

TOROMONT

For immediate release

TOROMONT ANNOUNCES RESULTS FOR THE FIRST QUARTER OF 2024 AND QUARTERLY DIVIDEND

Toronto, Ontario (May 1, 2024) – Toromont Industries Ltd. (TSX: TIH) today reported its financial results for the first quarter ended March 31, 2024.

(\$ millions, except per share amounts)	Three months ended March 31		
	2024	2023	% change
Revenue	\$ 1,016.3	\$ 1,046.4	(3)%
Operating income	\$ 106.6	\$ 127.8	(17)%
Net earnings	\$ 83.9	\$ 96.0	(13)%
Basic earnings per share ("EPS")	\$ 1.02	\$ 1.17	(13)%

"Results for the first quarter of 2024 are reflective of the evolution toward more normalized supply and demand dynamics when compared to the market factors we experienced last year," stated Michael S. McMillan, President and Chief Executive Officer of Toromont Industries Ltd. "Overall we saw a decline in revenues year over year, however activity levels remain solid with healthy bookings and backlog across the business. The Equipment Group executed well given market dynamics and customer demand priorities. CIMCO revenue and bottom line improved for the year on good execution and higher product support activity. Across the organization, we continue to focus on our long-term investment strategies and remain committed to our operating disciplines, driving our after-market strategies and delivering customer solutions."

HIGHLIGHTS:

Consolidated Results

- Revenue decreased \$30.0 million (down 3%) to \$1.0 billion for the quarter. Revenue decreased in the Equipment Group 3% and increased at CIMCO 3% compared to Q1 of 2023. Lower revenue in the Equipment Group resulted from lower equipment deliveries, on delays in customer schedules as well as against a stronger comparable last year. Product support revenue was healthy while rental revenue declined slightly on adverse weather conditions. CIMCO's growth reflects good product support activity levels, while package revenue declined slightly on timing of construction schedules. Our increased technician labour workforce continues to support growth.
- Operating income decreased 17% in the quarter, and was 10.5% of revenue compared to 12.2% in the similar period last year. The decrease in operating income reflects the lower revenue, higher relative expenses and lower gross margins.
- For the quarter, net earnings decreased \$12.1 million or 13% to \$83.9 million, or \$1.02 EPS (basic) and \$1.01 EPS (fully diluted).

- Bookings⁽¹⁾ increased 62% compared to the similar period last year. Equipment Group bookings increased on several large orders in mining and construction. CIMCO bookings increased on solid demand for our products and services. Booking activity can be lumpy, resulting in variability quarter over quarter, reflecting market-related factors and customer buying patterns.
- Backlog⁽¹⁾ was \$1.4 billion as at March 31, 2024, compared to \$1.1 billion as at March 31, 2023, and \$1.2 billion as at December 31, 2023. Backlog remains healthy, reflecting good order intake, some deferrals or delays in construction and customer delivery schedules.

Equipment Group

- Revenue was down \$32.3 million or 3% to \$928.1 million for the quarter. New equipment sales decreased 11%, against a stronger comparable last year, coupled with some delays in customer delivery schedules and buying decisions. Rental revenue was dampened in part due to adverse weather conditions. Product support activity was healthy, with increases in both parts and service, reflecting good demand and increased technician levels.
- Operating income decreased \$24.2 million or 20% to \$98.8 million in the quarter, reflecting the lower revenue, lower gross margins and higher relative expenses. Operating income margin decreased to 10.6% versus 12.8% in the comparable period last year.
- Bookings in 2024 were \$521.6 million, a increase of \$176.1 million or 51% versus prior year, reflecting good order intake predominantly in the construction and mining sectors.
- Backlog of \$1.1 billion at the end of March 2024 was up \$144.0 million or 15% from the end of March 2023, reflecting good order intake, some delays in customer deliveries.

CIMCO

- Revenue increased \$2.2 million or 3% to \$88.2 million for the quarter on good product support activity, up 11%, with increases in both Canada and the US. Package revenue was down 7%, mainly due to delays in equipment delivery and customer schedules.
- Operating income was up \$3.0 million or 61% to \$7.8 million for the quarter, reflecting improved gross margins and higher revenue. Operating income margin increased to 8.9% (2023 was 5.6%) reflecting higher gross margins on solid execution.
- Bookings increased 156% to \$103.1 million in the first quarter of 2024. Both markets were higher, with recreational orders up 119% and industrial orders up 194%. Activity increased in both Canada (+ 14%) and the US (+167%).
- Backlog of \$323.2 million at March 31, 2024 was up \$124.1 million or 62% from last year, largely driven by an increase in the industrial market with strong order intake, along with a modest increase in the recreational market.

Financial Position

- Toromont's share price of \$130.35 at the end of March 2024, translated to market capitalization⁽¹⁾ of \$10.7 billion and total enterprise value⁽¹⁾ of \$10.4 billion.

- The Company maintained a strong financial position. Leverage as represented by the net debt to total capitalization⁽¹⁾ ratio was -14% at the end of March 2024, compared to -17% at the end of December 2023 and -1% at the end of March 2023. The change in the ratio from this time last year reflects solid cash flow from earnings.
- The Company purchased and cancelled 195,700 common shares (\$25.0 million) under the Normal Course Issuer Bid program in the three-months ended March 31, 2024.
- The Board of Directors approved a quarterly dividend of \$0.48 cents per share, payable on July 5, 2024 to shareholders on record on June 7, 2024.
- The Company's return on equity⁽¹⁾ was 22.0% at the end of March 2024, on a trailing twelve-month basis, compared to 23.1% at the end of December 2023 and 24.9% at the end of March 2023. Trailing twelve month pre-tax return on capital employed⁽¹⁾ was 29.0% at the end of March 2024, compared to 30.4% at the end of December 2023 and 32.4% at the end of March 2023.

"Historically, the first quarter experiences lower activity levels due to typical seasonality," continued Mr. McMillan. "We continue to monitor key metrics and supply-dynamics. New bookings particularly in CIMCO and our construction and mining markets were solid. As noted, our long-term focus on growth and returns means we remain committed to our operating and financial disciplines to manage our cost structure, while we invest in capacity and capabilities to provide exceptional service to our customers today and in the future."

FINANCIAL AND OPERATING RESULTS

All comparative figures in this press release are for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. All financial information presented in this press release has been prepared in accordance with International Financial Reporting Standards ("IFRS"), except as noted below, and are reported in Canadian dollars. This press release contains only selected financial and operational highlights and should be read in conjunction with Toromont's unaudited interim condensed consolidated financial statements and related notes and Management's Discussion and Analysis ("MD&A"), as at and for the three months ended March 31, 2024, which are available on SEDAR at www.sedarplus.ca and on the Company's website at www.toromont.com.

Additional information is contained in the Company's filings with Canadian securities regulators, including the 2023 Annual Report and 2024 Annual Information Form, which are available on SEDAR and the Company's website.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

The Company will be holding its Annual and Special Meeting of Shareholders in a virtual-only format, via live audio webcast on Thursday, May 2, 2024, at 10:00 a.m. (EDT). Shareholders and other interested parties can attend the meeting virtually by going to <https://web.lumiagm.com/485110321> (password "toromont2024"). The meeting will also be available via live audio webcast at www.toromont.com.

QUARTERLY CONFERENCE CALL AND WEBCAST

Interested parties are invited to join the quarterly conference call with investment analysts, in listen-only mode, on Thursday, May 2, 2024 at 8:00 a.m. (EDT). The call may be accessed by telephone at 888-664-6383 (North American toll free) or 416-764-8650 (Toronto area) and quoting participant passcode 40118654. A replay of the conference call will be available until Thursday, May 9, 2024 by calling 1-888-390-0541 (North American toll free) or 416-764-8677 (Toronto area) and quoting passcode 118654. The live webcast can also be accessed at www.toromont.com.

Presentation materials to accompany the call will be available on our investor page on our website.

NON-GAAP AND OTHER FINANCIAL MEASURES

Management believes that providing certain non-GAAP measures provides users of the Company's unaudited interim condensed consolidated financial statements and MD&A with important information regarding the operational performance and related trends of the Company's business. By considering these measures in combination with the comparable IFRS measures set out below, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS measures alone.

The non-GAAP measures used by management do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with IFRS.

Management also uses key performance indicators to enable consistent measurement of performance across the organization. These KPIs are non-GAAP financial measures, do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other issuers.

Gross Profit / Gross Profit Margin

Gross Profit is defined as total revenue less cost of goods sold.

Gross Profit Margin is defined as gross profit (defined above) divided by total revenue.

Operating Income / Operating Income Margin

Operating income is defined as net income from continuing operations before interest expense, interest and investment income and income taxes and is used by management to assess and evaluate the financial performance of its operating segments. Financing and related interest charges cannot be attributed to business segments on a meaningful basis that is comparable to other companies. Business segments do not correspond to income tax jurisdictions and it is believed that the allocation of income taxes distorts the historical comparability of the performance of the business segments.

Operating income margin is defined as operating income (defined above) divided by total revenue.

