive items, net associated with these cross-currency swap agreements.

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 3. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

Unrealized gains (losses) recognized during the three months ended March 31, 2021 and 2020, by derivative instrument, are as follows:

| DERIVATIVE INSTRUMENTS <sup>(1)</sup>        | THREE MONTHS ENDED MARCH 31, |             |
|----------------------------------------------|------------------------------|-------------|
|                                              | 2021                         | 2020        |
| <i>Cash Flow Hedges</i>                      |                              |             |
| Interest Rate Swap Agreements                | \$ 4,201                     | \$ (14,732) |
| <i>Net Investment Hedges</i>                 |                              |             |
| August 2023 Cross Currency Swap Agreements   | 4,751                        | 6,370       |
| February 2026 Cross Currency Swap Agreements | 6,254                        | —           |

<sup>(1)</sup> These amounts are recognized as unrealized gains (losses), a component of Accumulated other comprehensive items, net.

### EURO NOTES DESIGNATED AS A HEDGE OF NET INVESTMENT

Prior to their redemption in August 2020, we designated a portion of our previously outstanding 3% Euro Senior Notes due 2025 (the "Euro Notes") as a hedge of net investment of certain of our Euro denominated subsidiaries. From January 1, 2020 through March 31, 2020, we designated 300,000 Euros of our Euro Notes as a hedge of net investment of certain of our Euro denominated subsidiaries. As a result, we recorded foreign exchange (gains) losses related to the change in fair value of such debt due to currency translation adjustments as a component of Accumulated other comprehensive items, net.

Foreign exchange gains (losses) associated with this hedge of net investment for the three months ended March 31, 2021 and 2020 are as follows:

|                                                                      | THREE MONTHS ENDED MARCH 31, |          |
|----------------------------------------------------------------------|------------------------------|----------|
|                                                                      | 2021                         | 2020     |
| Foreign exchange gains (losses) associated with net investment hedge | \$ —                         | \$ 6,453 |

As of March 31, 2021, cumulative net gains of \$3,256, net of tax, are recorded in Accumulated other comprehensive items, net associated with this net investment hedge.

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 4. DEBT

Long-term debt is as follows:

|                                                                                                                                | MARCH 31, 2021                     |                                               |                    |               | DECEMBER 31, 2020                  |                                               |                    |               |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------|--------------------|---------------|------------------------------------|-----------------------------------------------|--------------------|---------------|
|                                                                                                                                | DEBT<br>(INCLUSIVE OF<br>DISCOUNT) | UNAMORTIZED<br>DEFERRED<br>FINANCING<br>COSTS | CARRYING<br>AMOUNT | FAIR<br>VALUE | DEBT<br>(INCLUSIVE OF<br>DISCOUNT) | UNAMORTIZED<br>DEFERRED<br>FINANCING<br>COSTS | CARRYING<br>AMOUNT | FAIR<br>VALUE |
| Revolving Credit Facility <sup>(1)</sup>                                                                                       | \$ 60,000                          | \$ (7,758)                                    | \$ 52,242          | \$ 60,000     | \$ —                               | \$ (8,620)                                    | \$ (8,620)         | \$ —          |
| Term Loan A <sup>(1)</sup>                                                                                                     | 212,500                            | —                                             | 212,500            | 212,500       | 215,625                            | —                                             | 215,625            | 215,625       |
| Term Loan B                                                                                                                    | 677,927                            | (5,932)                                       | 671,995            | 679,000       | 679,621                            | (6,244)                                       | 673,377            | 680,750       |
| Australian Dollar Term Loan (the<br>"AUD Term Loan")                                                                           | 238,433                            | (1,374)                                       | 237,059            | 239,162       | 243,152                            | (1,624)                                       | 241,528            | 244,014       |
| UK Bilateral Revolving Credit<br>Facility (the "UK Bilateral<br>Facility")                                                     | 192,732                            | (1,147)                                       | 191,585            | 192,732       | 191,101                            | (1,307)                                       | 189,794            | 191,101       |
| 3 <sup>7</sup> / <sub>8</sub> % GBP Senior Notes due<br>2025 (the "GBP Notes")                                                 | 550,662                            | (4,765)                                       | 545,897            | 556,180       | 546,003                            | (4,983)                                       | 541,020            | 553,101       |
| 4 <sup>7</sup> / <sub>8</sub> % Senior Notes due 2027<br>(the "4 <sup>7</sup> / <sub>8</sub> % Notes due 2027") <sup>(2)</sup> | 1,000,000                          | (9,243)                                       | 990,757            | 1,025,000     | 1,000,000                          | (9,598)                                       | 990,402            | 1,046,250     |
| 5 <sup>1</sup> / <sub>4</sub> % Senior Notes due 2028<br>(the "5 <sup>1</sup> / <sub>4</sub> % Notes due 2028") <sup>(2)</sup> | 825,000                            | (8,266)                                       | 816,734            | 856,969       | 825,000                            | (8,561)                                       | 816,439            | 868,313       |
| 5% Senior Notes due 2028 (the<br>"5% Notes") <sup>(2)</sup>                                                                    | 500,000                            | (5,306)                                       | 494,694            | 511,250       | 500,000                            | (5,486)                                       | 494,514            | 523,125       |
| 4 <sup>7</sup> / <sub>8</sub> % Senior Notes due 2029<br>(the "4 <sup>7</sup> / <sub>8</sub> % Notes due 2029") <sup>(2)</sup> | 1,000,000                          | (12,296)                                      | 987,704            | 1,011,250     | 1,000,000                          | (12,658)                                      | 987,342            | 1,050,000     |
| 5 <sup>1</sup> / <sub>4</sub> % Senior Notes due 2030<br>(the "5 <sup>1</sup> / <sub>4</sub> % Notes due 2030") <sup>(2)</sup> | 1,300,000                          | (14,040)                                      | 1,285,960          | 1,335,750     | 1,300,000                          | (14,416)                                      | 1,285,584          | 1,400,750     |
| 4 <sup>1</sup> / <sub>2</sub> % Senior Notes due 2031<br>(the "4 <sup>1</sup> / <sub>2</sub> % Notes") <sup>(2)</sup>          | 1,100,000                          | (12,337)                                      | 1,087,663          | 1,080,750     | 1,100,000                          | (12,648)                                      | 1,087,352          | 1,138,500     |
| 5 <sup>5</sup> / <sub>8</sub> % Senior Notes due 2032<br>(the "5 <sup>5</sup> / <sub>8</sub> % Notes") <sup>(2)</sup>          | 600,000                            | (6,582)                                       | 593,418            | 625,500       | 600,000                            | (6,727)                                       | 593,273            | 660,000       |
| Real Estate Mortgages,<br>Financing Lease Liabilities and<br>Other                                                             | 492,256                            | (1,003)                                       | 491,253            | 492,256       | 511,922                            | (1,086)                                       | 510,836            | 511,922       |
| Accounts Receivable<br>Securitization Program <sup>(3)</sup>                                                                   | 257,000                            | (135)                                         | 256,865            | 257,000       | 85,000                             | (152)                                         | 84,848             | 85,000        |
| Total Long-term Debt                                                                                                           | 9,006,510                          | (90,184)                                      | 8,916,326          |               | 8,797,424                          | (94,110)                                      | 8,703,314          |               |
| Less Current Portion                                                                                                           | (363,911)                          | —                                             | (363,911)          |               | (193,759)                          | —                                             | (193,759)          |               |
| Long-term Debt, Net of Current<br>Portion                                                                                      | \$ 8,642,599                       | \$ (90,184)                                   | \$ 8,552,415       |               | \$ 8,603,665                       | \$ (94,110)                                   | \$ 8,509,555       |               |

<sup>(1)</sup> Collectively, the "Credit Agreement". The Credit Agreement consists of a revolving credit facility (the "Revolving Credit Facility") and a term loan (the "Term Loan A"). The Credit Agreement is scheduled to mature on June 3, 2023. All of the outstanding borrowings under the Revolving Credit Facility as of March 31, 2021 were denominated in United States dollars. In addition, we also had various outstanding letters of credit totaling \$3,219. The remaining amount available for borrowing under the Revolving Credit Facility as of March 31, 2021 was \$1,686,781 (which amount represents the maximum availability as of such date). The average interest rate in effect under the Credit Agreement was 1.9% as of March 31, 2021 and December 31, 2020.

<sup>(2)</sup> Collectively, the "Parent Notes".

<sup>(3)</sup> The full amount outstanding under the Accounts Receivable Securitization Program is classified within the current portion of long-term debt in our Condensed Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020.

See Note 6 to Notes to Consolidated Financial Statements included in our Annual Report for additional information regarding the Credit Agreement and our other long-term debt, including the direct obligors of each of our debt instruments as well as information regarding the fair value of our debt instruments (including the levels of the fair value hierarchy used to determine the fair value of our debt instruments). The levels of the fair value hierarchy used to determine the fair value of our debt as of March 31, 2021 are consistent with the levels of the fair value hierarchy used to determine the fair value of our debt as of December 31, 2020 (which are disclosed in our Annual Report).

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 4. DEBT (CONTINUED)

#### CASH POOLING

We currently utilize two separate cash pooling arrangements, one of which we utilize to manage global liquidity requirements for our qualified REIT subsidiaries (the "QRS Cash Pool") and the other for our taxable REIT subsidiaries (the "TRS Cash Pool"). The approximate amount of the net cash position for the QRS Cash Pool and the TRS Cash Pool and the approximate amount of the gross position and outstanding debit balances for each of these pools as of March 31, 2021 and December 31, 2020 are as follows:

|               | MARCH 31, 2021      |                            |                   | DECEMBER 31, 2020   |                            |                   |
|---------------|---------------------|----------------------------|-------------------|---------------------|----------------------------|-------------------|
|               | GROSS CASH POSITION | OUTSTANDING DEBIT BALANCES | NET CASH POSITION | GROSS CASH POSITION | OUTSTANDING DEBIT BALANCES | NET CASH POSITION |
| QRS Cash Pool | \$ 567,300          | \$ (566,700)               | \$ 600            | \$ 448,700          | \$ (447,400)               | \$ 1,300          |
| TRS Cash Pool | 512,700             | (510,200)                  | 2,500             | 555,500             | (553,500)                  | 2,000             |

The net cash position balances as of March 31, 2021 and December 31, 2020 are reflected as cash and cash equivalents in our Condensed Consolidated Balance Sheets.

#### LETTERS OF CREDIT

As of March 31, 2021, we had outstanding letters of credit totaling \$38,160, of which \$3,219 reduce our borrowing capacity under the Revolving Credit Facility (as described above). The letters of credit expire at various dates between June 2021 and March 2025.

#### DEBT COVENANTS

The Credit Agreement, our bond indentures and other agreements governing our indebtedness contain certain restrictive financial and operating covenants, including covenants that restrict our ability to complete acquisitions, pay cash dividends, incur indebtedness, make investments, sell assets and take certain other corporate actions. The covenants do not contain a rating trigger. Therefore, a change in our debt rating would not trigger a default under the Credit Agreement, our bond indentures or other agreements governing our indebtedness. The Credit Agreement requires that we satisfy a fixed charge coverage ratio, a net total lease adjusted leverage ratio and a net secured debt lease adjusted leverage ratio on a quarterly basis and our bond indentures require that, among other things, we satisfy a leverage ratio (not lease adjusted) or a fixed charge coverage ratio (not lease adjusted), as a condition to taking actions such as paying dividends and incurring indebtedness.

The Credit Agreement uses EBITDAR-based calculations and the bond indentures use EBITDA-based calculations as the primary measures of financial performance for purposes of calculating leverage and fixed charge coverage ratios. The bond indenture EBITDA-based calculations include our consolidated subsidiaries, other than those we have designated as "Unrestricted Subsidiaries" as defined in the bond indentures. Generally, the Credit Agreement and the bond indentures use a trailing four fiscal quarter basis for purposes of the relevant calculations and require certain adjustments and exclusions for purposes of those calculations, which make the calculation of financial performance for purposes of those calculations under the Credit Agreement and bond indentures not directly comparable to Adjusted EBITDA as presented herein. We are in compliance with our leverage and fixed charge coverage ratios under the Credit Agreement, our bond indentures and other agreements governing our indebtedness as of March 31, 2021 and December 31, 2020. Noncompliance with these leverage and fixed charge coverage ratios would have a material adverse effect on our financial condition.

