

TOROMONT INDUSTRIES LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(\$ thousands)	Note	September 30 2020	December 31 2019	September 30 2019
Assets				
Current assets				
Cash		\$ 471,022	\$ 365,589	225,717
Accounts receivable		512,472	525,052	513,927
Inventories		849,230	912,186	1,069,758
Income taxes recoverable		31,981	9,364	-
Other current assets		14,321	12,063	13,336
Total current assets		1,879,026	1,824,254	1,822,738
Property, plant and equipment	2	427,554	428,527	428,036
Rental equipment	2	559,010	592,403	616,117
Other assets		35,575	42,105	43,638
Deferred tax assets		1,246	1,217	1,516
Goodwill and intangible assets		480,246	482,831	483,701
Total assets		\$ 3,382,657	\$ 3,371,337	\$ 3,395,746
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		\$ 700,042	\$ 819,946	\$ 933,593
Provisions		25,710	23,680	22,543
Deferred revenues and contract liabilities		141,761	140,898	155,791
Derivative financial instruments	5	6,283	10,366	925
Income taxes payable		568	89	7,841
Total current liabilities		874,364	994,979	1,120,693
Deferred revenues and contract liabilities		14,218	16,407	15,249
Long-term lease liabilities		17,336	21,734	25,524
Long-term debt	3, 5	645,981	645,471	645,238
Post-employment obligations	9	148,327	125,705	136,689
Deferred tax liabilities		52,923	33,150	3,275
Total liabilities		1,753,149	1,837,446	1,946,668
Shareholders' equity				
Share capital		508,369	490,047	477,703
Contributed surplus		14,121	13,088	14,044
Retained earnings		1,104,534	1,031,097	955,300
Accumulated other comprehensive income (loss)		2,484	(341)	2,031
Total shareholders' equity		1,629,508	1,533,891	1,449,078
Total liabilities and shareholders' equity		\$ 3,382,657	\$ 3,371,337	\$ 3,395,746

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS
(Unaudited)

(\$ thousands, except share amounts)	Note	Three months ended September 30		Nine months ended September 30	
		2020	2019	2020	2019
Revenues	11	\$ 921,656	\$ 975,221	\$ 2,486,712	\$ 2,653,515
Cost of goods sold		695,043	731,842	1,895,454	2,002,567
Gross profit		226,613	243,379	591,258	650,948
Selling and administrative expenses		113,736	128,894	346,006	366,652
Operating income		112,877	114,485	245,252	284,296
Interest expense	6	7,874	6,944	22,695	20,851
Interest and investment income	6	(1,719)	(1,805)	(6,008)	(6,585)
Income before income taxes		106,722	109,346	228,565	270,030
Income taxes		29,363	29,659	62,600	73,684
Net earnings		\$ 77,359	\$ 79,687	\$ 165,965	\$ 196,346
Earnings per share					
Basic	7	\$ 0.94	\$ 0.98	\$ 2.02	\$ 2.41
Diluted	7	\$ 0.94	\$ 0.97	\$ 2.01	\$ 2.39
Weighted average number of shares outstanding					
Basic	7	82,195,332	81,621,614	82,078,763	81,487,112
Diluted	7	82,724,575	82,168,100	82,513,989	82,030,091