(\$ thousands)	Three months ended March 31	
	2024	2023
Net income from continuing operations	\$ 83,919	\$ 96,119
<i>plus:</i> Interest expense	6,994	6,904
<i>less:</i> Interest and investment income	(15,687)	(10,348)
<i>plus:</i> Income taxes	31,359	35,139
Operating income	\$ 106,585	\$ 127,814
Total revenue	\$ 1,016,349	\$ 1,046,363
Operating income margin	10.5%	12.2%

Net Debt to Total Capitalization/Equity

Net debt to total capitalization/equity are calculated as net debt divided by total capitalization and shareholders' equity, respectively, as defined below, and are used by management as measures of the Company's financial leverage.

Net debt is calculated as long-term debt plus current portion of long-term debt less cash and cash equivalents. Total capitalization is calculated as shareholders' equity plus net debt.

The calculations are as follows:

(\$ thousands)	March 31	December 31	March 31
	2024	2023	2023
Long-term debt	\$ 647,964	\$ 647,784	\$ 647,241
<i>less:</i> Cash and cash equivalents	983,355	1,040,757	675,440
Net debt	(335,391)	(392,973)	(28,199)
Shareholders' equity	2,754,769	2,683,852	2,389,157
Total capitalization	\$ 2,419,378	\$ 2,290,879	\$ 2,360,958
Net debt to total capitalization	(14)%	(17)%	(1)%
Net debt to equity	(0.12):1	(0.15):1	(0.01):1

Market Capitalization & Total Enterprise Value

Market capitalization represents the total market value of the Company's equity. It is calculated by multiplying the closing share price of the Company's common shares by the total number of common shares outstanding.

Total enterprise value represents the total value of the Company and is often used as a more comprehensive alternative to market capitalization. It is calculated by adding debt/net debt (defined above) to market capitalization.

The calculations are as follows:

	March 31 2024	December 31 2023	March 31 2023
<i>(\$ thousands, except for shares and share price)</i>			
Outstanding common shares	82,213,286	82,297,341	82,360,231
<i>times: Ending share price</i>	\$ 130.35	\$ 116.10	\$ 110.93
Market capitalization	\$ 10,716,502	\$ 9,554,721	\$ 9,136,220
Long-term debt	\$ 647,964	\$ 647,784	\$ 647,241
<i>less: Cash and cash equivalents</i>	983,355	1,040,757	675,440
Net debt	\$ (335,391)	\$ (392,973)	\$ (28,199)
Total enterprise value	\$ 10,381,111	\$ 9,161,748	\$ 9,108,021

Order Bookings and Backlog

Order bookings represent the retail value of firm equipment or project orders received during a period. Backlog is defined as the retail value of equipment units ordered by customers with future delivery, and the remaining retail value of package/project orders remaining to be recognized in revenue under the percentage of completion method. Management uses order backlog as a measure of projecting future equipment and project deliveries. There are no directly comparable IFRS measures for order bookings or backlog.

Return on Capital Employed ("ROCE")

ROCE is utilized to assess both current operating performance and prospective investments. The adjusted earnings numerator used for the calculation is income before income taxes, interest expense and interest income (excluding interest on rental conversions). The denominator in the calculation is the monthly average capital employed, which is defined as net debt plus shareholders' equity, also referred to as total capitalization, adjusted for discontinued operations.

	Trailing twelve months ended		
	March 31 2024	December 31 2023	March 31 2023
<i>(\$ thousands)</i>			
Net earnings	\$ 522,627	\$ 534,712	\$ 490,671
<i>plus: Interest expense</i>	28,188	28,101	27,558
<i>less: Interest and investment income</i>	(51,383)	(46,349)	(30,108)
<i>plus: Interest income – rental conversions</i>	3,684	3,348	4,352
<i>plus: Income taxes</i>	191,111	194,849	177,439
Adjusted net earnings	\$ 694,227	\$ 714,661	\$ 669,912
Average capital employed	\$ 2,396,373	\$ 2,347,864	\$ 2,065,882
Return on capital employed	29.0%	30.4%	32.4%

Return on Equity ("ROE")

ROE is monitored to assess profitability and is calculated by dividing net earnings by opening shareholders' equity (adjusted for shares issued and shares repurchased and cancelled during the period), both calculated on a trailing twelve month period.

(\$ thousands)	Trailing twelve months ended		
	March 31 2024	December 31 2023	March 31 2023
Net earnings	\$ 522,627	\$ 534,712	\$ 490,671
Opening shareholder's equity (net of adjustments)	\$ 2,374,586	\$ 2,317,906	\$ 1,969,837
Return on equity	22.0%	23.1%	24.9%

ADVISORY

Information in this press release that is not a historical fact is "forward-looking information". Words such as "plans", "intends", "outlook", "expects", "anticipates", "estimates", "believes", "likely", "should", "could", "would", "will", "may" and similar expressions are intended to identify statements containing forward-looking information. Forward-looking information in this press release reflects current estimates, beliefs, and assumptions, which are based on Toromont's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Toromont's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Toromont can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the actual results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to: business cycles, including general economic conditions in the countries in which Toromont operates; commodity price changes, including changes in the price of precious and base metals; inflationary pressures; potential risks and uncertainties relating to COVID-19 or a potential new world health issue; increased regulation of or restrictions placed on our businesses; changes in foreign exchange rates, including the Cdn\$/US\$ exchange rate; the termination of distribution or original equipment manufacturer agreements; equipment product acceptance and availability of supply, including reduction or disruption in supply or demand for our products stemming from external factors; increased competition; credit of third parties; additional costs associated with warranties and maintenance contracts; changes in interest rates; the availability and cost of financing; level and volatility of price and liquidity of Toromont's common shares; potential environmental liabilities and changes to environmental regulation; information technology failures, including data or cybersecurity breaches; failure to attract and retain key employees as well as the general workforce; damage to the reputation of Caterpillar, product quality and product safety risks which could expose Toromont to product liability claims and negative publicity; new, or changes to current, federal and provincial laws, rules and regulations including changes in infrastructure spending; any requirement to make contributions or other payments in respect of registered defined benefit pension plans or postemployment benefit plans in excess of those currently contemplated; increased insurance premiums; and risk related to integration of acquired operations including cost of integration and ability to achieve the expected benefits. Readers are cautioned that the foregoing list of factors is not exhaustive.

Any of the above mentioned risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied in the forward-looking information and statements included herein. For a further description of certain risks and uncertainties and other factors that could cause or contribute to actual results that are materially different, see the risks and uncertainties set out under the heading "Risks and Risk Management" and "Outlook" sections of Toromont's most recent annual Management Discussion and Analysis, as filed with Canadian securities regulators at www.sedarplus.ca or at our website www.toromont.com. Other factors, risks and uncertainties not presently known to Toromont or that Toromont currently believes are not material could also cause actual results or events to differ materially from those expressed or implied by statements containing forward-looking information.

Readers are cautioned not to place undue reliance on statements containing forward-looking information, which reflect Toromont's expectations only as of the date of this press release, and not to use such information for anything other than their intended purpose. Toromont disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

ABOUT TOROMONT

Toromont Industries Ltd. operates through two business segments: the Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory, spanning the Canadian provinces of Newfoundland and Labrador, Nova Scotia, New Brunswick, Prince Edward Island, Québec, Ontario and Manitoba, in addition to most of the territory of Nunavut. The Equipment Group includes industry-leading rental operations and a complementary material handling business. CIMCO is one of North America's leading suppliers of thermal management solutions that enable customers to reduce energy consumption and emissions, use natural refrigerants and monitor and control their operating environments autonomously. Both segments offer comprehensive product support capabilities. This press release and more information about Toromont Industries Ltd. can be found at www.toromont.com.

For more information contact:

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FOOTNOTE

- (1) These financial metrics do not have a standardized meaning under International Financial Reporting Standards (IFRS), which are also referred to herein as Generally Accepted Accounting Principles (GAAP), and may not be comparable to similar measures used by other issuers. These measurements are presented for information purposes only. The Company's Management's Discussion and Analysis (MD&A) includes additional information regarding these financial metrics, including definitions and a reconciliation to the most directly comparable GAAP measures, under the headings "Additional GAAP Measures", "Non-GAAP Measures" and "Key Performance Indicators."

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

(\$ thousands, except share amount)	Three months ended March 31	
	2024	2023
Revenue	\$ 1,016,349	\$ 1,046,363
Cost of goods sold	766,175	783,250
Gross profit	250,174	263,113
Selling and administrative expenses	143,589	135,299
Operating income	106,585	127,814
Interest expense	6,994	6,904
Interest and investment income	(15,687)	(10,348)
Income before income taxes	115,278	131,258
Income taxes	31,359	35,139
Income from continuing operations	83,919	96,119
Loss from discontinued operations	—	(115)
Net earnings	\$ 83,919	\$ 96,004
Basic earnings per share		
Continuing operations	\$ 1.02	\$ 1.17
Discontinued operations	\$ —	\$ —
	\$ 1.02	\$ 1.17
Diluted earnings per share		
Continuing operations	\$ 1.01	\$ 1.16
Discontinued operations	\$ —	\$ —
	\$ 1.01	\$ 1.16
Weighted average number of shares outstanding		
Basic	82,309,309	82,333,111
Diluted	82,975,125	83,008,699

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") comments on the operations, performance and financial condition of Toromont Industries Ltd. ("Toromont" or the "Company") as at and for the three months ended March 31, 2024, compared to the preceding year. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the three months ended March 31, 2024, the annual MD&A contained in the 2023 Annual Report and the audited annual consolidated financial statements for the year ended December 31, 2023.