### 5. COMMITMENTS AND CONTINGENCIES

We are involved in litigation from time to time in the ordinary course of business, including litigation arising from damage to customer assets in our facilities caused by fires and other natural disasters. While the outcome of such litigation is inherently uncertain, we do not believe any current litigation will have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 6. STOCKHOLDERS' EQUITY MATTERS

In fiscal year 2020 and the first three months of 2021, our board of directors declared the following dividends:

| DECLARATION DATE  | DIVIDEND<br>PER SHARE | RECORD DATE        | TOTAL<br>AMOUNT | PAYMENT DATE    |
|-------------------|-----------------------|--------------------|-----------------|-----------------|
| February 13, 2020 | \$ 0.6185             | March 16, 2020     | \$ 178,047      | April 6, 2020   |
| May 5, 2020       | 0.6185                | June 15, 2020      | 178,212         | July 2, 2020    |
| August 5, 2020    | 0.6185                | September 15, 2020 | 178,224         | October 2, 2020 |
| November 4, 2020  | 0.6185                | December 15, 2020  | 178,290         | January 6, 2021 |
| February 24, 2021 | 0.6185                | March 15, 2021     | 178,569         | April 6, 2021   |

On May 6, 2021, we declared a dividend to our stockholders of record as of June 15, 2021 of \$0.6185 per share, payable on July 6, 2021.

### 7. SEGMENT INFORMATION

Our three reportable operating segments as of December 31, 2020 are described in Note 10 to Notes to Consolidated Financial Statements included in our Annual Report and are as follows:

- Global Records and Information Management ("Global RIM") Business
- Global Data Center Business
- Corporate and Other Business

There have been no changes to these reportable operating segments during the first three months of 2021.

An analysis of our business segment information and reconciliation to the accompanying Condensed Consolidated Financial Statements is as follows:

|                                     | THREE MONTHS ENDED<br>MARCH 31, |              |
|-------------------------------------|---------------------------------|--------------|
|                                     | 2021                            | 2020         |
| <b>Global RIM Business</b>          |                                 |              |
| Total Revenues                      | \$ 967,294                      | \$ 956,419   |
| Adjusted EBITDA                     | 408,562                         | 391,972      |
| <b>Global Data Center Business</b>  |                                 |              |
| Total Revenues                      | \$ 71,108                       | \$ 67,357    |
| Adjusted EBITDA                     | 30,432                          | 30,895       |
| <b>Corporate and Other Business</b> |                                 |              |
| Total Revenues                      | \$ 43,638                       | \$ 44,955    |
| Adjusted EBITDA                     | (58,429)                        | (56,868)     |
| <b>Total Consolidated</b>           |                                 |              |
| Total Revenues                      | \$ 1,082,040                    | \$ 1,068,731 |
| Adjusted EBITDA                     | 380,565                         | 365,999      |

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 7. SEGMENT INFORMATION (CONTINUED)

During the fourth quarter of 2020, we changed our definition of Adjusted EBITDA to (a) exclude stock-based compensation expense and (b) include our share of Adjusted EBITDA from our unconsolidated joint ventures. All prior periods have been recast to conform to these changes. We now define Adjusted EBITDA for each segment as net income (loss) before interest expense, net, provision (benefit) for income taxes, depreciation and amortization (inclusive of our share of Adjusted EBITDA from our unconsolidated joint ventures), and excluding certain items we do not believe to be indicative of our core operating results, specifically:

#### EXCLUDED

- Restructuring Charges
- Intangible impairments
- (Gain) loss on disposal/write-down of property, plant and equipment, net (including real estate)
- Other expense (income), net
- Stock-based compensation expense
- COVID-19 Costs<sup>(1)</sup>

<sup>(1)</sup> Costs that are incremental and directly attributable to the COVID-19 pandemic which are not expected to recur once the pandemic ends ("COVID-19 Costs"). These costs include the purchase of personal protective equipment for our employees and incremental cleaning costs of our facilities, among other direct costs.

Internally, we use Adjusted EBITDA as the basis for evaluating the performance of, and allocated resources to, our operating segments.

A reconciliation of Net Income (Loss) to Adjusted EBITDA on a consolidated basis for the three months ended March 31, 2021 and 2020 is as follows:

|                                                                                                           | THREE MONTHS ENDED<br>MARCH 31, |            |
|-----------------------------------------------------------------------------------------------------------|---------------------------------|------------|
|                                                                                                           | 2021                            | 2020       |
| Net Income (Loss)                                                                                         | \$ 46,631                       | \$ 64,892  |
| Add/(Deduct):                                                                                             |                                 |            |
| Interest expense, net                                                                                     | 104,422                         | 105,649    |
| Provision (benefit) for income taxes                                                                      | 14,640                          | 9,687      |
| Depreciation and amortization                                                                             | 165,642                         | 162,584    |
| Restructuring Charges                                                                                     | 39,811                          | 41,046     |
| Intangible impairments                                                                                    | —                               | 23,000     |
| (Gain) loss on disposal/write-down of property, plant and equipment, net (including real estate)          | (4,451)                         | (1,055)    |
| Other expense (income), net, excluding our share of losses (gains) from our unconsolidated joint ventures | 2,121                           | (45,031)   |
| Stock-based compensation expense                                                                          | 10,733                          | 5,111      |
| Our share of Adjusted EBITDA reconciling items from our unconsolidated joint ventures                     | 1,016                           | 116        |
| Adjusted EBITDA                                                                                           | \$ 380,565                      | \$ 365,999 |

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 7. SEGMENT INFORMATION (CONTINUED)

Information as to our revenues by product and service lines by segment for the three months ended March 31, 2021 and 2020 are as follows:

|                                           | THREE MONTHS ENDED MARCH 31, |            |
|-------------------------------------------|------------------------------|------------|
|                                           | 2021                         | 2020       |
| <b>Global RIM Business</b>                |                              |            |
| Records Management <sup>(1)</sup>         | \$ 752,123                   | \$ 727,616 |
| Data Management <sup>(1)</sup>            | 118,414                      | 125,898    |
| Information Destruction <sup>(1)(2)</sup> | 96,757                       | 102,905    |
| Data Center                               | —                            | —          |
| <b>Global Data Center Business</b>        |                              |            |
| Records Management <sup>(1)</sup>         | \$ —                         | \$ —       |
| Data Management <sup>(1)</sup>            | —                            | —          |
| Information Destruction <sup>(1)(2)</sup> | —                            | —          |
| Data Center                               | 71,108                       | 67,357     |
| <b>Corporate and Other Business</b>       |                              |            |
| Records Management <sup>(1)</sup>         | \$ 26,967                    | \$ 28,876  |
| Data Management <sup>(1)</sup>            | 16,671                       | 16,079     |
| Information Destruction <sup>(1)(2)</sup> | —                            | —          |
| Data Center                               | —                            | —          |
| <b>Total Consolidated</b>                 |                              |            |
| Records Management <sup>(1)</sup>         | \$ 779,090                   | \$ 756,492 |
| Data Management <sup>(1)</sup>            | 135,085                      | 141,977    |
| Information Destruction <sup>(1)(2)</sup> | 96,757                       | 102,905    |
| Data Center                               | 71,108                       | 67,357     |

<sup>(1)</sup> Each of the offerings within our product and service lines has a component of revenue that is storage rental related and a component that is service revenues, except for information destruction, which does not have a storage rental component.

<sup>(2)</sup> Includes secure shredding services.

### 8. RELATED PARTIES

In October 2020, in connection with the formation of the Frankfurt JV, we entered into agreements whereby we will earn various fees, including property management and construction and development fees, for services we are providing to the Frankfurt JV (the "Frankfurt JV Agreements"). Revenues and expenses associated with the Frankfurt JV Agreements are presented as a component of our Global Data Business segment. During the three months ended March 31, 2021, we recognized revenue of approximately \$1,060 associated with the Frankfurt JV Agreements.

In March 2019, in connection with the formation of the MakeSpace JV, we entered into a storage and service agreement with the MakeSpace JV to provide certain storage and related services to the MakeSpace JV (the "MakeSpace Agreement"). Revenues and expenses associated with the MakeSpace Agreement are presented as a component of our Global RIM Business segment. We recognized revenue of approximately \$7,500 and \$6,800 for the three months ended March 31, 2021 and 2020, respectively, associated with the MakeSpace Agreement.

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 9. PROJECT SUMMIT

In October 2019, we announced our global program designed to better position us for future growth and achievement of our strategic objectives ("Project Summit"). As a result of the program, we expect to reduce the number of positions at vice president and above by approximately 45%. The total program is expected to reduce our total managerial and administrative workforce by approximately 700 positions by the end of 2021. We have also reduced our services and operations workforce. As of March 31, 2021, we have completed approximately 80% of our planned workforce reductions. The activities associated with Project Summit began in the fourth quarter of 2019 and are expected to be substantially complete by the end of 2021.

We estimate that the implementation of Project Summit will result in total operating expenditures ("Restructuring Charges") of approximately \$450,000 that primarily consist of: (1) employee severance costs; (2) internal costs associated with the development and implementation of Project Summit initiatives; (3) professional fees, primarily related to third party consultants who are assisting with the design and execution of various initiatives as well as project management activities and (4) system implementation and data conversion costs.

Restructuring Charges included in the accompanying Condensed Consolidated Statements of Operations for the three months ended March 31, 2021 and 2020, and from the inception of Project Summit through March 31, 2021, are as follows:

|                                   | THREE MONTHS ENDED<br>MARCH 31, 2021 | THREE MONTHS ENDED<br>MARCH 31, 2020 | FROM THE INCEPTION<br>OF PROJECT SUMMIT<br>THROUGH<br>MARCH 31, 2021 |
|-----------------------------------|--------------------------------------|--------------------------------------|----------------------------------------------------------------------|
| Employee severance costs          | \$ 3,808                             | \$ 6,108                             | \$ 72,007                                                            |
| Professional fees and other costs | 36,003                               | 34,938                               | 210,797                                                              |
| Restructuring Charges             | \$ 39,811                            | \$ 41,046                            | \$ 282,804                                                           |

Restructuring Charges by segment for the three months ended March 31, 2021 and 2020, and from the inception of Project Summit through March 31, 2021, are as follows:

|                              | THREE MONTHS ENDED<br>MARCH 31, 2021 | THREE MONTHS ENDED<br>MARCH 31, 2020 | FROM THE INCEPTION<br>OF PROJECT SUMMIT<br>THROUGH<br>MARCH 31, 2021 |
|------------------------------|--------------------------------------|--------------------------------------|----------------------------------------------------------------------|
| Global RIM Business          | \$ 8,224                             | \$ 8,288                             | \$ 97,264                                                            |
| Global Data Center Business  | 454                                  | 187                                  | 2,392                                                                |
| Corporate and Other Business | 31,133                               | 32,571                               | 183,148                                                              |
| Restructuring Charges        | \$ 39,811                            | \$ 41,046                            | \$ 282,804                                                           |

A rollforward of the accrued Restructuring Charges, which is included as a component of Accrued expenses and other current liabilities in our Condensed Consolidated Balance Sheets, from December 31, 2019 through March 31, 2021, is as follows:

|                                                   | EMPLOYEE<br>SEVERANCE COSTS | PROFESSIONAL<br>FEES AND OTHER | TOTAL ACCRUED<br>RESTRUCTURING<br>CHARGES |
|---------------------------------------------------|-----------------------------|--------------------------------|-------------------------------------------|
| Balance as of December 31, 2019                   | \$ 4,823                    | \$ 12,954                      | \$ 17,777                                 |
| Amounts accrued                                   | 47,349                      | 147,047                        | 194,396                                   |
| Payments                                          | (32,455)                    | (136,222)                      | (168,677)                                 |
| Other, including currency translation adjustments | (3,439)                     | (4)                            | (3,443)                                   |
| Balance as of December 31, 2020                   | 16,278                      | 23,775                         | 40,053                                    |
| Amounts accrued                                   | 3,808                       | 36,003                         | 39,811                                    |
| Payments                                          | (17,087)                    | (13,849)                       | (30,936)                                  |
| Other, including currency translation adjustments | (220)                       | —                              | (220)                                     |
| Balance as of March 31, 2021                      | \$ 2,779                    | \$ 45,929                      | \$ 48,708                                 |

# IRON MOUNTAIN INCORPORATED

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share data) (Unaudited)

### 10. SUBSEQUENT EVENTS

In April 2021, we closed on an agreement to form a joint venture (the "Web Werks JV") with the shareholders of Web Werks India Private Limited ("Web Werks"), a colocation data center provider in India. In connection with the formation of the Web Werks JV, we made an initial investment of approximately 3,750,000 Indian rupees (or approximately \$50,100, based upon the exchange rate between the United States dollar and Indian rupee as of the closing date of the initial investment) in exchange for a noncontrolling interest in the form of convertible preference shares in the Web Werks JV (the "Initial Web Werks JV Investment"). These shares are convertible into a to-be-determined amount of common shares based upon the achievement of EBITDA targets for the Web Werks JV's fiscal year ending March 31, 2022. We currently estimate our noncontrolling interest to be 39%. We will account for the Initial Web Werks JV Investment as an equity method investment and the carrying value of such investment will be presented as a component of Other within Other Assets, net in our Condensed Consolidated Balance Sheet beginning in the second quarter of 2021.