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(\$ thousands)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Net earnings	\$ 77,359	\$ 79,687	\$ 165,965	\$ 196,346
Other comprehensive (loss) income, net of income taxes:				
<i>Items that may be reclassified subsequently to net earnings:</i>				
Foreign currency translation adjustments	(233)	108	244	(260)
Unrealized (losses) gains on derivatives designated as cash flow hedges	(2,939)	2,190	5,360	(6,882)
Income tax recovery (expense)	773	(569)	(1,405)	1,790
Unrealized (losses) gains on cash flow hedges, net of income taxes	(2,166)	1,621	3,955	(5,092)
Realized losses (gains) on derivatives designated as cash flow hedges	3,757	1,252	(1,873)	1,935
Income tax (recovery) expense	(993)	(325)	499	(503)
Realized losses (gains) on cash flow hedges, net of income taxes	2,764	927	(1,374)	1,432
<i>Items that will not be reclassified subsequently to net earnings:</i>				
Actuarial and other gains (losses)	9,113	10,902	(17,003)	(35,430)
Income tax (expense) recovery	(2,417)	(2,889)	4,505	9,389
Actuarial and other gains (losses), net of income taxes	6,696	8,013	(12,498)	(26,041)
Other comprehensive income (loss)	7,061	10,669	(9,673)	(29,961)
Total comprehensive income	\$ 84,420	\$ 90,356	\$ 156,292	\$ 166,385

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(\$ thousands)	Note	Three months ended September 30		Nine months ended September 30	
		2020	2019	2020	2019
Operating activities					
Net earnings		\$ 77,359	\$ 79,687	\$ 165,965	\$ 196,346
Items not requiring cash:					
Depreciation and amortization		41,530	41,421	124,616	121,346
Stock-based compensation		1,410	1,622	4,230	4,538
Post-employment obligations		32	170	5,617	(3,083)
Deferred income taxes		10,042	(2,238)	23,355	(1,478)
Gain on sale of rental equipment and property, plant and equipment		(5,616)	(8,208)	(17,511)	(20,106)
		124,757	112,454	306,272	297,563
Net change in non-cash working capital and other	10	(61,044)	11,827	(70,010)	(182,391)
Additions to rental equipment	2	(19,810)	(39,306)	(74,875)	(182,457)
Proceeds on disposal of rental equipment		14,435	10,582	39,527	47,094
Cash provided by (used in) operating activities		58,338	95,557	200,914	(20,191)
Investing activities					
Additions to property, plant and equipment	2	(6,562)	(8,079)	(36,014)	(45,321)
Proceeds on disposal of property, plant and equipment		253	155	10,277	593
(Decrease) increase in other assets		(24)	(49)	(140)	3
Cash used in investing activities		(6,333)	(7,973)	(25,877)	(44,725)
Financing activities					
Repayment of credit facility		(100,000)	-	-	-
Repayment of senior debentures		-	-	-	(1,022)
Debt issuance costs		(57)	-	(338)	-
Dividends paid	4	(25,446)	(22,011)	(73,020)	(62,746)
Cash received on exercise of stock options		9,138	8,140	15,530	16,530
Shares purchased for cancellation	4	-	-	(4,043)	-
Payment of lease liabilities		(1,707)	(2,557)	(7,845)	(7,472)
Cash used in by financing activities		(118,072)	(16,428)	(69,716)	(54,710)
Effect of currency translation on cash balances		(86)	109	112	(91)
(Decrease) increase in cash during the period		(66,153)	71,265	105,433	(119,717)
Cash, at beginning of the period		537,175	154,452	365,589	345,434
Cash, at end of the period		\$ 471,022	\$ 225,717	\$ 471,022	\$ 225,717

Supplemental cash flow information (note 10)