The unaudited interim condensed consolidated financial statements reported herein have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*, and are reported in Canadian dollars. The information in this MD&A is current to May 1, 2024.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2023 Annual Report and the 2024 Annual Information Form. These filings are available on SEDAR at www.sedarplus.ca and on the Company's website at www.toromont.com.

Use of Non-IFRS Financial Measures

The MD&A presents certain financial and operating performance measures that management believes provide meaningful information in assessing Toromont's underlying performance. Readers are cautioned that these measures may not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Accordingly, non-IFRS or non-Generally Accepted Accounting Principles ("GAAP") measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Definitions and a reconciliations of the Company's non-IFRS or non-GAAP measures are included in the "Additional GAAP Measures", "Non-GAAP Measures" and "Key Performance Indicators" sections of this report.

Forward-Looking Information

Information in this MD&A that is not a historical fact is "forward-looking information". Words such as "plans", "intends", "outlook", "expects", "anticipates", "estimates", "believes", "likely", "should", "could", "would", "will", "may" and similar expressions are intended to identify statements containing forward-looking information. Forward-looking information in this MD&A reflects current estimates, beliefs, and assumptions, which are based on Toromont's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Toromont's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Toromont can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the actual results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to: business cycles, including general economic conditions in the countries in which Toromont operates; commodity price changes, including changes in the price of precious and base metals; inflationary pressures; potential risks and uncertainties relating to COVID-19 or a potential new world health issue; increased regulation of or restrictions placed on our businesses; changes in foreign exchange rates, including the Cdn\$/US\$ exchange rate; the termination of distribution or original equipment manufacturer agreements; equipment product acceptance and availability of supply, including reduction or disruption in supply or demand for our products stemming from external factors; increased competition; credit of third parties; additional costs associated with warranties and maintenance contracts; changes in interest rates; the availability and cost of financing; level and volatility of

price and liquidity of Toromont's common shares; potential environmental liabilities and changes to environmental regulation; information technology failures, including data or cybersecurity breaches; failure to attract and retain key employees as well as the general workforce; damage to the reputation of Caterpillar, product quality and product safety risks which could expose Toromont to product liability claims and negative publicity; new, or changes to current, federal and provincial laws, rules and regulations including changes in infrastructure spending; any requirement to make contributions or other payments in respect of registered defined benefit pension plans or postemployment benefit plans in excess of those currently contemplated; increased insurance premiums; and risk related to integration of acquired operations including cost of integration and ability to achieve the expected benefits. Readers are cautioned that the foregoing list of factors is not exhaustive.

Any of the above mentioned risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied in the forward-looking information and statements included herein. For a further description of certain risks and uncertainties and other factors that could cause or contribute to actual results that are materially different, see the risks and uncertainties set out under the heading "Risks and Risk Management" and "Outlook" sections of Toromont's most recent annual Management Discussion and Analysis, as filed with Canadian securities regulators at www.sedarplus.ca or at our website www.toromont.com. Other factors, risks and uncertainties not presently known to Toromont or that Toromont currently believes are not material could also cause actual results or events to differ materially from those expressed or implied by statements containing forward-looking information.

Readers are cautioned not to place undue reliance on statements containing forward-looking information, which reflect Toromont's expectations only as of the date of this MD&A, and not to use such information for anything other than their intended purpose. Toromont disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

CONSOLIDATED OPERATING RESULTS

(\$ thousands, except per share amounts)	Three months ended March 31			
	2024	2023	\$ change	% change
REVENUE	\$ 1,016,349	\$ 1,046,363	\$ (30,014)	(3)%
Cost of goods sold	766,175	783,250	(17,075)	(2)%
Gross profit ⁽¹⁾	250,174	263,113	(12,939)	(5)%
Selling and administrative expenses	143,589	135,299	8,290	6 %
OPERATING INCOME ⁽¹⁾	106,585	127,814	(21,229)	(17)%
Interest expense	6,994	6,904	90	1 %
Interest and investment income	(15,687)	(10,348)	(5,339)	52 %
Income before income taxes	115,278	131,258	(15,980)	(12)%
Income taxes	31,359	35,139	(3,780)	(11)%
Net income from continuing operations	\$ 83,919	\$ 96,119	\$ (12,200)	(13)%
Net income from discontinued operations	—	(115)	115	nm
NET EARNINGS	\$ 83,919	\$ 96,004	\$ (12,085)	(13)%
BASIC EARNINGS PER SHARE				
Continuing operations	\$ 1.02	\$ 1.17	\$ (0.15)	(13)%
Discontinued operations	—	—	—	nm
	\$ 1.02	\$ 1.17	\$ (0.15)	(13)%
KEY RATIOS:				
Gross profit margin ⁽¹⁾	24.6%	25.1%		
Selling and administrative expenses as a % of revenue	14.1%	12.9%		
Operating income margin ⁽¹⁾	10.5%	12.2%		
Income taxes as a % of income before income taxes	27.2%	26.8%		

(1) Described in the sections titled "Additional GAAP Measures", "Non-GAAP Measures" and "Key Performance Measures".

Results in the first quarter of 2024 were lower than the first quarter of 2023, as expected, given market dynamics in play at that time. Lower revenue, lower gross margins and higher expenses were partially offset by the higher interest income on cash balances. Strong opening order backlog and good order bookings during the quarter are supportive.

Revenue for the quarter decreased 3% from the comparable period last year to \$1.0 billion. Equipment Group revenue decreased 3% compared to last year on lower equipment sales and rental activity, partially offset by higher product support revenue. CIMCO revenue increased 3% versus last year, on higher product support activity, partially offset by lower package revenue. We continue to see an evolution toward more typical seasonality in terms of supply chain flow and market dynamics.

Gross profit margin decreased 50 basis points ("bps") to 24.6% versus 25.1% for the first quarter of last year. The Equipment Group reported lower margins in most areas, slightly offset by a favourable sales mix, while CIMCO margins increased on good execution in most areas.

Selling and administrative expenses for the quarter increased \$8.3 million or 6% compared to the similar period last year. In 2023, a property disposition reduced expenses by \$3.5 million. Excluding this item, expenses increased \$4.8 million or 4% year over year. Compensation costs increased approximately \$5.0 million, reflecting higher staffing levels, regular salary increases, partially offset by lower profit sharing accruals on the lower income. Other expenses such as training, travel and occupancy costs have increased as a result of higher activity levels and inflationary pressures. Allowance for doubtful accounts decreased \$2.1 million

TOROMONT INDUSTRIES LTD.
Management Discussion and Analysis – 2024 Q1

compared to last year on improved aged receivables and good collections. Selling and administrative expenses were 120 basis points higher as a percentage of revenue (14.1% versus 12.9% last year), reflecting the lower revenue level.

Operating income decreased \$21.2 million or 17% in the quarter. Excluding the property gain in 2023, operating income decreased 14%, on the lower revenue levels, lower gross margins and higher expenses. Operating income margin decreased 170 bps to 10.5%, reflecting lower gross margins and the higher relative expense level.

Interest expense was largely unchanged at \$7.0 million, with no change to outstanding fixed-rate term debt and an unused credit facility.

Interest and investment income increased \$5.3 million or 52% in the quarter on higher average cash balances and higher interest rates.

The effective income tax rate for the quarter was up slightly to 27.2% compared to 26.8% in the first quarter of last year, reflecting the lower capital gains rate on the property disposition in Q1 2023.

Net earnings (including discontinued operations) for the quarter decreased \$12.1 million or 13% to \$83.9 million from the comparable period last year. Basic earnings per share ("EPS") decreased \$0.15 or 13% to \$1.02.

Other comprehensive income of \$27.4 million in the quarter (2023 – comprehensive loss of \$2.7 million) included an actuarial gain on post-employment benefit plans of \$17.2 million (2023 – actuarial gain of \$0.1 million). These gains reflect actuarial changes used in the valuation, as well as changes in the fair value of pension plan assets. Other comprehensive income also included a favourable net change in the fair value of cash flow hedges of \$9.6 million (2023 – unfavourable net change of \$2.8 million). These changes reflect mark-to-market differences in the value of foreign exchange derivative contracts designated as cash flow hedges and are largely a function of the underlying USD/CAD exchange rates at period end compared to the contract date.

BUSINESS SEGMENT OPERATING RESULTS

The accounting policies of the segments are the same as those of the consolidated entity. Management evaluates overall business segment performance based on revenue growth, operating income relative to revenue and return on capital employed. Corporate expenses are allocated based on each segment's revenue. Interest expense and interest and investment income are not allocated.

The operating results below have been restated and reflect continuing operations, unless otherwise noted. The discontinued operation was previously reported in the Equipment Group results.