Under the terms of the Web Werks JV shareholders agreement, we are required to make additional investments over the next two years, if certain conditions are met, totaling approximately 7,500,000 Indian rupees (or approximately \$100,000, based upon the current exchange rate between the United States dollar and Indian rupee), and, over time, we expect to acquire a majority interest in the Web Werks JV.

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

*The following discussion and analysis of our financial condition and results of operations for the three months ended March 31, 2021 should be read in conjunction with our Condensed Consolidated Financial Statements and Notes thereto for the three months ended March 31, 2021, included herein, and our Consolidated Financial Statements and Notes thereto for the year ended December 31, 2020, included in our Annual Report on Form 10-K filed with the United States Securities and Exchange Commission ("SEC") on February 24, 2021 (our "Annual Report").*

### FORWARD-LOOKING STATEMENTS

We have made statements in this Quarterly Report on Form 10-Q (this "Quarterly Report") that constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and other securities laws. These forward-looking statements concern our operations, economic performance, financial condition, goals, beliefs, future growth strategies, investment objectives, plans and current expectations, such as our (1) expectations and assumptions regarding the impact of the COVID-19 (as defined below) pandemic on us and our customers, including on our businesses, financial position, results of operations and cash flows, (2) commitment to future dividend payments, (3) expected change in volume of records stored with us, (4) expected organic revenue growth, including 2021 consolidated organic storage rental revenue growth rate and consolidated organic total revenue growth rate, (5) expectations that profits will increase in our growth portfolio, including our higher-growth markets, and that our growth portfolio will become a larger part of our business over time, (6) expectations related to our revenue management programs and continuous improvement initiatives, (7) expectations related to monetizing our owned industrial real estate assets as part of our capital recycling program, (8) expected ability to identify and complete acquisitions and other investments, including joint ventures, and drive returns on invested capital, (9) anticipated capital expenditures, (10) expected benefits, costs and actions related to, and timing of, Project Summit (as defined below), and (11) other forward-looking statements related to our business, results of operations and financial condition. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors, and you should not rely upon them except as statements of our present intentions and of our present expectations, which may or may not occur. When we use words such as "believes," "expects," "anticipates," "estimates," "plans," "intends" or similar expressions, we are making forward-looking statements. Although we believe that our forward-looking statements are based on reasonable assumptions, our expected results may not be achieved, and actual results may differ materially from our expectations. In addition, important factors that could cause actual results to differ from expectations include, among others:

- the severity and duration of the COVID-19 pandemic and its effects on the global economy, including its effects on us, the markets we serve and our customers and the third parties with whom we do business within those markets;
- our ability to execute on Project Summit and the potential impacts of Project Summit on our ability to retain and recruit employees;
- our ability to remain qualified for taxation as a real estate investment trust for United States federal income tax purposes ("REIT");
- changes in customer preferences and demand for our storage and information management services, including as a result of the shift from paper and tape storage to alternative technologies that require less physical space;
- our ability or inability to execute our strategic growth plan, including our ability to invest according to plan, incorporate new digital information technologies into our offerings, achieve satisfactory returns on new product offerings, continue our revenue management, expand internationally, complete acquisitions on satisfactory terms, integrate acquired companies efficiently and grow our business through joint ventures;
- changes in the amount of our capital expenditures;
- our ability to raise debt or equity capital and changes in the cost of our debt;
- the cost and our ability to comply with laws, regulations and customer demands, including those relating to data security and privacy issues, as well as fire and safety and environmental standards;
- the impact of litigation or disputes that may arise in connection with incidents in which we fail to protect our customers' information or our internal records or information technology ("IT") systems and the impact of such incidents on our reputation and ability to compete;
- changes in the price for our storage and information management services relative to the cost of providing such storage and information management services;
- changes in the political and economic environments in the countries in which our international subsidiaries operate and changes in the global political climate, particularly as we consolidate operations and move records and data across borders;

**Part I. Financial Information**

---

- our ability to comply with our existing debt obligations and restrictions in our debt instruments;
- the impact of service interruptions or equipment damage and the cost of power on our data center operations;
- the cost or potential liabilities associated with real estate necessary for our business;
- failures in our adoption of new IT systems;
- other trends in competitive or economic conditions affecting our financial condition or results of operations not presently contemplated; and
- the other risks described in our periodic reports filed with the SEC, including under the caption “Risk Factors” in Part I, Item 1A of our Annual Report.

Except as required by law, we undertake no obligation to update any forward-looking statements appearing in this report.

## OVERVIEW

The following discussions set forth, for the periods indicated, management's discussion and analysis of financial condition and results of operations. Significant trends and changes are discussed for the three months ended March 31, 2021 within each section.

### COVID-19

In March 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a pandemic. The preventative and protective actions that governments have ordered, or we or our customers have implemented, have resulted in a period of reduced service operations and business disruption for us, our customers and other third parties with which we do business. While we have broad geographic and customer diversification with operations in 56 countries and no single customer accounting for a significant portion of our revenue during the three months ended March 31, 2021, COVID-19 is a global pandemic impacting numerous industries and geographies. While we do not currently believe that the implications of the COVID-19 pandemic have had a material adverse impact on our ability to collect our accounts receivable, global economic conditions related to the COVID-19 pandemic may have a material adverse effect on our customers, which could impact our future ability to collect our accounts receivable. We continue to monitor the credit worthiness of our customers and customer payment trends, as well as the related impact on our liquidity.

We can provide no assurance that the cost savings measures we have previously taken, or may take in future periods, will be sufficient to offset any future service level declines, and we continue to evaluate the need for these cost saving measures and additional cost saving measures as additional information regarding the COVID-19 pandemic and the related economic downturn becomes known.

## PROJECT SUMMIT

### Compelling Adjusted EBITDA Benefits

**~\$375M**

Expected annual run-rate  
benefits realized exiting 2021

### Implementation Details

- Project Summit began in Q4 2019 and is expected to be substantially complete by the end of 2021
- Cost to implement is estimated to be ~\$450M

In October 2019, we announced our global program designed to better position us for future growth and achievement of our strategic objectives ("Project Summit"). As a result of the program, we expect to reduce the number of positions at vice president and above by approximately 45%. The total program is expected to reduce our total managerial and administrative workforce by approximately 700 positions by the end of 2021. We have also reduced our services and operations workforce. As of March 31, 2021, we have completed approximately 80% of our planned workforce reductions.

The activities associated with Project Summit began in the fourth quarter of 2019 and are expected to be substantially complete by the end of 2021. We expect the total program benefits associated with Project Summit to be fully realized exiting 2021. We expect that Project Summit will improve annual Adjusted EBITDA (as defined below) by approximately \$375.0 million exiting 2021. We will continue to evaluate our overall operating model, as well as various opportunities and initiatives, including those associated with real estate consolidation, system implementation and process changes, which could result in the identification and implementation of additional actions associated with Project Summit and incremental costs and benefits.

Exiting 2021

Improved Adjusted EBITDA

**\$375 million**  
(expected)

## Part I. Financial Information

We estimate that the implementation of Project Summit will result in total operating expenditures (“Restructuring Charges”) of approximately \$450.0 million that primarily consist of: (1) employee severance costs; (2) internal costs associated with the development and implementation of Project Summit initiatives; (3) professional fees, primarily related to third party consultants who are assisting with the design and execution of various initiatives as well as project management activities and (4) system implementation and data conversion costs. The following table presents (in millions) total Restructuring Charges related to Project Summit primarily related to employee severance costs, internal costs associated with the development and implementation of Project Summit initiatives and professional fees from the inception of Project Summit through March 31, 2021, for the three months ended March 31, 2021 and for the three months ended March 31, 2020:

|                                                                    |                  | <b>TOTAL</b>           |
|--------------------------------------------------------------------|------------------|------------------------|
| <b>From the Inception of Project Summit through March 31, 2021</b> | <b>\$282,804</b> | <b>\$282.8 million</b> |
| <b>For the Three Months Ended March 31, 2021</b>                   | <b>\$39,811</b>  | <b>\$39.8 million</b>  |
| <b>For the Three Months Ended March 31, 2020</b>                   | <b>\$41,046</b>  | <b>\$41.0 million</b>  |

We have also incurred approximately \$4.1 million in capital expenditures related to Project Summit during the three months ended March 31, 2021 and approximately \$14.2 million from the inception of Project Summit through March 31, 2021.

See Note 9 to Notes to Condensed Consolidated Financial Statements included in this Quarterly Report for more information on the Restructuring Charges.

## CHANGES IMPACTING COMPARABILITY WITH PRIOR YEAR

During the fourth quarter of 2020, we made changes to the definitions of the following non-GAAP measures: Adjusted EBITDA, Adjusted EPS, FFO (Nareit) and FFO (Normalized) (each as defined below). These changes were implemented to align our definitions more closely with our peers. All prior periods have been recast to conform to these changes.

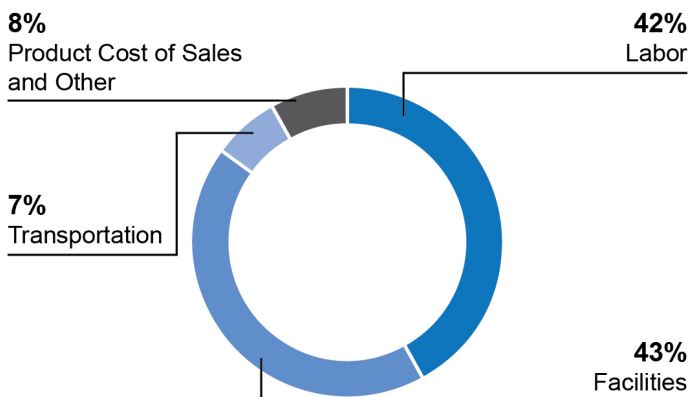
## GENERAL

### RESULTS OF OPERATIONS - KEY TRENDS

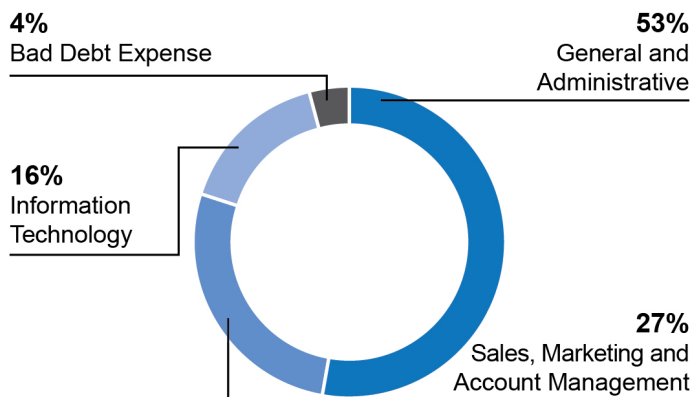
- In spite of the COVID-19 pandemic, we have experienced relatively steady volume in our Global RIM Business segment, with organic storage rental revenue growth driven primarily by revenue management. We expect organic storage rental revenue growth to benefit from revenue management and volume to be relatively stable in the near term. We expect our total organic storage rental revenue growth rate for 2021 to be approximately 2% to 4%.
- Our organic service revenue continued to be impacted by the COVID-19 pandemic, with declines primarily due to decreases in our service activity, particularly in regions where governments have imposed restrictions on our customers' non-essential business operations. The impact of the COVID-19 pandemic on our future service revenues is uncertain and is dependent, in part, on the duration and severity of the COVID-19 pandemic, the resulting governmental and business actions and the duration and strength of any ensuing economic recovery that may follow, particularly within the markets in which we operate and among our customers.