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	Share capital		Accumulated other comprehensive income (loss)					Total shareholders' equity
	Number	Amount	Contributed surplus	Retained earnings	Foreign currency translation adjustments	Cash flow hedges	Total	
(\$ thousands, except share numbers)								
At January 1, 2020	82,012,448	\$ 490,047	\$ 13,088	\$ 1,031,097	\$ 2,219	\$ (2,560)	\$ (341)	\$ 1,533,891
Net earnings	-	-	-	165,965	-	-	-	165,965
Other comprehensive (loss) income	-	-	-	(12,498)	244	2,581	2,825	(9,673)
Total comprehensive income	-	-	-	153,467	244	2,581	2,825	156,292
Exercise of stock options	368,490	18,727	(3,197)	-	-	-	-	15,530
Stock-based compensation expense	-	-	4,230	-	-	-	-	4,230
Effect of stock compensation plans	368,490	18,727	1,033	-	-	-	-	19,760
Shares purchased for cancellation	(67,800)	(405)	-	(3,638)	-	-	-	(4,043)
Dividends declared	-	-	-	(76,392)	-	-	-	(76,392)
At September 30, 2020	82,313,138	\$ 508,369	\$ 14,121	\$ 1,104,534	\$ 2,463	\$ 21	\$ 2,484	\$ 1,629,508
At January 1, 2019	81,226,383	\$ 457,800	\$ 12,879	\$ 851,049	\$ 2,700	\$ 3,251	\$ 5,951	\$ 1,327,679
Net earnings	-	-	-	196,346	-	-	-	196,346
Other comprehensive loss	-	-	-	(26,041)	(260)	(3,660)	(3,920)	(29,961)
Total comprehensive income (loss)	-	-	-	170,305	(260)	(3,660)	(3,920)	166,385
Exercise of stock options	556,125	19,903	(3,373)	-	-	-	-	16,530
Stock-based compensation expense	-	-	4,538	-	-	-	-	4,538
Effect of stock compensation plans	556,125	19,903	1,165	-	-	-	-	21,068
Dividends declared	-	-	-	(66,054)	-	-	-	(66,054)
At September 30, 2019	81,782,508	\$ 477,703	\$ 14,044	\$ 955,300	\$ 2,440	\$ (409)	\$ 2,031	\$ 1,449,078

See accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the three and nine months ended September 30, 2020
(Unaudited)

(\$ thousands, except where otherwise indicated)

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Toromont Industries Ltd. (the “Company” or “Toromont”) is a limited company incorporated and domiciled in Canada whose shares are publicly traded on the Toronto Stock Exchange under the symbol TIH. The registered office is located at 3131 Highway 7 West, Concord, Ontario, Canada.

Toromont operates through two reportable segments: the Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory in addition to industry leading rental operations and an agricultural equipment business. CIMCO is a market leader in the design, engineering, fabrication and installation of industrial and recreational refrigeration systems. Both segments offer comprehensive product support capabilities.

Basis of Preparation

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standards (“IAS”) 34 – *Interim Financial Reporting* (“IAS 34”). Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2019.

The preparation of interim condensed consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim condensed consolidated financial statements were the same as those that applied to the Company’s consolidated financial statements as at and for the year ended December 31, 2019. Management also incorporated the potential impact of COVID-19 into its estimates and assumptions.

These interim condensed consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousands, except where otherwise indicated.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 5, 2020.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended December 31, 2019, except as noted below. Several amendments apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Company. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Government Grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions associated with the grant are met. Claims under income-related government grants are reported in the consolidated income statements as a deduction from the related expenses. Government grants receivable are recorded in accounts receivable on the consolidated statements of financial position.

2. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

Activity within property, plant and equipment and rental equipment during the period included:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Additions				
Rental equipment	\$ 19,810	\$ 39,306	\$ 74,875	\$ 182,457
Property, plant and equipment	6,562	8,079	36,014	45,321
Total additions	\$ 26,372	\$ 47,385	\$ 110,889	\$ 227,778
Disposals - Net book value ("NBV")				
Rental equipment	\$ 9,040	\$ 2,368	\$ 26,599	\$ 27,109
Property, plant and equipment	31	161	5,695	472
Total disposals - NBV	\$ 9,071	\$ 2,529	\$ 32,294	\$ 27,581
Depreciation				
Cost of goods sold	\$ 32,477	\$ 31,961	\$ 96,389	\$ 93,765
Selling and administrative expenses	5,223	5,692	16,707	16,455
Total depreciation	\$ 37,700	\$ 37,653	\$ 113,096	\$ 110,220

3. LONG-TERM DEBT

	September 30 2020	December 31 2019	September 30 2019
Senior Debentures:			
3.71%, \$150.0 million, due September 30, 2025 ⁽¹⁾	150,000	150,000	150,000
3.84%, \$500.0 million, due October 27, 2027 ⁽¹⁾	500,000	500,000	500,000
	650,000	650,000	650,000
Debt issuance costs, net of amortization	(4,019)	(4,529)	(4,762)
Total long-term debt	\$ 645,981	\$ 645,471	\$ 645,238

⁽¹⁾ Interest payable semi-annually, principal due on maturity.