Equipment Group

(\$ thousands)	Three months ended March 31			
	2024	2023	\$ change	% change
Equipment sales and rentals				
New	\$ 330,391	\$ 369,199	\$ (38,808)	(11)%
Used	63,822	67,557	(3,735)	(6)%
Rentals	95,854	98,459	(2,605)	(3)%
Total equipment sales and rentals	490,067	535,215	(45,148)	(8)%
Product support	435,303	422,343	12,960	3 %
Power generation	2,775	2,848	(73)	(3)%
Total revenue	\$ 928,145	\$ 960,406	\$ (32,261)	(3)%
Operating income	\$ 98,756	\$ 122,958	\$ (24,202)	(20)%
KEY RATIOS:				
Product support revenue as a % of total revenue	46.9%	44.0%		
Operating income margin	10.6%	12.8%		
Group total revenue as a % of consolidated revenue	91.3%	91.8%		

The Equipment Group reported lower results in the first quarter of 2024 versus the similar period of last year, which was a stronger comparator given specific customer deliveries and market dynamics in play at that time. Improving equipment availability, solid bookings during the quarter and a healthy opening order backlog remain supportive for the future.

Total equipment revenue (new and used) decreased \$42.5 million or 10% across most market segments compared to the first quarter of last year, predominantly impacted by a delay in customer deliveries. New equipment sales decreased 11% in the period, across all market segments and regions, except for power systems, against a strong comparative period in 2023. Used equipment sales decreased 6% during the period on lower sales from trades and purchases reflecting shifting supply and demand dynamics. Used equipment sales also include rental fleet dispositions, which have increased, reflecting fleet management decisions (age of the fleet), as well as availability and cost of new equipment. The change in equipment revenue by market segment was as follows: construction -4%, mining -34%, material handling -20% and power systems up +34%.

Rental revenue decreased \$2.6 million or 3% versus the first quarter of last year. Most markets and regions were lower, reflecting adverse weather and competitive market conditions. Revenue change quarter over quarter in each market was as follows: Light equipment rentals -6%, heavy equipment rentals -13%, material handling -8% and power systems +9%. As at March 31, 2024, the RPO fleet (rent with a purchase option) was \$70.1 million versus \$38.7 million at this time last year, and associated rental revenue was up 50% compared to last year.

Product support revenue increased \$13.0 million or 3% compared to the first quarter of last year with increases in both parts (up 2%) and service (up 7%). Activity was higher across most markets and regions on good end user demand and a higher technician base. Revenue change by market was as follows: construction +3%; mining +4%; power systems +3%; and material handling -5%.

Gross profit margin decreased 100 bps to 24.4% from 25.4% in the first quarter of last year. Equipment margins increased slightly, up 10 bps on sales mix. Rental margins were down 130 bps on lower fleet utilization, higher recent acquisition costs, in part due to a weaker Canadian dollar, and higher maintenance and repair costs. Product support margins decreased 60 bps on generally higher costs. Sales mix, with a higher proportion of product support revenues to total, increased margin by 80 bps.

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Selling and administrative expenses increased \$6.8 million or 6% in the first quarter of 2024. In 2023 property related dispositions reduced expenses by \$3.5 million. Excluding this item, expenses increased \$3.3 million or 3% year over year. Compensation costs were higher year-over-year reflecting staffing levels, regular salary increases, partially offset by lower profit sharing accruals on the lower income. Other expenses such as training, travel and occupancy costs have increased in light of activity levels and inflationary pressures. Allowance for doubtful accounts decreased \$0.5 million, reflecting good collection activity and improved aging of receivables. As a percentage of revenue, selling and administrative expenses were 120 bps higher at 13.8% in the current period versus 12.6% in the similar period last year.

Operating income decreased \$24.2 million or 20% on the lower revenue. As a percentage of revenue, operating income was 220 bps lower at 10.6% versus 12.8% in the comparable period last year, reflecting the lower gross margins and higher relative expenses.

Bookings and Backlog

<i>(\$ millions)</i>	2024	2023	\$ change	% change
Bookings – three months ended March 31	\$ 521.6	\$ 345.5	\$ 176.1	51 %
Backlog – as at March 31	\$ 1,084.7	\$ 940.7	\$ 144.0	15 %

Bookings increased \$176.1 million or 51% in the first quarter of 2024, compared to the first quarter of last year. Mining bookings increased significantly in the quarter, with several large orders received. Construction bookings were also healthy up 40%. These were partially offset by lower orders in power systems (-35%) and material handling (-42%).

Backlog of \$1.1 billion at March 31, 2024, was up \$144.0 million or 15%, compared to the same time last year, reflecting good new bookings and some delivery delays on customer orders. As at March 31, 2024, the composition of backlog by market was as follows: construction 31%; mining 38%; power systems 28%; and material handling 3%. Approximately 85% of the backlog is expected to be delivered over the next twelve months, however this is subject to timing of vendor supply and customer delivery schedules.

Bookings and backlog can vary significantly from period to period on large project activities (especially in mining and power systems), the timing of orders and deliveries with customers (which are in turn reflective of economic factors and general activity levels), and the availability of equipment from either inventory or suppliers.

CIMCO

<i>(\$ thousands)</i>	Three months ended March 31			
	2024	2023	\$ change	% change
Package sales	\$ 36,685	\$ 39,446	\$ (2,761)	(7)%
Product support	51,519	46,511	5,008	11 %
Total revenue	\$ 88,204	\$ 85,957	\$ 2,247	3 %
Operating income	\$ 7,829	\$ 4,856	\$ 2,973	61 %
KEY RATIOS:				
Product support revenue as a % of total revenue	58.4%	54.1%		
Operating income margin	8.9%	5.6%		
Group total revenue as a % of consolidated revenue	8.7%	8.2%		

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CIMCO had a solid start to the year driven by good execution in both Canada and the US, coupled with healthy activity levels. Product support activity continued to demonstrate strong growth, supported by the larger technician workforce. Operating income increased on the higher revenues, improved gross margins, and favourable sales mix (a higher proportion of product support revenues to total), partially offset by higher expenses.

Package sales decreased \$2.8 million or 7% versus the first quarter of last year, with a decrease in the industrial market being partially offset by an increase in the recreational market. Industrial market revenue was down 24%, with lower activity in both the US (-53%) and in Canada (-10%), mainly due to delays in equipment delivery and customer schedules. Recreational market revenue increased 85%, as revenue was higher in both the US (+106%) and Canada (+71%). Package revenue reflects the progress of construction applying the percentage-of-completion method of accounting. This introduces a degree of variability as the timing of construction schedules are largely under the control of third parties (contractors and end-customers).

Product support revenue increased \$5.0 million or 11% versus the first quarter of last year on higher activity levels in both Canada (up 12%) and the US (up 7%). In Canada strong execution in our Ontario, Quebec and Atlantic regions drove a substantial portion of the increased revenue. Activity levels continued to improve on good customer demand and the increased technician base.

Gross profit margin increased 450 basis points versus the first quarter of last year to 26.8%. Package margins were up 270 bps, on good execution and the nature of projects in process. Product support margins increased 120 bps on improved execution and higher volume. A favourable sales mix, with a higher proportion of product support revenue to total revenue, accounted for 60 bps of the increase.

Selling and administrative expenses increased \$1.5 million or 10% versus the first quarter of last year. Allowance for doubtful accounts decreased \$1.6 million reflecting focused efforts on collections and an improvement of aged receivable balances. Compensation costs increased reflecting staff levels, annual salary increases and higher profit sharing accruals on the higher earnings. Other expenditures such as travel and training expenses increased to support activity and staffing levels. As a percentage of revenue, selling and administrative expenses increased to 17.9% in the first quarter of 2024 versus 16.7% in the first quarter of last year.

Operating income increased by \$3.0 million or 61% in the first quarter of 2024, reflecting improved gross margins and higher revenue. Operating income as percentage of revenue increased 330 bps to 8.9% compared to the first quarter of last year.

Bookings and Backlog

<i>(\$ millions)</i>	2024	2023	\$ change	% change
Bookings – three months ended March 31	\$ 103.1	\$ 40.2	\$ 62.9	156 %
Backlog – as at March 31	\$ 323.2	\$ 199.1	\$ 124.1	62 %

Bookings increased \$62.9 million or 156% to \$103.1 million in the first quarter of 2024. Industrial bookings were up 194% or \$39.0 million with increases in the US (+275%), and Canada (+152%). Recreational bookings increased 119%, with higher orders in both the US (+88%) and in Canada (+146%).

Backlog of \$323.2 million increased \$124.1 million or 62% compared to the same time last year, largely driven by an increase in the industrial market with strong order intake, along with a modest increase in the recreational market. Industrial backlog increased 114%, with an increase in both Canada (+104%) and in the US (+172%). Recreational backlog was up 17%, with an increase in Canada (+34%) and the US (+4%).

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Approximately 80% of the backlog is expected to be realized as revenue over the next twelve months, however this is subject to construction schedules and potential changes stemming from supply chain dynamics.

CONSOLIDATED FINANCIAL CONDITION

The Company maintained a strong financial position. At March 31, 2024, the ratio of net debt to total capitalization⁽¹⁾ was -14% (net cash position), compared to -17% at December 31, 2023, and -1% at March 31, 2023.