Cost of sales (excluding depreciation and amortization) and Selling, general and administrative expenses for the three months ended March 31, 2021 consists of the following:

#### COST OF SALES



#### SELLING, GENERAL AND ADMINISTRATIVE EXPENSES



# NON-GAAP MEASURES

## ADJUSTED EBITDA

We define Adjusted EBITDA as net income (loss) before interest expense, net, provision (benefit) for income taxes, depreciation and amortization (inclusive of our share of Adjusted EBITDA from our unconsolidated joint ventures), and excluding certain items we do not believe to be indicative of our core operating results, specifically:

### EXCLUDED

- Restructuring Charges
- Intangible impairments
- (Gain) loss on disposal/write-down of property, plant and equipment, net (including real estate)
- Other expense (income), net
- Stock-based compensation expense
- COVID-19 Costs<sup>(1)</sup>

<sup>(1)</sup> Costs that are incremental and directly attributable to the COVID-19 pandemic which are not expected to recur once the pandemic ends ("COVID-19 Costs"). These costs include the purchase of personal protective equipment for our employees and incremental cleaning costs of our facilities, among other direct costs.

Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by total revenues. We also show Adjusted EBITDA and Adjusted EBITDA Margin for each of our reportable operating segments under "Results of Operations – Segment Analysis" below.

We use multiples of current or projected Adjusted EBITDA in conjunction with our discounted cash flow models to determine our estimated overall enterprise valuation and to evaluate acquisition targets. We believe Adjusted EBITDA and Adjusted EBITDA Margin provide our current and potential investors with relevant and useful information regarding our ability to generate cash flows to support business investment. These measures are an integral part of the internal reporting system we use to assess and evaluate the operating performance of our business.

Adjusted EBITDA excludes both interest expense, net and the provision (benefit) for income taxes. These expenses are associated with our capitalization and tax structures, which we do not consider when evaluating the operating profitability of our core operations. Adjusted EBITDA does not include depreciation and amortization expenses, in order to eliminate the impact of capital investments, which we evaluate by comparing capital expenditures to incremental revenue generated and as a percentage of total revenues. Adjusted EBITDA and Adjusted EBITDA Margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the United States of America ("GAAP"), such as operating income, net income (loss) or cash flows from operating activities (as determined in accordance with GAAP).

### RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA (IN THOUSANDS):

|                                                                                                           | THREE MONTHS ENDED<br>MARCH 31, |            |
|-----------------------------------------------------------------------------------------------------------|---------------------------------|------------|
|                                                                                                           | 2021                            | 2020       |
| Net Income (Loss)                                                                                         | \$ 46,631                       | \$ 64,892  |
| Add/(Deduct):                                                                                             |                                 |            |
| Interest expense, net                                                                                     | 104,422                         | 105,649    |
| Provision (benefit) for income taxes                                                                      | 14,640                          | 9,687      |
| Depreciation and amortization                                                                             | 165,642                         | 162,584    |
| Restructuring Charges                                                                                     | 39,811                          | 41,046     |
| Intangible impairments                                                                                    | —                               | 23,000     |
| (Gain) loss on disposal/write-down of property, plant and equipment, net (including real estate)          | (4,451)                         | (1,055)    |
| Other expense (income), net, excluding our share of losses (gains) from our unconsolidated joint ventures | 2,121                           | (45,031)   |
| Stock-based compensation expense                                                                          | 10,733                          | 5,111      |
| Our share of Adjusted EBITDA reconciling items from our unconsolidated joint ventures                     | 1,016                           | 116        |
| Adjusted EBITDA                                                                                           | \$ 380,565                      | \$ 365,999 |

## ADJUSTED EPS

We define Adjusted EPS as reported earnings per share fully diluted from net income (loss) attributable to Iron Mountain Incorporated (inclusive of our share of adjusted losses (gains) from our unconsolidated joint ventures) and excluding certain items, specifically:

### EXCLUDED

- Restructuring Charges
- Intangible impairments
- (Gain) loss on disposal/write-down of property, plant and equipment, net (including real estate)
- Other expense (income), net
- Stock-based compensation expense
- COVID-19 Costs
- Tax impact of reconciling items and discrete tax items

We do not believe these excluded items to be indicative of our ongoing operating results, and they are not considered when we are forecasting our future results. We believe Adjusted EPS is of value to our current and potential investors when comparing our results from past, present and future periods.

### RECONCILIATION OF REPORTED EPS—FULLY DILUTED FROM NET INCOME (LOSS) ATTRIBUTABLE TO IRON MOUNTAIN INCORPORATED TO ADJUSTED EPS—FULLY DILUTED FROM NET INCOME (LOSS) ATTRIBUTABLE TO IRON MOUNTAIN INCORPORATED:

|                                                                                                             | THREE MONTHS ENDED<br>MARCH 31, |         |
|-------------------------------------------------------------------------------------------------------------|---------------------------------|---------|
|                                                                                                             | 2021                            | 2020    |
| Reported EPS—Fully Diluted from Net Income (Loss) Attributable to Iron Mountain Incorporated                | \$ 0.16                         | \$ 0.22 |
| Add/(Deduct):                                                                                               |                                 |         |
| Restructuring Charges                                                                                       | 0.14                            | 0.14    |
| Intangible impairments                                                                                      | —                               | 0.08    |
| (Gain) loss on disposal/write-down of property, plant and equipment, net (including real estate)            | (0.02)                          | —       |
| Other expense (income), net, excluding our share of losses (gains) from our unconsolidated joint ventures   | 0.01                            | (0.16)  |
| Stock-based compensation expense                                                                            | 0.04                            | 0.02    |
| Tax impact of reconciling items and discrete tax items <sup>(1)</sup>                                       | (0.01)                          | (0.02)  |
| Adjusted EPS—Fully Diluted from Net Income (Loss) Attributable to Iron Mountain Incorporated <sup>(2)</sup> | \$ 0.32                         | \$ 0.28 |

<sup>(1)</sup> The difference between our effective tax rates and our structural tax rate (or adjusted effective tax rates) for the three months ended March 31, 2021 and 2020 is primarily due to (i) the reconciling items above, which impact our reported net income (loss) before provision (benefit) for income taxes but have an insignificant impact on our reported provision (benefit) for income taxes and (ii) other discrete tax items. Our structural tax rate for purposes of the calculation of Adjusted EPS for the three months ended March 31, 2021 and 2020 was 16.6% and 17.0%, respectively.

<sup>(2)</sup> Columns may not foot due to rounding.

## FFO (NAREIT) AND FFO (NORMALIZED)

Funds from operations ("FFO") is defined by the National Association of Real Estate Investment Trusts ("Nareit") as net income (loss) excluding depreciation on real estate assets, gains on sale of real estate, net of tax, and amortization of data center leased-based intangibles and adjusting for our share of reconciling items from our unconsolidated joint ventures from FFO ("FFO (Nareit)"). FFO (Nareit) does not give effect to real estate depreciation because these amounts are computed, under GAAP, to allocate the cost of a property over its useful life. Because values for well-maintained real estate assets have historically increased or decreased based upon prevailing market conditions, we believe that FFO (Nareit) provides investors with a clearer view of our operating performance. Our most directly comparable GAAP measure to FFO (Nareit) is net income (loss).

Although Nareit has published a definition of FFO, we modify FFO (Nareit), as is common among REITs seeking to provide financial measures that most meaningfully reflect their particular business ("FFO (Normalized)"). Our definition of FFO (Normalized) excludes certain items included in FFO (Nareit) that we believe are not indicative of our core operating results, specifically:

### EXCLUDED

- Restructuring Charges
- Intangible impairments
- (Gain) loss on disposal/write-down of property, plant and equipment, net (excluding real estate)
- Other expense (income), net
- Stock-based compensation expense
- COVID-19 Costs
- Real estate financing lease depreciation
- Tax impact of reconciling items and discrete tax items

### RECONCILIATION OF NET INCOME (LOSS) TO FFO (NAREIT) AND FFO (NORMALIZED) (IN THOUSANDS):

|                                                                                                                          | THREE MONTHS ENDED<br>MARCH 31, |            |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------|
|                                                                                                                          | 2021                            | 2020       |
| Net Income (Loss)                                                                                                        | \$ 46,631                       | \$ 64,892  |
| Add/(Deduct):                                                                                                            |                                 |            |
| Real estate depreciation                                                                                                 | 76,047                          | 76,587     |
| Gain on sale of real estate, net of tax                                                                                  | (4,305)                         | (492)      |
| Data center lease-based intangible assets amortization                                                                   | 10,483                          | 11,353     |
| FFO (Nareit)                                                                                                             | 128,856                         | 152,340    |
| Add/(Deduct):                                                                                                            |                                 |            |
| Restructuring Charges                                                                                                    | 39,811                          | 41,046     |
| Intangible impairments                                                                                                   | —                               | 23,000     |
| (Gain) loss on disposal/write-down of property, plant and equipment, net (excluding real estate)                         | (146)                           | (244)      |
| Other expense (income), net, excluding our share of losses (gains) from our unconsolidated joint ventures <sup>(1)</sup> | 2,121                           | (45,031)   |
| Stock-based compensation expense                                                                                         | 10,733                          | 5,111      |
| Real estate financing lease depreciation                                                                                 | 3,536                           | 3,162      |
| Tax impact of reconciling items and discrete tax items <sup>(2)</sup>                                                    | (3,569)                         | (7,262)    |
| Our share of FFO (Normalized) reconciling items from our unconsolidated joint ventures                                   | (4)                             | (20)       |
| FFO (Normalized)                                                                                                         | \$ 181,338                      | \$ 172,102 |

<sup>(1)</sup> Includes foreign currency transaction losses (gains), net and other, net. See Note 2.j. to Notes to Condensed Consolidated Financial Statements included in this Quarterly Report for additional information regarding the components of Other expense (income), net.

<sup>(2)</sup> Represents the tax impact of (i) the reconciling items above, which impact our reported net income (loss) before provision (benefit) for income taxes but have an insignificant impact on our reported provision (benefit) for income taxes and (ii) other discrete tax items. Discrete tax items resulted in a (benefit) provision for income taxes of \$1.0 million and \$0.0 million for the three months ended March 31, 2021 and 2020, respectively.

## CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our Condensed Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements and for the period then ended. On an ongoing basis, we evaluate the estimates used. We base our estimates on historical experience, actuarial estimates, current conditions and various other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. Our critical accounting estimates include the following, which are listed in no particular order:

- *Revenue Recognition*
- *Accounting for Acquisitions*
- *Impairment of Tangible and Intangible Assets*
- *Income Taxes*

Further detail regarding our critical accounting estimates can be found in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report, and the Consolidated Financial Statements and the Notes included therein. We have determined that no material changes concerning our critical accounting estimates have occurred since December 31, 2020.