All debt is unsecured.

The Company maintains a \$500.0 million committed revolving credit facility that matures in October 2022. On April 17, 2020, the Company entered into an additional \$250.0 million committed revolving credit

facility maturing in April 2021. Debt under these facilities is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. Interest is based on a floating rate, primarily bankers' acceptances and prime, plus applicable margins and fees based on the terms of the credit facility.

No amounts were drawn on these revolving credit facilities as at September 30, 2020, December 31, 2019 or September 30, 2019. Standby letters of credit issued utilized \$35.7 million of the facility as at September 30, 2020 (December 31, 2019 – \$33.1 million and September 30, 2019 – \$30.2 million).

4. SHARE CAPITAL

Normal Course Issuer Bid ("NCIB")

During the nine months ended September 30, 2020, the Company purchased and cancelled 67,800 common shares for \$4.0 million (average cost of \$59.62 per share, including transaction costs) under the NCIB program. No shares were purchased and cancelled during the comparative period in 2019.

The Company's NCIB program expired in August 2020 and was not renewed.

Dividends

The Company paid dividends of \$25.5 million or \$0.31 per share during the three months ended September 30, 2020 (2019 – \$22.0 million or \$0.27 per share) and \$73.0 million or \$0.89 per share during the nine months ended September 30, 2020 (2019 – \$62.7 million or \$0.77 per share).

The quarterly dividend was increased on February 11, 2020, to \$0.31 per share effective with the dividend paid on April 2, 2020.

5. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Classification and Measurement

The following table highlights the carrying amounts and classifications of certain financial assets and liabilities:

	September 30 2020	December 31 2019	September 30 2019
Other financial liabilities:			
Long-term debt	\$ 645,981	\$ 645,471	\$ 645,238
Derivative financial instruments liabilities, net:			
Foreign exchange forward contracts	\$ (6,283)	\$ (10,366)	\$ (925)

Fair Value of Financial Instruments

The fair value of derivative financial instruments is measured using the discounted value of the difference between the contract's value at maturity based on the contracted foreign exchange rate and the contract's value at maturity based on the comparable foreign exchange rate at period-end under the same conditions. The financial institution's credit risk is also taken into consideration in determining fair value.

The valuation is determined using Level 2 inputs, which are observable inputs or inputs that can be corroborated by observable market data for substantially the full term of the asset or liability, most significantly foreign exchange spot and forward rates.

The fair value and carrying value of long-term debt is as follows:

Long-term debt	September 30 2020	December 31 2019	September 30 2019
Fair value	\$ 721,910	\$ 683,092	\$ 693,735
Carrying value	\$ 650,000	\$ 650,000	\$ 650,000

The fair value was determined using the discounted cash flow method, a generally accepted valuation technique. The discounted factor is based on market rates for debt with similar terms and remaining maturities and based on Toromont's credit risk. The Company has no plans to prepay these instruments prior to maturity.

During the nine-month period ended September 30, 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Derivative Financial Instruments and Hedge Accounting

Foreign exchange contracts and options are transacted with financial institutions to hedge foreign currency-denominated obligations related to purchases of inventory and sales of products. As at September 30, 2020, the Company was committed to USD purchase contracts with a notional amount of \$373.3 million at an average exchange rate of \$1.3503, maturing between October 2020 and August 2021. The Company was also committed to USD sell contracts with a notional amount of \$4.9 million at an average exchange rate of \$1.3283, maturing in January 2021.