Non-cash Working Capital

The Company's investment in non-cash working capital was \$772.2 million at March 31, 2024. The major components, along with the changes from prior periods, are identified in the following table.

(\$ thousands)	March 31	March 31	Change		December 31	Change	
	2024	2023	\$	%	2023	\$	%
Accounts receivable	\$ 536,739	\$ 549,060	\$ (12,321)	(2)%	\$ 627,243	\$ (90,504)	(14)%
Inventories	1,257,356	1,142,751	114,605	10 %	1,119,071	138,285	12 %
Other current assets	18,658	17,901	757	4 %	23,733	(5,075)	(21)%
Accounts payable and accrued liabilities	(656,423)	(544,557)	(111,866)	21 %	(619,318)	(37,105)	6 %
Provisions	(29,823)	(27,471)	(2,352)	9 %	(30,269)	446	(1)%
Income tax recoverable (payable)	20,262	6,864	13,398	nm	(7,006)	27,268	nm
Derivative financial instruments	2,880	8,648	(5,768)	(67)%	(13,946)	16,826	nm
Dividends payable	(39,543)	(35,413)	(4,130)	12 %	(35,383)	(4,160)	12 %
Deferred revenue and contract liabilities	(337,881)	(269,757)	(68,124)	25 %	(360,143)	22,262	(6)%
Total non-cash working capital	\$ 772,225	\$ 848,026	\$ (75,801)	(9)%	\$ 703,982	\$ 68,243	10 %

Accounts receivable decreased 2% from March 31, 2023, mainly reflecting the 3% decrease in revenue in the quarter. Days sales outstanding ("DSOs") increased 4 days to 41 days overall, with an increase in DSO days in both the Equipment Group (up 4 days) and CIMCO (up 2 days). Collection activity and credit metrics are being closely monitored, especially given the current economic environment.

In comparison to December 31, 2023, accounts receivable decreased 14%, reflecting lower trailing revenues and improved collections. DSO was 42 days at December 31, 2023.

Inventories at March 31, 2024 increased 10% compared to March 31, 2023, with increases in both Groups:

- Equipment Group inventories were up \$93.6 million or 8%, with increased equipment (up \$99.8 million or 15%) and work-in-process (up \$18.3 million or 17%), partly offset by lower parts (down \$24.5 million or 7%). Inventory levels increased in light of higher activity levels and in line with customer delivery schedules against order backlog. Price increases and foreign exchange rates on US sourced supplies have also served to increase inventory. Work-in-process levels also reflect activity levels and some continuing delays due to supply chain issues. The decrease in parts inventory reflects optimization strategies.
- CIMCO inventories were up \$21.0 million or 69%, mainly as work-in-process levels increased \$21.2 million (up 86%), reflecting timing of project construction and product support schedules. Parts inventory decreased \$0.2 million or 3% reflecting close management of inventory levels.

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Inventories at March 31, 2024 were 12% higher compared to December 31, 2023, with increases in both Groups:

- Equipment Group inventories were up \$128.1 million or 12% with increases in equipment (up \$117.1 million or 18%) and work-in-process (up \$14.0 million or 13%), partly offset by lower parts inventories (down \$3.0 million or 1%). Inventory levels are typically lowest at the end of the year due to seasonality, with inventories building during the year in advance of the busier selling period.
- CIMCO inventories were up \$10.2 million or 25%, with higher work-in-process levels (up \$9.7 million or 27%), along with higher parts inventories (up \$0.5 million or 9%).

Other current assets are comprised of prepaid expenses and vendor deposits. These vary over time based on timing of ordering, receipt of invoice, vendor terms and payment.

Accounts payable and accrued liabilities at March 31, 2024, were 21% higher than at March 31, 2023, largely reflecting higher activity levels and timing of purchase and payment for inventory.

In comparison to December 31, 2023, accounts payable and accrued liabilities increased 6%, mainly reflecting the timing of purchase and payment for inventory and other supplies, partially offset by the payment of annual performance bonuses.

Income tax recoverable (payable) reflects the difference between tax installments and current income tax expense.

Derivative financial instruments represent the fair value of foreign exchange contracts. Fluctuations in the value of the Canadian dollar have led to a cumulative net gain of \$2.9 million as at March 31, 2024. This is not expected to affect net earnings as the unrealized gain will offset future losses on the related hedged items, either current accounts payable or future transactions.

Dividends payable increased compared to March 31 and December 31, 2023, reflecting the higher dividend rate. The dividend rate was increased 11.6% effective with the first quarter of 2024, and representing the 35th year of consecutive dividend increases.

Deferred revenue and contract liabilities represent billings to customers in excess of revenue recognized.

- In the Equipment Group, these balances arise due to: progress billings from the sale of power and energy systems; long-term product support maintenance contracts; and, customer deposits for equipment to be delivered in the future. As at March 31, 2024, these were up 17% versus March 31, 2023 largely on customer deposits for future equipment deliveries. Compared to December 31, 2023, deferred revenues were down 11% reflecting equipment delivery against customer orders.
- At CIMCO, these balances arise on progress billings from the sale of refrigeration packages and vary depending on timing of billings compared to customer's construction schedules. As at March 31, 2024, these were up 83% versus March 31, 2023, and up 22% versus December 31, 2023.

Legal and Other Contingencies

Due to the size, complexity and nature of the Company's operations, various legal matters are pending. Exposure to these claims is mitigated through levels of insurance coverage considered appropriate by management and by active management of these matters. In the opinion of management, none of these matters will have a material effect on the Company's financial position or results of operations.

Normal Course Issuer Bid ("NCIB")

The Company's NCIB program was renewed in September 2023. The current issuer bid allows the Company to purchase up to 8.2 million common shares during the 12-month period ending September 18, 2024. All shares purchased under the bid will be cancelled.

The Company purchased and cancelled 195,700 common shares for \$25.0 million (average cost of \$127.70 per share, including transaction costs) during the three months ended March 31, 2024.

The Company maintains an Automatic Share Purchase Plan ("ASPP") with a broker to enable the purchase of common shares under the NCIB during regular trading blackout periods. The volume of the purchases are determined by the broker based on share price and maximum volume parameters established by the Company prior to the commencement of each blackout period. As at March 31, 2024, there was no obligation for the repurchase of shares under the ASPP.

The Company did not purchase any common shares during the three months ended March 31, 2023. As at March 31, 2023, there was no obligation for the repurchase of shares under the ASPP.

Long-term Incentive Plan ("LTIP")

A total of 21,521 restricted share units ("RSUs") and 74,115 performance share units ("PSUs") were outstanding under the LTIP as at March 31, 2024, including reinvested dividends.

For the three months ended March 31, 2024, LTIP expense of \$1.1 million (2023 – \$0.5 million) was included in selling and administrative expenses with a credit to contributed surplus.

Outstanding Share Data

As at the date of this MD&A, the Company had 82,213,286 common shares and 1,686,761 share options outstanding.

Dividends

The Company declared and paid the following dividends to common shareholders during the last eight quarters.

Record Date	Payment Date	Dividend Amount per Share	Dividends Paid in Total (\$ millions)
Jun. 9, 2022	Jul. 5, 2022	\$0.39	\$32.1
Sep. 8, 2022	Oct. 4, 2022	\$0.39	\$32.1
Dec. 8, 2022	Jan. 5, 2023	\$0.39	\$32.1
Mar. 9, 2023	Apr. 4, 2023	\$0.43	\$35.4
Jun. 9, 2023	Jul. 5, 2023	\$0.43	\$35.6
Sep. 8, 2023	Oct. 4, 2023	\$0.43	\$35.4
Dec. 8, 2023	Jan. 4, 2024	\$0.43	\$35.4
Mar. 8, 2024	Apr. 4, 2024	\$0.48	\$39.5

The Board of Directors increased the quarterly dividend by 11.6% or 5 cents per share, to 48 cents per common share on February 13, 2024.

The next dividend is payable on July 5, 2024 to shareholders on record on June 7, 2024.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Toromont's liquidity requirements can be met through a variety of sources, including cash on hand, cash generated from operations, long and short-term borrowings and the issuance of common shares. Borrowings are obtained through a variety of senior debentures, notes payable and committed credit facilities.

Toromont's debt portfolio is unsecured, unsubordinated and ranks pari passu.

The Company has a \$500.0 million committed revolving credit facility, maturing in November 2026, with a syndicate of financial institutions. Debt under this facility 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 the revolving credit facility as at March 31, 2024, December 31, 2023 and March 31, 2023.

Standby letters of credit issued utilized \$39.1 million of the facility as at March 31, 2024 (December 31, 2023 – \$40.3 million; March 31, 2023 – \$30.4 million).

The Company expects that continued cash flows from operations, together with cash and cash equivalents on hand and currently available credit facilities will be more than sufficient to fund requirements for investments in working capital and capital assets. The Company also has a certain degree of flexibility in its operating and investing plans to mitigate fluctuations.