## RESULTS OF OPERATIONS

### COMPARISON OF THE THREE MONTHS ENDED MARCH 31, 2021 TO THE THREE MONTHS ENDED MARCH 31, 2020 (IN THOUSANDS):

|                                                              | THREE MONTHS ENDED MARCH 31, |              | DOLLAR<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------------------------------|------------------------------|--------------|------------------|----------------------|
|                                                              | 2021                         | 2020         |                  |                      |
| Revenues                                                     | \$ 1,082,040                 | \$ 1,068,731 | \$ 13,309        | 1.2 %                |
| Operating Expenses                                           | 911,634                      | 931,229      | (19,595)         | (2.1)%               |
| Operating Income                                             | 170,406                      | 137,502      | 32,904           | 23.9 %               |
| Other Expenses, Net                                          | 123,775                      | 72,610       | 51,165           | 70.5 %               |
| Net Income (Loss)                                            | 46,631                       | 64,892       | (18,261)         | (28.1)%              |
| Net Income (Loss) Attributable to Noncontrolling Interests   | 1,028                        | 917          | 111              | 12.1 %               |
| Net Income (Loss) Attributable to Iron Mountain Incorporated | \$ 45,603                    | \$ 63,975    | \$ (18,372)      | (28.7)%              |
| Adjusted EBITDA <sup>(1)</sup>                               | \$ 380,565                   | \$ 365,999   | \$ 14,566        | 4.0 %                |
| Adjusted EBITDA Margin <sup>(1)</sup>                        | 35.2 %                       | 34.2 %       |                  |                      |

<sup>(1)</sup> See "Non-GAAP Measures—Adjusted EBITDA" in this Quarterly Report for the definitions of Adjusted EBITDA and Adjusted EBITDA Margin, reconciliation of Net Income (Loss) to Adjusted EBITDA and a discussion of why we believe these non-GAAP measures provide relevant and useful information to our current and potential investors.

## REVENUES

Consolidated revenues consist of the following (in thousands):

|                | THREE MONTHS ENDED<br>MARCH 31, |              |           | DOLLAR<br>CHANGE | PERCENTAGE CHANGE |                                     |                                  | IMPACT OF<br>ACQUISITIONS |
|----------------|---------------------------------|--------------|-----------|------------------|-------------------|-------------------------------------|----------------------------------|---------------------------|
|                | 2021                            | 2020         |           |                  | ACTUAL            | CONSTANT<br>CURRENCY <sup>(1)</sup> | ORGANIC<br>GROWTH <sup>(2)</sup> |                           |
| Storage Rental | \$ 708,056                      | \$ 683,547   | \$ 24,509 |                  | 3.6 %             | 1.9 %                               | 1.7 %                            | 0.2 %                     |
| Service        | 373,984                         | 385,184      | (11,200)  |                  | (2.9)%            | (4.8)%                              | (4.8)%                           | — %                       |
| Total Revenues | \$ 1,082,040                    | \$ 1,068,731 | \$ 13,309 |                  | 1.2 %             | (0.5)%                              | (0.6)%                           | 0.1 %                     |

<sup>(1)</sup> Constant currency growth rates, which are a non-GAAP measure, are calculated by translating the 2020 results at the 2021 average exchange rates.

<sup>(2)</sup> Our organic revenue growth rate, which is a non-GAAP measure, represents the year-over-year growth rate of our revenues excluding the impact of business acquisitions, divestitures and foreign currency exchange rate fluctuations. Our organic revenue growth rate includes the impact of acquisitions of customer relationships.

## TOTAL REVENUES

For the three months ended March 31, 2021, the increase in reported consolidated revenue was driven by reported storage rental revenue growth, partially offset by declines in reported service revenue. Foreign currency exchange rate fluctuations increased our reported consolidated revenue growth rate for the three months ended March 31, 2021 by 1.7% compared to the prior year period.

## STORAGE RENTAL REVENUES AND SERVICE REVENUES

Primary factors influencing the change in reported consolidated storage rental revenue and reported service revenues for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 include the following:

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>STORAGE RENTAL REVENUES</b> | <ul style="list-style-type: none"> <li>organic storage rental revenue growth driven by increased volume in faster growing markets and revenue management;</li> <li>a 0.5% decrease in global records management volumes (excluding acquisitions, global records management volume decreased 1.0%); and</li> <li>an increase of \$11.6 million due to foreign currency exchange rate fluctuations.</li> </ul>                             |
| <b>SERVICE REVENUES</b>        | <ul style="list-style-type: none"> <li>a decrease in service activity levels as a result of the COVID-19 pandemic, particularly in regions where governments have imposed restrictions on our customers' non-essential business operations;</li> <li>organic service revenue declines reflecting lower service activity levels; and</li> <li>an increase of \$7.6 million due to foreign currency exchange rate fluctuations.</li> </ul> |

## OPERATING EXPENSES

### COST OF SALES

Consolidated Cost of sales (excluding depreciation and amortization) consists of the following expenses (in thousands):

|                                 | THREE MONTHS<br>ENDED MARCH 31, |            | DOLLAR<br>CHANGE | PERCENTAGE<br>CHANGE |                      | % OF<br>CONSOLIDATED<br>REVENUES |        | PERCENTAGE<br>CHANGE<br>(FAVORABLE)/<br>UNFAVORABLE |
|---------------------------------|---------------------------------|------------|------------------|----------------------|----------------------|----------------------------------|--------|-----------------------------------------------------|
|                                 | 2021                            | 2020       |                  | ACTUAL               | CONSTANT<br>CURRENCY | 2021                             | 2020   |                                                     |
| Labor                           | \$ 189,396                      | \$ 203,846 | \$ (14,450)      | (7.1)%               | (8.6)%               | 17.5 %                           | 19.1 % | (1.6)%                                              |
| Facilities                      | 194,963                         | 184,532    | 10,431           | 5.7 %                | 3.7 %                | 18.0 %                           | 17.3 % | 0.7 %                                               |
| Transportation                  | 30,843                          | 38,938     | (8,095)          | (20.8)%              | (22.8)%              | 2.9 %                            | 3.6 %  | (0.7)%                                              |
| Product Cost of Sales and Other | 36,707                          | 39,605     | (2,898)          | (7.3)%               | (9.3)%               | 3.4 %                            | 3.7 %  | (0.3)%                                              |
| Total Cost of sales             | \$ 451,909                      | \$ 466,921 | \$ (15,012)      | (3.2)%               | (5.0)%               | 41.8 %                           | 43.7 % | (1.9)%                                              |

Primary factors influencing the change in reported consolidated Cost of sales for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 include the following:

- a decrease in labor costs driven by cost containment actions taken in response to lower service activity levels due to the COVID-19 pandemic and benefits from Project Summit;
- an increase in facilities expenses driven by increases in rent expense, reflecting the impact from our recent sale-leaseback activity during the second half of 2020 (which we expect to continue in 2021 as we continue to look for future opportunities to monetize a small portion of our owned industrial real estate assets as part of our ongoing capital recycling program);
- a decrease in transportation costs, primarily driven by lower vehicle maintenance and insurance, fuel costs and third-party carrier costs, reflecting cost containment actions taken in response to lower service activity levels; and
- an increase of \$8.9 million due to foreign currency exchange rate fluctuations.

### SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Consolidated Selling, general and administrative expenses consists of the following expenses (in thousands):

|                                                    | THREE MONTHS<br>ENDED MARCH 31, |            | DOLLAR<br>CHANGE | PERCENTAGE<br>CHANGE |                      | % OF<br>CONSOLIDATED<br>REVENUES |        | PERCENTAGE<br>CHANGE<br>(FAVORABLE)/<br>UNFAVORABLE |
|----------------------------------------------------|---------------------------------|------------|------------------|----------------------|----------------------|----------------------------------|--------|-----------------------------------------------------|
|                                                    | 2021                            | 2020       |                  | ACTUAL               | CONSTANT<br>CURRENCY | 2021                             | 2020   |                                                     |
| General and Administrative                         | \$ 137,066                      | \$ 129,198 | \$ 7,868         | 6.1 %                | 4.4 %                | 12.7 %                           | 12.1 % | 0.6 %                                               |
| Sales, Marketing and Account Management            | 69,730                          | 59,459     | 10,271           | 17.3 %               | 15.2 %               | 6.4 %                            | 5.6 %  | 0.8 %                                               |
| Information Technology                             | 42,077                          | 43,879     | (1,802)          | (4.1)%               | (5.2)%               | 3.9 %                            | 4.1 %  | (0.2)%                                              |
| Bad Debt Expense                                   | 9,850                           | 6,197      | 3,653            | 58.9 %               | 58.2 %               | 0.9 %                            | 0.6 %  | 0.3 %                                               |
| Total Selling, general and administrative expenses | \$ 258,723                      | \$ 238,733 | \$ 19,990        | 8.4 %                | 6.8 %                | 23.9 %                           | 22.3 % | 1.6 %                                               |

Primary factors influencing the change in reported consolidated Selling, general and administrative expenses for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 include the following:

- an increase in general and administrative expenses, driven by higher stock based compensation and bonus compensation accruals, partially offset by other employee related costs, reflecting ongoing cost containment measures and benefits from Project Summit;
- an increase in sales, marketing and account management expenses, driven by higher compensation expense, primarily reflecting increased sales commissions, as well as increased marketing costs;
- higher bad debt expense, primarily driven by increased collectability risk resulting from the COVID-19 pandemic; and
- foreign currency exchange rate fluctuations increased reported consolidated Selling, general and administrative expenses by \$3.6 million.

## DEPRECIATION AND AMORTIZATION

Depreciation expense increased by \$0.8 million, or 0.7%, for the three months ended March 31, 2021 compared to the prior year period. See Note 2.h. to Notes to Consolidated Financial Statements included in our Annual Report for additional information regarding the useful lives over which our property, plant and equipment is depreciated.

Amortization expense increased by \$2.3 million, or 4.7%, for the three months ended March 31, 2021 compared to the prior year period.

## RESTRUCTURING CHARGES

Restructuring Charges for the three months ended March 31, 2021 and 2020 were approximately \$39.8 million and \$41.0 million, respectively, and primarily consist of employee severance costs and professional fees associated with Project Summit.

## OTHER EXPENSES, NET

### INTEREST EXPENSE, NET

Consolidated interest expense, net decreased by \$1.2 million, to \$104.4 million in the three months ended March 31, 2021 from \$105.6 million in the prior year period. See Note 4 to Notes to Condensed Consolidated Financial Statements included in this Quarterly Report for additional information regarding our indebtedness.

### OTHER EXPENSE (INCOME), NET

Consolidated other expense (income), net consists of the following (in thousands):

| DESCRIPTION                                      | THREE MONTHS ENDED<br>MARCH 31, |             | DOLLAR<br>CHANGE |
|--------------------------------------------------|---------------------------------|-------------|------------------|
|                                                  | 2021                            | 2020        |                  |
| Foreign currency transaction losses (gains), net | \$ 2,314                        | \$ (37,399) | \$ 39,713        |
| Other, net                                       | 2,399                           | (5,327)     | 7,726            |
| Other Expense (Income), Net                      | \$ 4,713                        | \$ (42,726) | \$ 47,439        |

## PROVISION FOR INCOME TAXES

We provide for income taxes during interim periods based on our estimate of the effective tax rate for the year.

Our effective tax rates for the three months ended March 31, 2021 and 2020 are as follows:

|                    | THREE MONTHS ENDED<br>MARCH 31, |                     |
|--------------------|---------------------------------|---------------------|
|                    | 2021 <sup>(1)</sup>             | 2020 <sup>(2)</sup> |
| Effective Tax Rate | 23.9 %                          | 13.0 %              |

<sup>(1)</sup> The primary reconciling items between the federal statutory tax rate of 21.0% and our overall effective tax rate for the three months ended March 31, 2021 were the benefits derived from the dividends paid deduction and the impacts of differences in the tax rates at which our foreign earnings are subject.