Management estimates that a loss of \$6.3 million (December 31, 2019 – loss of \$10.4 million; September 30, 2019 – loss of \$0.9 million) would be realized if the contracts were terminated on September 30, 2020. Certain of these forward contracts are designated as cash flow hedges, and accordingly, an unrealized gain of \$0.1 million (December 31, 2019 – unrealized loss of \$2.8 million; September 30, 2019 – unrealized loss of \$0.6 million) has been included in other comprehensive income (loss). These gains/losses are not expected to affect net income as the amounts will be reclassified to net income within the next 11 months and will offset losses recorded on the underlying hedged items, namely foreign-denominated accounts payable and accrued liabilities. Certain of those forward contracts are not designated as cash flow hedges, but are entered into for periods consistent with foreign currency exposure of the underlying transactions. A loss of \$6.4 million (December 31, 2019 – loss of \$7.6 million; September 30, 2019 – loss of \$0.3 million) on forward contracts not designated as hedges is included in net earnings, which offsets losses recorded on the foreign-denominated items, namely accounts payable and accrued liabilities.

6. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Credit facilities	\$ 1,326	\$ 368	\$ 3,118	\$ 1,237
Senior debentures	6,330	6,330	18,871	18,874
Interest on lease liabilities	218	246	706	740
	\$ 7,874	\$ 6,944	\$ 22,695	\$ 20,851

The components of interest and investment income were as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Interest on conversion of rental equipment	\$ 432	\$ 713	\$ 1,635	\$ 2,640
Other	1,287	1,092	4,373	3,945
	\$ 1,719	\$ 1,805	\$ 6,008	\$ 6,585

7. EARNINGS PER SHARE

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Net earnings available to common shareholders	\$ 77,359	\$ 79,687	\$ 165,965	\$ 196,346
Weighted average common shares outstanding	82,195,332	81,621,614	82,078,763	81,487,112
Dilutive effect of stock option conversions	529,243	546,486	435,226	542,979
Diluted weighted average common shares outstanding	82,724,575	82,168,100	82,513,989	82,030,091
Earnings per share:				
Basic	\$ 0.94	\$ 0.98	\$ 2.02	\$ 2.41
Diluted	\$ 0.94	\$ 0.97	\$ 2.01	\$ 2.39

For the three-month period ended September 30, 2020, there were no anti-dilutive options. For the comparative period in 2019, 1,068,600 outstanding share options with an average exercise price of \$65.96 were considered anti-dilutive (exercise price in excess of average market price) and were excluded from the calculation.

For the nine-month period ended September 30, 2020, there were 532,443 outstanding share options with an exercise price of \$72.95, which were considered anti-dilutive and were excluded from the calculation (2019 – 1,068,000 anti-dilutive options).

8. STOCK-BASED COMPENSATION

A reconciliation of the outstanding options was as follows:

	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, January 1	2,329,705	\$ 51.68	2,636,070	\$ 43.78
Granted	532,443	72.95	495,200	65.72
Exercised ⁽¹⁾	(368,490)	42.14	(556,125)	29.72
Forfeited	(2,000)	65.97	(15,500)	53.33
Options outstanding, September 30	2,491,658	\$ 57.62	2,559,645	\$ 51.02
Options exercisable, September 30	1,017,195	\$ 45.94	1,126,055	\$ 40.79

⁽¹⁾ The weighted average share price at date of exercise for the nine months ended September 30, 2020 was \$71.03 (2019 - \$66.49).

The following table summarizes stock options outstanding and exercisable as at September 30, 2020.