Principal Components of Cash Flow

Cash from operating, investing and financing activities, as reflected in the Interim Condensed Consolidated Statements of Cash Flows, are summarized in the following table:

(\$ thousands)	Three months ended March 31	
	2024	2023
Cash and cash equivalents, beginning of period	\$ 1,040,757	\$ 927,780
Cash, provided by (used in):		
Operating activities		
Operations	127,718	128,547
Change in non-cash working capital and other	(45,486)	(272,351)
Net rental fleet additions	(51,439)	(57,261)
	30,793	(201,065)
Investing activities	(32,735)	(19,205)
Financing activities	(55,765)	(31,665)
Effect of foreign exchange on cash and cash equivalents balances	305	(6)
Decrease in cash and cash equivalents during the period from continuing operations	\$ (57,402)	\$ (251,941)
Discontinued operations	\$ —	\$ (399)
Cash and cash equivalents, end of period	\$ 983,355	\$ 675,440

Cash Flows from Operating Activities

Operating activities provided cash in the first quarter of 2024 and utilized cash in the comparable period last year.

Cash generated from operations decreased 1% from the comparable period last year reflecting in part the lower net earnings, which decreased 13%.

Non-cash working capital and other used cash in the first quarter of 2024. Inventory levels increased in the quarter in advance of the busier selling season, coupled with some deferrals in customer deliveries, partially offset by good collections of accounts receivable. Non-cash working capital used cash in the comparable period of 2023 on similar reasons. Comparatively, non-cash working capital and other used less cash in the first quarter of 2024, than the similar period of the prior year due to timing of receipt and payment of inventory.

Cash used for net rental fleet additions (purchases less proceeds of dispositions) decreased by \$5.8 million in the first quarter of 2024 compared to the comparable period last year. The Company continued to invest in both the heavy and light equipment rental fleets across Eastern Canada reflective of market conditions and growth strategies. Dispositions increased slightly year over year as new equipment supply improved and aged units were rolled out.

The components and changes in non-cash working capital are discussed in more detail in this MD&A under the heading "Consolidated Financial Condition".

Cash Flows from Investing Activities

Investments in property, plant and equipment totalled \$32.9 million in the first quarter of 2024 (2023 – \$26.9 million) and related largely to:

- \$15.4 million additions for land, buildings and construction in process for new and upgraded facilities across the business (2023 – \$14.4 million);
- \$14.6 million for normal replacement of service and delivery vehicles (2023 – \$9.5 million);
- \$0.5 million for upgrades and enhancements to information technology infrastructure and office furniture (2023 – \$1.2 million); and
- \$2.5 million for machinery and equipment replacements and upgrades (2023 – \$1.8 million).

In the first quarter of 2023, the Company sold an excess property for gross proceeds of \$7.4 million resulting in a capital gain of \$3.5 million or \$3.1 million after-tax. Total disposition proceeds for 2024 were \$0.2 million (2023 – \$7.8 million).

Cash Flows from Financing Activities

During the first quarter of 2024, the Company used \$55.8 million (2023 – used \$31.7 million) in cash in financing activities. Major uses and sources of cash during the quarter included:

- Dividends paid to common shareholders of \$35.4 million or \$0.43 per share (2023 – \$32.1 million or \$0.39 per share);
- Cash received on exercise of share options of \$7.1 million (2023 – \$2.5 million);
- Purchase of shares under the NCIB program of \$25.0 million (2023 – nil); and
- Lease liability payments of \$2.5 million (2023 – \$2.0 million).

OUTLOOK

With a long-term focus on growth and returns, we remain dedicated to our operating and financial disciplines to ensure our costs are well managed, while we invest in capacity and capabilities to provide exceptional service to our customers.

We continue to monitor regional, national and global economic factors, in particular, inflationary pressures from price and wage increases, interest rate changes, and general economic health of the industries we serve. The global supply chain continues to improve gradually.

The Equipment Group's parts and service business provides stability supported by a large and diversified installed base of equipment. The long-term outlook for infrastructure projects and other construction activity is positive across most territories although tied somewhat to the general economic climate. Mine investment and expansion will remain dependent on global economic and financial conditions.

Investment continues in broadening product lines and service offerings, expanding and enhancing the branch network, optimizing rental fleets, and using technologies to create efficiency and effectiveness across the organization. Integration and alignment of operating processes and systems, best practices and culture, continues across our territory. Product support technologies, such as remote diagnostics, telematics and digital information models support and expand our strategic platform.

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CIMCO's installed base supports current and future operations and growth trends. CIMCO has a wide product offering using natural refrigerants including innovative CO₂ solutions, which remains a differentiator in the markets they serve. In industrial markets, CIMCO's proven track record and strong geographical coverage provides growth opportunities. Current backlog is supportive of future activity.

The diversity of the markets served, expanding product offering and services, strong financial position and disciplined operating culture position the Company well for continued positive results in the long term.

QUARTERLY RESULTS

The following table summarizes quarterly consolidated financial data for the eight most recently completed quarters. This quarterly information is unaudited and has been prepared on the same basis as the 2023 annual audited consolidated financial statements.

<i>(\$ thousands, except per share amounts)</i>	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
REVENUE								
Equipment Group	\$ 928,145	\$1,128,907	\$1,065,615	\$1,070,194	\$ 960,406	\$1,032,850	\$ 992,401	\$ 966,015
CIMCO	88,204	98,030	108,430	104,762	85,957	95,678	94,106	87,683
Revenue - continuing operations	\$1,016,349	\$1,226,937	\$1,174,045	\$1,174,956	\$1,046,363	\$1,128,528	\$1,086,507	\$1,053,698
NET EARNINGS	\$ 83,919	\$ 154,052	\$ 145,619	\$ 139,037	\$ 96,004	\$ 159,862	\$ 123,123	\$ 111,681
PER SHARE INFORMATION:								
Basic earnings per share	\$ 1.02	\$ 1.87	\$ 1.77	\$ 1.69	\$ 1.17	\$ 1.94	\$ 1.50	\$ 1.35
Diluted earnings per share	\$ 1.01	\$ 1.86	\$ 1.76	\$ 1.68	\$ 1.16	\$ 1.93	\$ 1.49	\$ 1.34
Dividends paid per share	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.39
Weighted average common shares outstanding – basic (in thousands)	82,309	82,315	82,282	82,294	82,333	82,279	82,183	82,433

Interim period revenue and earnings historically reflect variability from quarter to quarter due to seasonality. This trend has been impacted in recent years by the pandemic and resulting impact on the economy, including global supply chains, and may result in continued variations to historically experienced trends.

The Equipment Group has historically had a distinct seasonal trend in activity levels. Lower revenue is recorded during the first quarter due to winter shutdowns in the construction industry. The fourth quarter had typically been the strongest due in part to the timing of customers' capital investment decisions, delivery of equipment from suppliers for customer-specific orders and conversions of equipment on rent with a purchase option. This pattern is impacted by the timing of significant sales to mining and other customers, resulting from the timing of mine site development and access, and construction project schedules. This trend can also be impacted during periods of equipment supply constraints from suppliers.

CIMCO has also had a distinct seasonal trend in results historically, as the timing of construction activity impacts revenue recognition under percentage-of-completion accounting. Revenue is typically lower during the first quarter as winter weather slows down construction schedules. Revenue increases in subsequent quarters as construction schedules ramp up. This trend can be impacted by governmental funding initiatives, supply constraints and the customer's timing of significant industrial projects. Sequential comparisons are also impacted by CIMCO's relatively high fixed cost structure.

Historically, inventories have increased through the year to meet the expected demand for higher deliveries in the third and fourth quarter. This trend can be impacted by equipment and parts availability. These seasonal sales trends also typically lead to accounts receivable to be at their highest level at year-end.

In 2022, patterns were disrupted by supply chain pressures impacting the timing of receipt and delivery of products and services to final customers. In 2023, we saw gradual improvements to supply chain availability across most of our product offerings, although constraints in some areas still exist.

Net earnings have generally followed the trend in revenue. Cost reduction and containment strategies continue to be a focus, however, have a delayed effect on net earnings.

Market, local and global economic factors, and supply chain issues have affected and may continue to impact these trends. There can be no certainty that this historical seasonal pattern will recur in the future.

RISKS AND RISK MANAGEMENT

The significant risks and uncertainties affecting the Company and its business are discussed in the Company's MD&A for the year ended December 31, 2023 under "Risks and Risk Management".

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES

Accounting Policies

The material accounting policies used in the preparation of the accompanying unaudited interim condensed consolidated financial statements are consistent with those used in the Company's 2023 audited annual consolidated financial statements, and described in note 2 therein, except as noted below.

The Company applied for the first time certain amendments to standards, which are effective for annual periods beginning on or after January 1, 2024, including Amendments to IAS 1 – *Presentation of Financial Statements – Disclosure of Accounting Policies*; Amendments to International Financial Reporting Standards ("IFRS") 16 – *Lease Liability in a Sale and Leaseback*; and Amendments to IAS 7 and IFRS 7 – *Supplier Finance Arrangements*. The amendments had no material impact on the unaudited interim condensed consolidated financial statements. The Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective and intends to adopt these when they become effective.