<sup>(2)</sup> The primary reconciling items between the federal statutory tax rate of 21.0% and our overall effective tax rate for the three months ended March 31, 2020 were the benefits derived from the dividends paid deduction and foreign exchange losses in different jurisdictions with different tax rates as well as the impacts of differences in the tax rates at which our foreign earnings are subject.

## NET INCOME (LOSS) AND ADJUSTED EBITDA

The following table reflects the effect of the foregoing factors on our consolidated Net Income (Loss) and Adjusted EBITDA (in thousands):

|                                                           | THREE MONTHS ENDED MARCH 31, |            | DOLLAR<br>CHANGE | PERCENTAGE<br>CHANGE |
|-----------------------------------------------------------|------------------------------|------------|------------------|----------------------|
|                                                           | 2021                         | 2020       |                  |                      |
| Net Income (Loss)                                         | \$ 46,631                    | \$ 64,892  | \$ (18,261)      | (28.1)%              |
| Net Income (Loss) as a percentage of Consolidated Revenue | 4.3 %                        | 6.1 %      |                  |                      |
| Adjusted EBITDA                                           | \$ 380,565                   | \$ 365,999 | \$ 14,566        | 4.0 %                |
| Adjusted EBITDA Margin                                    | 35.2 %                       | 34.2 %     |                  |                      |

Consolidated Adjusted EBITDA Margin for the three months ended March 31, 2021 increased by 100 basis points compared to the same prior year period, reflecting benefits from Project Summit, revenue management, favorable revenue mix and ongoing cost containment measures, partially offset by fixed cost deleverage on lower service revenue and higher bonus compensation accruals and sales commissions.

↑ **INCREASED BY \$14.6 MILLION  
OR 4.0%**  
Consolidated Adjusted EBITDA

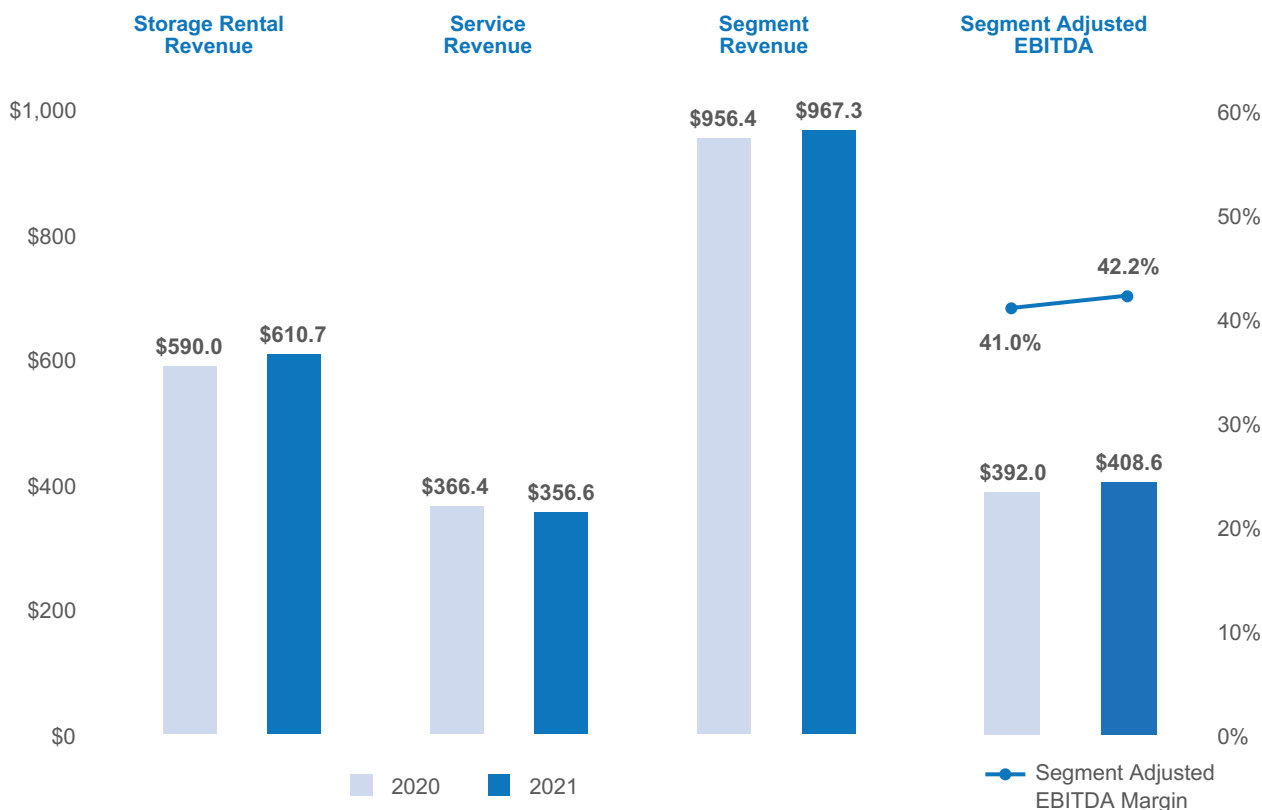
## SEGMENT ANALYSIS

See Note 9 to Notes to Consolidated Financial Statements included in our Annual Report for a description of our reportable operating segments.

### GLOBAL RIM BUSINESS (IN THOUSANDS)

|                                   | THREE MONTHS ENDED<br>MARCH 31, |            | DOLLAR<br>CHANGE | PERCENTAGE CHANGE |                      |                   |                           |
|-----------------------------------|---------------------------------|------------|------------------|-------------------|----------------------|-------------------|---------------------------|
|                                   | 2021                            | 2020       |                  | ACTUAL            | CONSTANT<br>CURRENCY | ORGANIC<br>GROWTH | IMPACT OF<br>ACQUISITIONS |
| Storage Rental                    | \$ 610,694                      | \$ 590,013 | \$ 20,681        | 3.5 %             | 1.7 %                | 1.6 %             | 0.1 %                     |
| Service                           | 356,600                         | 366,406    | (9,806)          | (2.7)%            | (4.5)%               | (4.6)%            | 0.1 %                     |
| Segment Revenue                   | \$ 967,294                      | \$ 956,419 | \$ 10,875        | 1.1 %             | (0.7)%               | (0.8)%            | 0.1 %                     |
| Segment Adjusted EBITDA           | \$ 408,562                      | \$ 391,972 | \$ 16,590        |                   |                      |                   |                           |
| Segment Adjusted EBITDA<br>Margin | 42.2 %                          | 41.0 %     |                  |                   |                      |                   |                           |

### YEAR OVER YEAR SEGMENT ANALYSIS: GLOBAL RIM BUSINESS (IN MILLIONS)



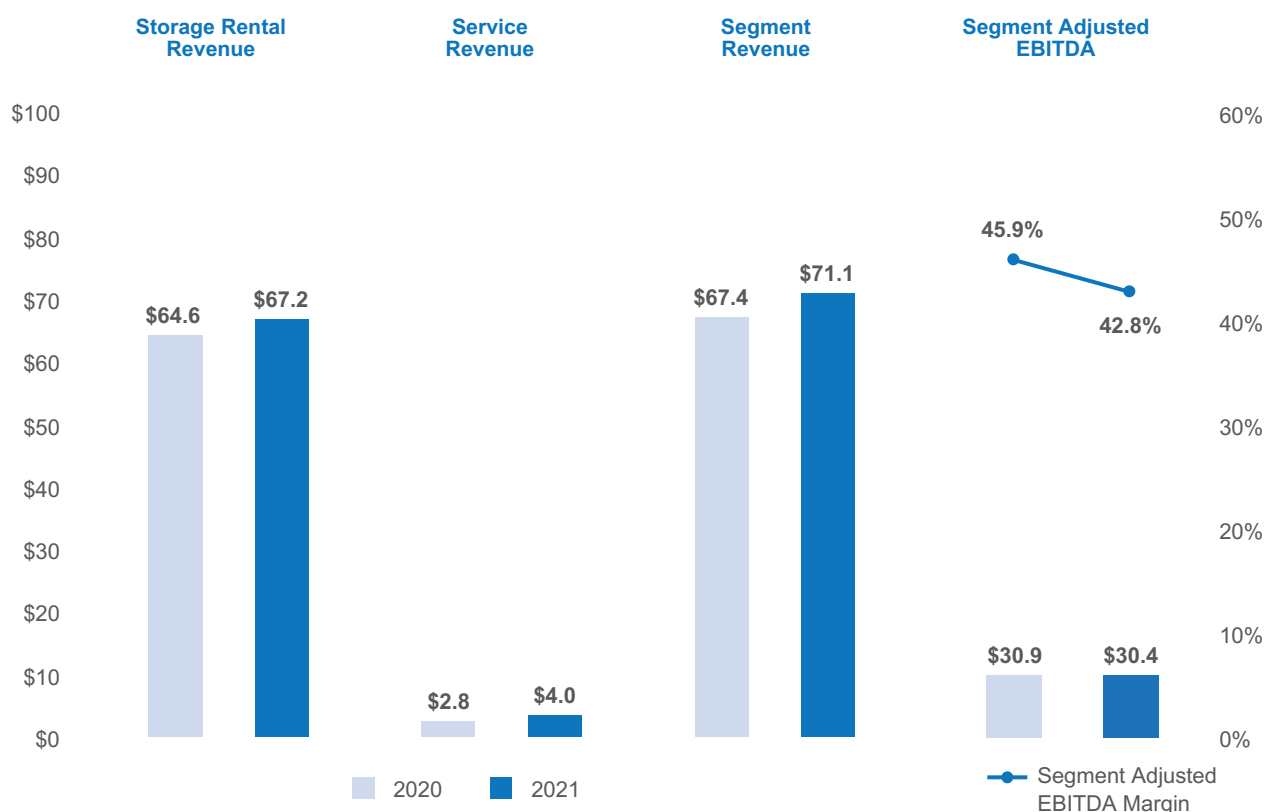
Primary factors influencing the change in revenue and Adjusted EBITDA Margin in our Global RIM Business segment for the three months ended March 31, 2021 compared to the prior year period include the following:

- organic storage rental revenue growth driven by revenue management;
- a decline in organic service revenue mainly driven by reduced service activity levels, primarily related to the COVID-19 pandemic;
- an increase in revenue of \$17.5 million due to foreign currency exchange rate fluctuations;
- a 0.5% decrease in global records management net volume (excluding acquisitions, global records management net volume decreased 1.0%); and
- a 120 basis point increase in Adjusted EBITDA Margin primarily driven by benefits from Project Summit, revenue management, favorable revenue mix and ongoing cost containment measures, partially offset by fixed cost deleverage on lower service revenue and higher bonus compensation accruals and sales commissions.

## GLOBAL DATA CENTER BUSINESS (IN THOUSANDS)

|                                   | THREE MONTHS ENDED<br>MARCH 31, |           |          | DOLLAR<br>CHANGE | PERCENTAGE CHANGE |                      |                   |                           |
|-----------------------------------|---------------------------------|-----------|----------|------------------|-------------------|----------------------|-------------------|---------------------------|
|                                   | 2021                            | 2020      |          |                  | ACTUAL            | CONSTANT<br>CURRENCY | ORGANIC<br>GROWTH | IMPACT OF<br>ACQUISITIONS |
| Storage Rental                    | \$ 67,157                       | \$ 64,595 | \$ 2,562 |                  | 4.0 %             | 2.5 %                | 2.5 %             | — %                       |
| Service                           | 3,951                           | 2,762     | 1,189    |                  | 43.0 %            | 40.1 %               | 40.1 %            | — %                       |
| Segment Revenue                   | \$ 71,108                       | \$ 67,357 | \$ 3,751 |                  | 5.6 %             | 4.0 %                | 4.0 %             | — %                       |
| Segment Adjusted EBITDA           | \$ 30,432                       | \$ 30,895 | \$ (463) |                  |                   |                      |                   |                           |
| Segment Adjusted EBITDA<br>Margin | 42.8 %                          | 45.9 %    |          |                  |                   |                      |                   |                           |

## YEAR OVER YEAR SEGMENT ANALYSIS: GLOBAL DATA CENTER BUSINESS (IN MILLIONS)



The primary factor influencing the change in revenue in our Global Data Center Business segment for the three months ended March 31, 2021 compared to the prior year period was:

- organic total revenue growth from leases signed in prior periods and service revenue growth partially offset by churn of 230 basis points.