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$23.40 - \$26.52	159,430	3.5	\$ 25.66	159,430	\$ 25.66
\$36.65 - \$39.79	508,870	5.4	\$ 38.39	427,610	\$ 38.12
\$53.88 - \$66.22	1,290,915	7.9	\$ 62.83	430,155	\$ 61.22
\$72.95	532,443	9.9	\$ 72.95	-	\$ -
	2,491,658	7.5	\$ 57.62	1,017,195	\$ 45.94

The fair value of the stock options granted during the three and nine-month period ended September 30, 2020 and 2019 were determined at the time of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2020	2019
Fair value price per option	\$ 11.14	\$ 11.68
Share price	\$ 72.95	\$ 65.72
Expected life of options (years)	5.76	5.90
Expected stock price volatility	21.0%	21.0%
Expected dividend yield	1.70%	1.64%
Risk-free interest rate	0.34%	1.40%

Deferred Share Unit Plan (“DSU”)

A reconciliation of the DSU plan was as follows:

	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
	Number of DSUs	Value	Number of DSUs	Value
Outstanding, January 1	388,547	\$ 27,392	358,151	\$ 19,005
Units taken or taken in lieu and dividends	24,169	1,641	25,598	1,650
Redemptions	(23,477)	(1,527)	(2,018)	(127)
Fair market value adjustment	-	2,501	-	3,787
Outstanding, September 30	389,239	\$ 30,007	381,731	\$ 24,315

The liability for DSUs is recorded in accounts payable and accrued liabilities.

9. EMPLOYEE FUTURE BENEFITS

Employee future benefits expense included the following components:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Defined benefit plans	\$ 4,914	\$ 4,535	\$ 14,741	\$ 11,696
Curtailement gain	-	-	-	(5,000)
Defined contribution plans	3,743	3,575	11,381	10,550
401(k) matched savings plans	68	67	206	199
	\$ 8,725	\$ 8,177	\$ 26,328	\$ 17,445

10. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Net change in non-cash working capital and other				
Accounts receivable	\$ (54,095)	\$ 25,593	\$ 12,580	\$ 8,535
Inventories	83,446	(54)	62,956	(196,251)
Accounts payable and accrued liabilities	(65,915)	(20,146)	(122,632)	(11,308)
Provisions	1,127	(1,294)	2,030	(1,839)
Deferred revenues and contract liabilities	1,906	6,217	(1,326)	17,549
Income taxes	(27,858)	10,604	(22,138)	(20,528)
Derivative financial instruments	2,955	(8,189)	(606)	23,605
Other	(2,610)	(904)	(874)	(2,154)
	\$ (61,044)	\$ 11,827	\$ (70,010)	\$ (182,391)
Cash paid during the period for:				
Interest	\$ 2,783	\$ 3,405	\$ 16,480	\$ 17,063
Income taxes	\$ 47,972	\$ 22,779	\$ 61,922	\$ 97,275
Cash received during the period for:				
Interest	\$ 1,563	\$ 1,730	\$ 5,575	\$ 6,290
Income taxes	\$ 457	\$ 1,711	\$ 623	\$ 1,711

Government Grants

During the quarter ended September 30, 2020, the Company recognized a \$7.3 million government grant under the Canada Emergency Wage Subsidy (“CEWS”) program (\$8.1 million in the first nine months of 2020).

11. SEGMENTED INFORMATION

The Company has two reportable segments: the Equipment Group and CIMCO as described in note 1, each supported by the corporate office. These segments are strategic business units that offer different products and services, and each is managed separately. The corporate office provides finance, treasury, legal, human resources and other administrative support to the segments and does not meet the definition of a reportable operating segment as defined in International Financial Reporting Standards (“IFRS”) 8 – *Operating Segments*, as it does not earn revenue.

The accounting policies of each of the reportable segments are the same as the significant accounting policies described in the most recent annual audited consolidated financial statements.

Segment performance is assessed based on operating income, which is measured differently than income from operations in the interim condensed consolidated financial statements. Corporate overheads are allocated to the segments based on revenue. Income taxes, interest expense, interest and investment income are managed at a consolidated level and are not allocated to the reportable operating segments. Current income taxes, deferred income taxes and certain financial assets and liabilities are not allocated to the segments as they are also managed on a consolidated level.

The aggregation of the operating segments is based on the economic characteristics of the business units. These business units are considered to have similar economic characteristics including nature of products and services, class of customers and markets served and similar distribution models.

No reportable segment is reliant on any single external customer.