Estimates

The preparation of financial statements in conformity with IFRS requires estimates and assumptions that affect the results of operations and financial position. By their nature, these judgments are subject to an inherent degree of uncertainty and are based upon historical experience, trends in the industry and information available from outside sources. Management reviews its estimates on an ongoing basis. Different accounting policies, or changes to estimates or assumptions could potentially have a material impact, positive or negative, on Toromont's financial position and results of operations. There have been no material changes to the critical accounting estimates as described in note 3 to the Company's 2023 audited annual consolidated financial statements, contained in the Company's 2023 Annual Report.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The President and Chief Executive Officer ("CEO") and Executive Vice President and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, and have designed such disclosure controls and procedures, or have caused it to be designed under their supervision, to provide reasonable assurance that material information with respect to Toromont is made known to them by others and is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Control over Financial Reporting

The CEO and CFO, together with management, are responsible for establishing and maintaining adequate internal control over financial reporting, as defined by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, and have designed such internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

There have been no changes in the design of the Company's internal control over financial reporting during the three months ended March 31, 2024, that would materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, a projection of the evaluation of the effectiveness of internal control over financial reporting to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation. Internal controls over financial reporting may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

ADDITIONAL GAAP MEASURES

IFRS mandates certain minimum line items for financial statements and also requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of the Company's financial position or performance. IFRS also requires the notes to the financial statements to provide information that is not presented elsewhere in the financial statements, but is relevant to understanding them. Such measures outside of the minimum mandated line items are considered additional GAAP measures. The Company's interim condensed consolidated financial statements and notes thereto include certain additional GAAP measures where management considers such information to be useful to the understanding of the Company's results.

Gross Profit

Gross Profit is defined as total revenue less cost of goods sold.

Operating Income

Operating income is defined as net income from continuing operations before interest expense, interest and investment income and income taxes and is used by management to assess and evaluate the financial performance of its operating segments. Financing and related interest charges cannot be attributed to business segments on a meaningful basis that is comparable to other companies. Business segments do not correspond to income tax jurisdictions and it is believed that the allocation of income taxes distorts the historical comparability of the performance of the business segments.

(\$ thousands)	Three months ended March 31	
	2024	2023
Net income from continuing operations	\$ 83,919	\$ 96,119
<i>plus:</i> Interest expense	6,994	6,904
<i>less:</i> Interest and investment income	(15,687)	(10,348)
<i>plus:</i> Income taxes	31,359	35,139
Operating income	\$ 106,585	\$ 127,814
Total revenue	\$ 1,016,349	\$ 1,046,363
Operating income margin	10.5%	12.2%

Net Debt to Total Capitalization/Equity

Net debt to total capitalization/equity are calculated as net debt divided by total capitalization and shareholders' equity, respectively, as defined below, and are used by management as measures of the Company's financial leverage.

Net debt is calculated as long-term debt plus current portion of long-term debt less cash and cash equivalents. Total capitalization is calculated as shareholders' equity plus net debt.

The calculations are as follows:

(\$ thousands)	March 31	December 31	March 31
	2024	2023	2023
Long-term debt	\$ 647,964	\$ 647,784	\$ 647,241
<i>less:</i> Cash and cash equivalents	983,355	1,040,757	675,440
Net debt	(335,391)	(392,973)	(28,199)
Shareholders' equity	2,754,769	2,683,852	2,389,157
Total capitalization	\$ 2,419,378	2,290,879	2,360,958
Net debt to total capitalization	(14)%	(17)%	(1)%
Net debt to equity	(0.12):1	(0.15):1	(0.01):1

NON-GAAP MEASURES

Management believes that providing certain non-GAAP measures provides users of the Company's unaudited interim condensed consolidated financial statements with important information regarding the operational performance and related trends of the Company's business. By considering these measures in combination with the comparable IFRS measures set out below, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS measures alone.

The non-GAAP measures used by management do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with IFRS.

Working Capital

Working capital is defined as total current assets less total current liabilities. Management views working capital as a measure for assessing overall liquidity.

<i>(\$ thousands)</i>	March 31 2024	December 31 2023	March 31 2023
Total current assets	\$ 2,821,696	\$ 2,810,804	\$ 2,402,514
less: Total current liabilities	1,066,116	1,066,065	879,048
Working capital	\$ 1,755,580	\$ 1,744,739	\$ 1,523,466

Non-Cash Working Capital

Non-cash working capital is defined as total current assets, excluding cash and cash equivalents, less total current liabilities, excluding current portion of long-term debt, if applicable.

<i>(\$ thousands)</i>	March 31 2024	December 31 2023	March 31 2023
Total current assets	\$ 2,821,696	\$ 2,810,804	\$ 2,402,514
less: Cash and cash equivalents	983,355	1,040,757	675,440
	1,838,341	1,770,047	1,727,074
Total current liabilities	1,066,116	1,066,065	879,048
Non-cash working capital	\$ 772,225	\$ 703,982	\$ 848,026

Market Capitalization & Total Enterprise Value

Market capitalization represents the total market value of the Company's equity. It is calculated by multiplying the closing share price of the Company's common shares by the total number of common shares outstanding.

Total enterprise value represents the total value of the Company and is often used as a more comprehensive alternative to market capitalization. It is calculated by adding debt/net debt (defined above) to market capitalization.

TOROMONT INDUSTRIES LTD.
Management Discussion and Analysis – 2024 Q1

The calculations are as follows:

<i>(\$ thousands, except for shares and share price)</i>	March 31 2024	December 31 2023	March 31 2023
Outstanding common shares	82,213,286	82,297,341	82,360,231
<i>times: Ending share price</i>	\$ 130.35	\$ 116.10	\$ 110.93
Market capitalization	\$ 10,716,502	\$ 9,554,721	\$ 9,136,220
Long-term debt	\$ 647,964	\$ 647,784	\$ 647,241
<i>less: Cash and cash equivalents</i>	983,355	1,040,757	675,440
Net debt	\$ (335,391)	\$ (392,973)	\$ (28,199)
Total enterprise value	\$ 10,381,111	\$ 9,161,748	\$ 9,108,021

KEY PERFORMANCE INDICATORS ("KPIs")

Management uses key performance indicators to enable consistent measurement of performance across the organization. These KPIs are non-GAAP financial measures, do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other issuers.

Gross Profit Margin

This measure is defined as gross profit (defined above) divided by total revenue.

Operating Income Margin

This measure is defined as operating income (defined above) divided by total revenue.

Order Bookings and Backlog

Order bookings represent the retail value of firm equipment or project orders received during a period. Backlog is defined as the retail value of equipment units ordered by customers with future delivery, and the remaining retail value of package/project orders remaining to be recognized in revenue under the percentage of completion method. Management uses order backlog as a measure of projecting future equipment and project deliveries. There are no directly comparable IFRS measures for order bookings or backlog.

Return on Capital Employed ("ROCE")

ROCE is utilized to assess both current operating performance and prospective investments. The adjusted earnings numerator used for the calculation is income before income taxes, interest expense and interest income (excluding interest on rental conversions). The denominator in the calculation is the monthly average capital employed, which is defined as net debt plus shareholders' equity, also referred to as total capitalization, adjusted for discontinued operations.

	Trailing twelve months ended		
	March 31 2024	December 31 2023	March 31 2023
<i>(\$ thousands)</i>			
Net earnings	\$ 522,627	\$ 534,712	\$ 490,671
<i>plus:</i> Interest expense	28,188	28,101	27,558
<i>less:</i> Interest and investment income	(51,383)	(46,349)	(30,108)
<i>plus:</i> Interest income – rental conversions	3,684	3,348	4,352
<i>plus:</i> Income taxes	191,111	194,849	177,439
Adjusted net earnings	\$ 694,227	\$ 714,661	\$ 669,912
Average capital employed	\$ 2,396,373	\$ 2,347,864	\$ 2,065,882
Return on capital employed	29.0%	30.4%	32.4%

Return on Equity ("ROE")

ROE is monitored to assess profitability and is calculated by dividing net earnings by opening shareholders' equity (adjusted for shares issued and shares repurchased and cancelled during the period), both calculated on a trailing twelve month period.