Adjusted EBITDA remained consistent with the prior year period.

## CORPORATE AND OTHER BUSINESS (IN THOUSANDS)

|                                                                       | THREE MONTHS ENDED<br>MARCH 31, |             | DOLLAR<br>CHANGE | PERCENTAGE CHANGE |                      |                   |                           |
|-----------------------------------------------------------------------|---------------------------------|-------------|------------------|-------------------|----------------------|-------------------|---------------------------|
|                                                                       | 2021                            | 2020        |                  | ACTUAL            | CONSTANT<br>CURRENCY | ORGANIC<br>GROWTH | IMPACT OF<br>ACQUISITIONS |
| Storage Rental                                                        | \$ 30,205                       | \$ 28,939   | \$ 1,266         | 4.4 %             | 3.4 %                | 3.4 %             | — %                       |
| Service                                                               | 13,433                          | 16,016      | (2,583)          | (16.1)%           | (18.3)%              | (18.3)%           | — %                       |
| Segment Revenue                                                       | \$ 43,638                       | \$ 44,955   | \$ (1,317)       | (2.9)%            | (4.4)%               | (4.4)%            | — %                       |
| Segment Adjusted EBITDA                                               | \$ (58,429)                     | \$ (56,868) | \$ (1,561)       |                   |                      |                   |                           |
| Segment Adjusted EBITDA as<br>a percentage of Consolidated<br>Revenue | (5.4)%                          | (5.3)%      |                  |                   |                      |                   |                           |

Primary factors influencing the change in revenue and Adjusted EBITDA in our Corporate and Other Business segment for the three months ended March 31, 2021 compared to the prior year period include the following:

- a decline in organic service revenue due to lower service activity levels in our Fine Arts business, primarily related to the COVID-19 pandemic; and
- a decrease in Adjusted EBITDA driven by the impact of lower service activity levels in our Fine Arts business, increased information technology expenses, higher wages due to normal inflation and higher corporate bonus compensation accruals, partially offset by benefits from Project Summit and ongoing cost containment measures.

# LIQUIDITY AND CAPITAL RESOURCES

## GENERAL

We expect to meet our short-term and long-term cash flow requirements through cash generated from operations, cash on hand, borrowings under our Credit Agreement (as defined below) and proceeds from monetizing a small portion of our total industrial real estate assets in the future, as well as other potential financings (such as the issuance of debt or equity). Our cash flow requirements, both in the near and long term, include, but are not limited to, capital expenditures, the repayment of outstanding debt, shareholder dividends, Project Summit initiatives, potential and pending business acquisitions and investments and normal business operation needs.

## PROJECT SUMMIT

As disclosed above, in October 2019, we announced Project Summit. We estimate that the implementation of Project Summit will result in total Restructuring Charges of \$450.0 million. From the inception of Project Summit through March 31, 2021, we have incurred approximately \$283.0 million of Restructuring Charges related to Project Summit, primarily related to employee severance costs, internal costs associated with the development and implementation of Project Summit initiatives and professional fees. From the inception of Project Summit through March 31, 2021, we have also incurred \$14.2 million of capital expenditures.

## CASH FLOWS

The following is a summary of our cash balances and cash flows (in thousands) as of and for the three months ended March 31,

|                                                                     | 2021      | 2020       |
|---------------------------------------------------------------------|-----------|------------|
| Cash Flows from Operating Activities                                | \$ 68,829 | \$ 125,415 |
| Cash Flows from Investing Activities                                | (158,630) | (231,171)  |
| Cash Flows from Financing Activities                                | 29,490    | 73,758     |
| Cash and Cash Equivalents, including Restricted Cash, End of Period | 138,944   | 152,684    |

### A. CASH FLOWS FROM OPERATING ACTIVITIES

For the three months ended March 31, 2021, net cash flows provided by operating activities decreased by \$56.6 million compared to the prior year period, primarily due to a decrease in cash from working capital of \$66.5 million, primarily related to the timing of accounts payable and accrued expenses and collections of accounts receivable partially offset by an increase in net income (including non-cash charges) of \$9.9 million.

### B. CASH FLOWS FROM INVESTING ACTIVITIES

Our significant investing activity during the three months ended March 31, 2021 is highlighted below:

- We paid cash for capital expenditures of \$145.5 million. Additional details of our capital spending are included in the "Capital Expenditures" section below.

### C. CASH FLOWS FROM FINANCING ACTIVITIES

Our significant financing activities during the three months ended March 31, 2021 included:

- Net proceeds of \$210.7 million primarily associated with borrowings under the Accounts Receivable Securitization Program and Revolving Credit Facility.
- Payment of dividends in the amount of \$181.0 million on our common stock.

## CAPITAL EXPENDITURES

During 2020, a portion of what was previously categorized as Non-Real Estate Growth Capital Expenditures was recategorized as Real Estate Growth Capital Expenditures and the remaining portion was recategorized as Recurring Capital Expenditures. In addition, capital expenditures associated with restructuring (including Project Summit) and integration of acquisitions, which was previously categorized as recurring capital expenditures, have been recategorized as Innovation and Other. We have reclassified the categorization of our prior year capital expenditures to conform with our current presentation.

The following table presents our capital spend for the three months ended March 31, 2021 and 2020, organized by the type of the spending as described in our Annual Report (in thousands):

| NATURE OF CAPITAL SPEND                                 | THREE MONTHS ENDED<br>MARCH 31, |           |
|---------------------------------------------------------|---------------------------------|-----------|
|                                                         | 2021                            | 2020      |
| Growth Investment Capital Expenditures:                 |                                 |           |
| Data Center                                             | \$ 58,891                       | \$ 36,952 |
| Real Estate                                             | 19,717                          | 17,430    |
| Innovation and Other                                    | 6,250                           | 100       |
| Total Growth Investment Capital Expenditures            | 84,858                          | 54,482    |
| Recurring Capital Expenditures:                         |                                 |           |
| Real Estate                                             | 13,225                          | 7,435     |
| Non-Real Estate                                         | 14,266                          | 10,859    |
| Data Center                                             | 1,092                           | 1,449     |
| Total Recurring Capital Expenditures                    | 28,583                          | 19,743    |
| Total Capital Spend (on accrual basis)                  | 113,441                         | 74,225    |
| Net increase (decrease) in prepaid capital expenditures | 49                              | 1,335     |
| Net decrease (increase) in accrued capital expenditures | 32,038                          | 21,584    |
| Total Capital Spend (on cash basis)                     | \$ 145,528                      | \$ 97,144 |

Excluding capital expenditures associated with potential future acquisitions, we expect total capital expenditures of approximately \$550.0 million for the year ending December 31, 2021. Of this, we expect our capital expenditures for growth investment to be approximately \$410.0 million, and our recurring capital expenditures to be approximately \$140.0 million. Our capital expenditures for growth investment includes Global Data Center Business development spend of approximately \$300.0 million.

## DIVIDENDS

See Note 6 to Notes to Condensed Consolidated Financial Statements included in this Quarterly Report for a listing of dividends that we declared during the first three months of 2021 and fiscal year 2020.

On May 6, 2021, we declared a dividend to our stockholders of record as of June 15, 2021 of \$0.6185 per share, payable on July 6, 2021.

## FINANCIAL INSTRUMENTS AND DEBT

Financial instruments that potentially subject us to credit risk consist principally of cash and cash equivalents (including money market funds and time deposits) and accounts receivable. The only significant concentration of liquid investments as of March 31, 2021 is related to cash and cash equivalents. See Note 2.f. to Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report for information on our money market funds and time deposits.

Long-term debt as of March 31, 2021 is as follows (in thousands):

|                                                                                                                             | MARCH 31, 2021                     |                                               |                    |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------|--------------------|
|                                                                                                                             | DEBT<br>(INCLUSIVE OF<br>DISCOUNT) | UNAMORTIZED<br>DEFERRED<br>FINANCING<br>COSTS | CARRYING<br>AMOUNT |
| Revolving Credit Facility                                                                                                   | \$ 60,000                          | \$ (7,758)                                    | \$ 52,242          |
| Term Loan A                                                                                                                 | 212,500                            | —                                             | 212,500            |
| Term Loan B                                                                                                                 | 677,927                            | (5,932)                                       | 671,995            |
| Australian Dollar Term Loan                                                                                                 | 238,433                            | (1,374)                                       | 237,059            |
| UK Bilateral Revolving Credit Facility                                                                                      | 192,732                            | (1,147)                                       | 191,585            |
| 3 <sup>7</sup> / <sub>8</sub> % GBP Senior Notes due 2025 (the "GBP Notes")                                                 | 550,662                            | (4,765)                                       | 545,897            |
| 4 <sup>7</sup> / <sub>8</sub> % Senior Notes due 2027 (the "4 <sup>7</sup> / <sub>8</sub> % Notes due 2027") <sup>(1)</sup> | 1,000,000                          | (9,243)                                       | 990,757            |
| 5 <sup>1</sup> / <sub>4</sub> % Senior Notes due 2028 (the "5 <sup>1</sup> / <sub>4</sub> % Notes due 2028") <sup>(1)</sup> | 825,000                            | (8,266)                                       | 816,734            |
| 5% Senior Notes due 2028 (the "5% Notes") <sup>(1)</sup>                                                                    | 500,000                            | (5,306)                                       | 494,694            |
| 4 <sup>7</sup> / <sub>8</sub> % Senior Notes due 2029 (the "4 <sup>7</sup> / <sub>8</sub> % Notes due 2029") <sup>(1)</sup> | 1,000,000                          | (12,296)                                      | 987,704            |
| 5 <sup>1</sup> / <sub>4</sub> % Senior Notes due 2030 (the "5 <sup>1</sup> / <sub>4</sub> % Notes due 2030") <sup>(1)</sup> | 1,300,000                          | (14,040)                                      | 1,285,960          |
| 4 <sup>1</sup> / <sub>2</sub> % Senior Notes due 2031 (the "4 <sup>1</sup> / <sub>2</sub> % Notes") <sup>(1)</sup>          | 1,100,000                          | (12,337)                                      | 1,087,663          |
| 5 <sup>5</sup> / <sub>8</sub> % Senior Notes due 2032 (the "5 <sup>5</sup> / <sub>8</sub> % Notes") <sup>(1)</sup>          | 600,000                            | (6,582)                                       | 593,418            |
| Real Estate Mortgages, Financing Lease Liabilities and Other                                                                | 492,256                            | (1,003)                                       | 491,253            |
| Accounts Receivable Securitization Program                                                                                  | 257,000                            | (135)                                         | 256,865            |
| Total Long-term Debt                                                                                                        | 9,006,510                          | (90,184)                                      | 8,916,326          |
| Less Current Portion                                                                                                        | (363,911)                          | —                                             | (363,911)          |
| Long-term Debt, Net of Current Portion                                                                                      | \$ 8,642,599                       | \$ (90,184)                                   | \$ 8,552,415       |

<sup>(1)</sup> Collectively, the "Parent Notes".

See Note 6 to Notes to Consolidated Financial Statements included in our Annual Report and Note 4 to Notes to Condensed Consolidated Financial Statements included in this Quarterly Report for additional information regarding our long-term debt.

## LETTERS OF CREDIT

As of March 31, 2021, we had outstanding letters of credit totaling \$38.2 million, of which \$3.2 million reduce our borrowing capacity under the Revolving Credit Facility. The letters of credit expire at various dates between June 2021 and March 2025.