The following table sets forth information by segment for the three and nine months ended September 30, 2020 and 2019:

Three months ended September 30	Equipment Group		CIMCO		Consolidated	
	2020	2019	2020	2019	2020	2019
Equipment/package sales	\$ 383,764	\$ 408,429	\$ 48,490	\$ 50,785	\$ 432,254	\$ 459,214
Rentals	104,541	117,763	-	-	104,541	117,763
Product support	343,657	352,718	38,450	42,949	382,107	395,667
Power generation	2,754	2,577	-	-	2,754	2,577
Total revenues	\$ 834,716	\$ 881,487	\$ 86,940	\$ 93,734	\$ 921,656	\$ 975,221
Operating income	\$ 103,404	\$ 104,221	\$ 9,473	\$ 10,264	\$ 112,877	\$ 114,485
Interest expense					7,874	6,944
Interest and investment income					(1,719)	(1,805)
Income taxes					29,363	29,659
Net earnings					\$ 77,359	\$ 79,687

Nine months ended September 30	Equipment Group		CIMCO		Consolidated	
	2020	2019	2020	2019	2020	2019
Equipment/package sales	\$ 1,022,896	\$ 1,060,936	\$ 107,210	\$ 127,194	\$ 1,130,106	\$ 1,188,130
Rentals	257,818	304,089	-	-	257,818	304,089
Product support	980,325	1,038,097	110,307	115,502	1,090,632	1,153,599
Power generation	8,156	7,697	-	-	8,156	7,697
Total revenues	\$ 2,269,195	\$ 2,410,819	\$ 217,517	\$ 242,696	\$ 2,486,712	\$ 2,653,515
Operating income	\$ 230,977	\$ 266,348	\$ 14,275	\$ 17,948	\$ 245,252	\$ 284,296
Interest expense					22,695	20,851
Interest and investment income					(6,008)	(6,585)
Income taxes					62,600	73,684
Net earnings					\$ 165,965	\$ 196,346

Operating income from rental operations was \$13.7 million for the three months ended September 30, 2020 (2019 – \$15.5 million) and \$19.6 million for the nine months ended September 30, 2020 (2019 – \$29.7 million).

12. BUSINESS SEASONALITY AND UNCERTAINTY

Interim period revenues and earnings historically reflect seasonality. For the Equipment Group, the first quarter is typically the weakest due to winter shutdowns in the construction industry while the fourth quarter has consistently been the strongest quarter due to higher conversions at the Caterpillar dealership of equipment on rent with a purchase option. For CIMCO, the fourth quarter tends to be the strongest due to higher activity in recreational markets in advance of the winter recreational season.

The COVID-19 outbreak in early 2020 resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures included the implementation of travel bans, self-imposed quarantine periods and social distancing and have affected economies and financial markets around the world, resulting in an economic slowdown. The Company implemented a specific response plan, informed by measures recommended by public health agencies, to enable it to continue to provide its essential services and support to customers, while safeguarding the health and safety of employees. Appropriate business continuity measures have been taken to ensure uninterrupted service of the Company's operations.

The breadth and duration of this pandemic are unknown, in part given the many unknowns related to the virus, the ability to contain outbreaks and the timing of a vaccine. Staff shortages, reduced customer activity and demand, increased government regulations or intervention, are some of the factors that have and may continue to negatively impact the business, consolidated financial results and conditions of the Company. It is not possible to reliably estimate the length and severity of these developments as well as the impact on the consolidated financial results and condition of the Company in future periods.

The CEWS program was introduced by the Government of Canada, reimbursing eligible employers who have experienced the required reduction in revenue for a portion of salaries paid out to employees during the pandemic. The Company will continue to evaluate its eligibility for future periods under the CEWS program through the balance of 2020.

Cash on hand of \$471 million and available liquidity of \$714 million as at September 30, 2020, provide a degree of flexibility in the Company's operating and investing plans to mitigate the impacts of COVID-19.