## DEBT COVENANTS

The Credit Agreement (as defined in Note 4 to Notes of Condensed Consolidated Financial Statements included in this Quarterly Report), our bond indentures and other agreements governing our indebtedness contain certain restrictive financial and operating covenants, including covenants that restrict our ability to complete acquisitions, pay cash dividends, incur indebtedness, make investments, sell assets and take certain other corporate actions. The covenants do not contain a rating trigger. Therefore, a change in our debt rating would not trigger a default under the Credit Agreement, our bond indentures or other agreements governing our indebtedness. The Credit Agreement requires that we satisfy a fixed charge coverage ratio, a net total lease adjusted leverage ratio and a net secured debt lease adjusted leverage ratio on a quarterly basis and our bond indentures require that, among other things, we satisfy a leverage ratio (not lease adjusted) or a fixed charge coverage ratio (not lease adjusted), as a condition to taking actions such as paying dividends and incurring indebtedness.

The Credit Agreement uses EBITDAR-based calculations and the bond indentures use EBITDA-based calculations as the primary measures of financial performance for purposes of calculating leverage and fixed charge coverage ratios. The bond indenture EBITDA-based calculations include our consolidated subsidiaries, other than those we have designated as “Unrestricted Subsidiaries” as defined in the bond indentures. Generally, the Credit Agreement and the bond indentures use a trailing four fiscal quarter basis for purposes of the relevant calculations and require certain adjustments and exclusions for purposes of those calculations which make the calculation of financial performance for purposes of those calculations under the Credit Agreement and bond indentures not directly comparable to Adjusted EBITDA as presented herein. These adjustments can be significant. For example, the calculation of financial performance under the Credit Agreement and certain of our bond indentures (subject to specified exceptions and caps) adjustments for non-cash charges and for expected benefits associated with (i) completed acquisitions, (ii) certain executed lease agreements associated with our data center business that have yet to commence, and (iii) restructuring and other strategic initiatives, such as Project Summit. The calculation of financial performance under our other bond indentures includes, for example, adjustments (i) for non-cash charges and for expected benefits associated with completed acquisitions, and (ii) to exclude the effects of events that are extraordinary, unusual or non-recurring, such as the COVID-19 pandemic.

Our leverage and fixed charge coverage ratios under the Credit Agreement and our indentures as of March 31, 2021 are as follows:

|                                                       | MARCH 31, 2021 | MAXIMUM/MINIMUM ALLOWABLE               |
|-------------------------------------------------------|----------------|-----------------------------------------|
| Net total lease adjusted leverage ratio               | 5.5            | Maximum allowable of 6.5                |
| Net secured debt lease adjusted leverage ratio        | 2.0            | Maximum allowable of 4.0                |
| Fixed charge coverage ratio                           | 2.3            | Minimum allowable of 1.5                |
| Bond leverage ratio (not lease adjusted)              | 5.9            | Maximum allowable of 7.0 <sup>(1)</sup> |
| Bond fixed charge coverage ratio (not lease adjusted) | 3.2            | Minimum allowable of 2.0 <sup>(1)</sup> |

<sup>(1)</sup> The indentures for the GBP Notes, the 4<sup>7</sup>/<sub>8</sub>% Notes due 2027, the 5<sup>1</sup>/<sub>4</sub>% Notes due 2028 and the 4<sup>7</sup>/<sub>8</sub>% Notes due 2029 include a maximum leverage ratio covenant. The indentures for the 5% Notes, the 5<sup>1</sup>/<sub>4</sub>% Notes due 2030, the 4<sup>1</sup>/<sub>2</sub>% Notes and the 5<sup>5</sup>/<sub>8</sub>% Notes do not include a maximum leverage ratio covenant; the indentures for these notes instead require us to maintain a minimum fixed charge coverage ratio. In certain instances as provided in our indentures, we have the ability to incur additional indebtedness that would result in our bond leverage ratio or bond fixed charge coverage ratio exceeding or falling below the maximum or minimum permitted ratio under our indentures and still remain in compliance with the applicable covenant.

Noncompliance with these leverage and fixed charge coverage ratios would have a material adverse effect on our financial condition and liquidity.

Our ability to pay interest on or to refinance our indebtedness depends on our future performance, working capital levels and capital structure, which are subject to general economic, financial, competitive, legislative, regulatory and other factors which may be beyond our control. There can be no assurance that we will generate sufficient cash flow from our operations or that future financings will be available on acceptable terms or in amounts sufficient to enable us to service or refinance our indebtedness or to make necessary capital expenditures.

## DERIVATIVE INSTRUMENTS

### A. INTEREST RATE SWAP AGREEMENTS

In March 2018, we entered into interest rate swap agreements to limit our exposure to changes in interest rates on a portion of our floating rate indebtedness. As of March 31, 2021, we had \$350.0 million in notional value of interest rate swap agreements outstanding, which expire in March 2022. Under the interest rate swap agreements, we receive variable rate interest payments associated with the notional amount of each interest rate swap, based upon one-month LIBOR, in exchange for the payment of fixed interest rates as specified in the interest rate swap agreements.

In July 2019, we entered into forward-starting interest rate swap agreements to limit our exposure to changes in interest rates on a portion of our floating rate indebtedness once our current interest rate swap agreements expire in March 2022. The forward-starting interest rate swap agreements have \$350.0 million in notional value, commence in March 2022 and expire in March 2024. Under the swap agreements, we will receive variable rate interest payments based upon one-month LIBOR, in exchange for the payment of fixed interest rates as specified in the interest rate swap agreements.

We have designated these interest rate swap agreements, including the forward-starting interest rate swap agreements, as cash flow hedges.

### B. CROSS-CURRENCY SWAP AGREEMENTS

We enter into cross-currency swap agreements to hedge the variability of exchange rate impacts between the United States dollar and the Euro. The cross-currency swap agreements are designated as a hedge of net investment against certain of our Euro denominated subsidiaries and require an exchange of the notional amounts at maturity.

In August 2019, we entered into cross-currency swap agreements whereby we notionally exchanged approximately \$110.0 million at an interest rate of 6.0% for approximately 99.1 million Euros at a weighted average interest rate of approximately 3.65%. These cross-currency swap agreements expire in August 2023.

In September 2020, we entered into cross-currency swap agreements whereby we notionally exchanged approximately \$359.2 million at an interest rate of 4.5% for approximately 300.0 million Euros at a weighted average interest rate of approximately 3.4%. These cross-currency swap agreements expire in February 2026.

See Note 3 to Notes to Condensed Consolidated Financial Statements included in this Quarterly Report for additional information on our derivative instruments.

## EQUITY FINANCING

In 2017, we entered into a distribution agreement pursuant to which we may sell, from time to time, up to an aggregate sales price of \$500.0 million of our common stock through the agents under the agreement (the "At The Market (ATM) Equity Program"). During the three months ended March 31, 2021, there were no shares of common stock sold under the At The Market (ATM) Equity Program. As of March 31, 2021, the remaining aggregate sale price of shares of our common stock available for distribution under the At The Market (ATM) Equity Program was approximately \$431.2 million.

## JOINT VENTURES

See Note 2.e. to Notes to Condensed Consolidated Financial Statements included in this Quarterly Report for information regarding our 2021 joint ventures.

### A. MAKESPACE JOINT VENTURE

During the first quarter of 2021, we made a capital contribution of \$6.5 million to our joint venture with MakeSpace Labs, Inc. (the "MakeSpace JV"). Our equity interest in the MakeSpace JV at March 31, 2021 and December 31, 2020 was 42% and 39%, respectively.

### B. WEB WERKS JOINT VENTURE

In April 2021, we closed on an agreement to form a joint venture (the "Web Werks JV") with the shareholders of Web Werks India Private Limited ("Web Werks"), a colocation data center provider in India. In connection with the formation of the Web Werks JV, we made an initial investment of approximately 3,750.0 million Indian rupees (or approximately \$50.1 million, based upon the exchange rate between the United States dollar and Indian rupee as of the closing date of the initial investment) in exchange for a noncontrolling interest in the form of convertible preference shares in the Web Werks JV (the "Initial Web Werks JV Investment"). These shares are convertible into a to-be-determined amount of common shares based upon the achievement of EBITDA targets for the Web Werks JV's fiscal year ending March 31, 2022. We currently estimate our noncontrolling interest to be 39%.

Under the terms of the Web Werks JV shareholders agreement, we are required to make additional investments over the next two years, if certain conditions are met, totaling approximately 7,500.0 million Indian rupees (or approximately \$100.0 million, based upon the current exchange rate between the United States dollar and Indian rupee), and, over time, we expect to acquire a majority interest in the Web Werks JV.

## ITEM 4. CONTROLS AND PROCEDURES

### DISCLOSURE CONTROLS AND PROCEDURES

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These rules refer to the controls and other procedures of a company that are designed to ensure that information is recorded, processed, accumulated, summarized, communicated and reported to management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding what is required to be disclosed by a company in the reports that it files under the Exchange Act. As of March 31, 2021 (the "Evaluation Date"), we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our chief executive officer and chief financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective.

### CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management, with the participation of our principal executive officer and principal financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system is designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements.

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

# Part II

**ITEM 2.** UNREGISTERED SALES OF EQUITY SECURITIES AND  
USE OF PROCEEDS

**ITEM 6.** EXHIBITS

## PART II. OTHER INFORMATION

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We did not sell any unregistered equity securities during the three months ended March 31, 2021, nor did we repurchase any shares of our common stock during the three months ended March 31, 2021.

# ITEM 6. EXHIBITS

## (A) EXHIBITS

Certain exhibits indicated below are incorporated by reference to documents we have filed with the SEC.

| EXHIBIT NO. | DESCRIPTION                                                                                                                                                     |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31.1        | <a href="#">Rule 13a-14(a) Certification of Chief Executive Officer.</a> (Filed herewith.)                                                                      |
| 31.2        | <a href="#">Rule 13a-14(a) Certification of Chief Financial Officer.</a> (Filed herewith.)                                                                      |
| 32.1        | <a href="#">Section 1350 Certification of Chief Executive Officer.</a> (Furnished herewith.)                                                                    |
| 32.2        | <a href="#">Section 1350 Certification of Chief Financial Officer.</a> (Furnished herewith.)                                                                    |
| 101.INS     | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH     | Inline XBRL Taxonomy Extension Schema Document.                                                                                                                 |
| 101.CAL     | Inline XBRL Taxonomy Extension Calculation Linkbase Document.                                                                                                   |
| 101.DEF     | Inline XBRL Taxonomy Extension Definition Linkbase Document.                                                                                                    |
| 101.LAB     | Inline XBRL Taxonomy Label Linkbase Document.                                                                                                                   |
| 101.PRE     | Inline XBRL Taxonomy Extension Presentation Linkbase Document.                                                                                                  |

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By: /s/ DANIEL BORGES

Daniel Borges  
Senior Vice President, Chief Accounting Officer

Dated: May 6, 2021

## CERTIFICATIONS

I, William L. Meaney, certify that:

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

Date: May 6, 2021

/s/ WILLIAM L. MEANEY

William L. Meaney

*President and Chief Executive Officer*

## CERTIFICATIONS

I, Barry A. Hytinen, certify that:

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

Date: May 6, 2021

/s/ BARRY A. HYTINEN

Barry A. Hytinen

*Executive Vice President and Chief Financial Officer*

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350, as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the filing of the quarterly report on Form 10-Q for the quarter ended March 31, 2021 (the "Report") by Iron Mountain Incorporated (the "Company"), the undersigned, as the President and Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2021

/s/ WILLIAM L. MEANEY

\_\_\_\_\_  
William L. Meaney

*President and Chief Executive Officer*

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350, as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the filing of the quarterly report on Form 10-Q for the quarter ended March 31, 2021 (the "Report") by Iron Mountain Incorporated (the "Company"), the undersigned, as the Executive Vice President and Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2021

/s/ BARRY A. HYTINEN

---

Barry A. Hytinen

*Executive Vice President and Chief Financial Officer*