	Trailing twelve months ended		
	March 31 2024	December 31 2023	March 31 2023
<i>(\$ thousands)</i>			
Net earnings	\$ 522,627	\$ 534,712	\$ 490,671
Opening shareholder's equity (net of adjustments)	\$ 2,374,586	\$ 2,317,906	\$ 1,969,837
Return on equity	22.0%	23.1%	24.9%

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

(\$ thousands)	Note	March 31 2024	December 31 2023	March 31 2023
Assets				
Current assets				
Cash and cash equivalents		\$ 983,355	\$ 1,040,757	\$ 675,440
Accounts receivable		536,739	627,243	549,060
Inventories		1,257,356	1,119,071	1,142,751
Income taxes recoverable		22,708	—	8,702
Derivative financial instruments	6	2,880	—	8,660
Other current assets		18,658	23,733	17,901
Total current assets		2,821,696	2,810,804	2,402,514
Property, plant and equipment	3	558,811	538,919	482,698
Rental equipment	3	710,589	682,369	653,525
Other assets		93,933	68,297	56,464
Deferred tax assets		1,379	1,370	899
Goodwill and intangible assets		469,468	470,088	471,946
Total assets		\$ 4,655,876	\$ 4,571,847	\$ 4,068,046
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	9	\$ 695,966	\$ 654,701	\$ 579,970
Provisions		29,823	30,269	27,471
Deferred revenue and contract liabilities		337,881	360,143	269,757
Derivative financial instruments	6	—	13,946	12
Income taxes payable		2,446	7,006	1,838
Total current liabilities		1,066,116	1,066,065	879,048
Deferred revenue and contract liabilities		21,588	22,479	20,258
Long-term lease liabilities		27,239	25,078	18,612
Long-term debt	4, 6	647,964	647,784	647,241
Post-employment obligations	10	28,060	28,703	31,067
Deferred tax liabilities		110,140	97,886	82,663
Total liabilities		1,901,107	1,887,995	1,678,889
Shareholders' equity				
Share capital	5	590,616	582,801	564,021
Contributed surplus		30,601	27,346	22,230
Retained earnings		2,129,546	2,079,914	1,792,377
Accumulated other comprehensive income (loss)		4,006	(6,209)	10,529
Total shareholders' equity		2,754,769	2,683,852	2,389,157
Total liabilities and shareholders' equity		\$ 4,655,876	\$ 4,571,847	\$ 4,068,046

See accompanying notes

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

(\$ thousands, except share amounts)	Note	Three months ended March 31	
		2024	2023
Revenue	12	\$ 1,016,349	\$ 1,046,363
Cost of goods sold	3	766,175	783,250
Gross profit		250,174	263,113
Selling and administrative expenses		143,589	135,299
Operating income		106,585	127,814
Interest expense	7	6,994	6,904
Interest and investment income	7	(15,687)	(10,348)
Income before income taxes		115,278	131,258
Income taxes		31,359	35,139
Income from continuing operations		83,919	96,119
Loss from discontinued operations	14	—	(115)
Net earnings		\$ 83,919	\$ 96,004
Basic earnings per share			
Continuing operations		\$ 1.02	\$ 1.17
Discontinued operations		\$ —	\$ —
	8	\$ 1.02	\$ 1.17
Diluted earnings per share			
Continuing operations		\$ 1.01	\$ 1.16
Discontinued operations		\$ —	\$ —
	8	\$ 1.01	\$ 1.16
Weighted average number of shares outstanding			
Basic	8	82,309,309	82,333,111
Diluted	8	82,975,125	83,008,699

See accompanying notes

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

(\$ thousands)	Three months ended March 31	
	2024	2023
Net earnings	\$ 83,919	\$ 96,004
Other comprehensive income (loss), net of income taxes:		
<i>Items that may be reclassified subsequently to net earnings:</i>		
Foreign currency translation adjustments	618	(24)
Unrealized gains on derivatives designated as cash flow hedges	13,774	2,899
Income tax expense	(3,581)	(754)
Unrealized gains on cash flow hedges, net of income taxes	10,193	2,145
Realized gains on derivatives designated as cash flow hedges	(805)	(6,689)
Income tax expense	209	1,739
Realized gains on cash flow hedges, net of income taxes	(596)	(4,950)
<i>Items that will not be reclassified subsequently to net earnings:</i>		
Remeasurement gain on defined benefit plans	23,395	171
Income tax expense	(6,199)	(46)
Remeasurement gain on defined benefit plans, net of income taxes	17,196	125
Other comprehensive income (loss)	27,411	(2,704)
Total comprehensive income	\$ 111,330	\$ 93,300

See accompanying notes

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

(\$ thousands, except share amounts)	Share capital			Accumulated other comprehensive income (loss)				Total shareholders' equity
	Number	Amount	Contributed surplus	Retained earnings	Foreign currency translation adjustments	Cash flow hedges	Total	
At January 1, 2024	82,297,341	\$ 582,801	\$ 27,346	\$ 2,079,914	\$ 2,409	\$ (8,618)	\$ (6,209)	2,683,852
Net earnings	—	—	—	83,919	—	—	—	83,919
Other comprehensive income	—	—	—	17,196	618	9,597	10,215	27,411
Total comprehensive income	—	—	—	101,115	618	9,597	10,215	111,330
Exercise of share options	111,645	8,414	(1,282)	—	—	—	—	7,132
Share-based compensation plans	—	—	4,537	—	—	—	—	4,537
Effect of share compensation plans	111,645	8,414	3,255	—	—	—	—	11,669
Shares purchased for cancellation	(195,700)	(599)	—	(11,940)	—	—	—	(12,539)
Dividends declared	—	—	—	(39,543)	—	—	—	(39,543)
At March 31, 2024	82,213,286	\$ 590,616	\$ 30,601	\$ 2,129,546	\$ 3,027	\$ 979	\$ 4,006	2,754,769
At January 1, 2023	82,318,159	\$ 561,078	\$ 19,262	\$ 1,731,661	\$ 2,992	\$ 10,366	\$ 13,358	2,325,359
Net earnings	—	—	—	96,004	—	—	—	96,004
Other comprehensive loss	—	—	—	125	(24)	(2,805)	(2,829)	(2,704)
Total comprehensive income	—	—	—	96,129	(24)	(2,805)	(2,829)	93,300
Exercise of share options	42,072	2,943	(476)	—	—	—	—	2,467
Share-based compensation plans	—	—	3,444	—	—	—	—	3,444
Effect of share compensation plans	42,072	2,943	2,968	—	—	—	—	5,911
Dividends declared	—	—	—	(35,413)	—	—	—	(35,413)
At March 31, 2023	82,360,231	\$ 564,021	\$ 22,230	\$ 1,792,377	\$ 2,968	\$ 7,561	\$ 10,529	2,389,157

See accompanying notes

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

(\$ thousands)	Note	Three months ended March 31	
		2024	2023
Operating activities			
Income from continuing operations		\$ 83,919	\$ 96,119
Items not requiring cash:			
Depreciation and amortization		47,811	42,021
Share-based compensation		2,735	2,288
Post-employment obligations		(1,200)	(880)
Deferred income taxes		2,675	842
Gain on sale of rental equipment and property, plant and equipment		(8,222)	(11,843)
		127,718	128,547
Net change in non-cash working capital and other	11	(45,486)	(272,351)
Additions to rental equipment	3	(69,845)	(73,858)
Proceeds on disposal of rental equipment		18,406	16,597
Continuing operations		30,793	(201,065)
Discontinued operations		—	(86)
Cash provided by (used in) operating activities		30,793	(201,151)
Investing activities			
Additions to property, plant and equipment	3	(32,941)	(26,936)
Proceeds on disposal of property, plant and equipment		239	7,772
Increase in other assets		(33)	(41)
Continuing operations		(32,735)	(19,205)
Discontinued operations		—	(284)
Cash used in investing activities		(32,735)	(19,489)
Financing activities			
Dividends paid	5	(35,383)	(32,104)
Cash received on exercise of share options		7,132	2,467
Shares purchased for cancellation	5	(24,991)	—
Payment of lease liabilities		(2,523)	(2,028)
Continuing operations		(55,765)	(31,665)
Discontinued operations		—	(29)
Cash used in financing activities		(55,765)	(31,694)
Effect of currency translation on cash balances		305	(6)
Decrease in cash and cash equivalents during the period			
Continuing operations		(57,402)	(251,941)
Discontinued operations		—	(399)
Cash and cash equivalents, at beginning of the period		1,040,757	927,780
Cash and cash equivalents, at end of the period		\$ 983,355	\$ 675,440

Supplemental cash flow information (note 11)

See accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

(\$ thousands, except where otherwise indicated) (Unaudited)

1. DESCRIPTION OF BUSINESS

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 ("TSX") under the symbol TIH. The registered office is located at 3131 Highway 7 West, Concord, Ontario, Canada.

The Company operates through two business segments: the Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory, spanning the Canadian provinces of Newfoundland and Labrador, Nova Scotia, New Brunswick, Prince Edward Island, Québec, Ontario and Manitoba, in addition to most of the territory of Nunavut. The Equipment Group includes industry-leading rental operations and a complementary material handling business. CIMCO is one of North America's leading suppliers of thermal management solutions that enable customers to reduce energy consumption and emissions, use natural refrigerants and monitor and control their operating environments autonomously. Both segments offer comprehensive product support capabilities.

2. MATERIAL ACCOUNTING POLICIES

Basis of Preparation

a) Statement of Compliance

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*. 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, 2023.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on May 1, 2024.

b) Basis of Presentation

These interim condensed consolidated financial statements were prepared on a historical cost basis, except for derivative instruments that have been measured at fair value. These interim condensed consolidated financial statements are presented in Canadian dollars, which is Toromont's functional currency, and all values are rounded to the nearest thousands, except where otherwise indicated.

Certain comparative figures have been reclassified to conform to the current period's presentation.

c) Material Accounting Policies

The material accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's audited annual consolidated financial statements for the year ended December 31, 2023, except as noted below.

The Company applied for the first time certain amendments to standards, which are effective for annual periods beginning on or after January 1, 2024, including Amendments to IAS 1 – *Presentation of Financial*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

(\$ thousands, except where otherwise indicated) (Unaudited)

Statements – Disclosure of Accounting Policies; Amendments to International Financial Reporting Standards ("IFRS") 16 – *Lease Liability in a Sale and Leaseback*; and Amendments to IAS 7 and IFRS 7 – *Supplier Finance Arrangements*. The amendments had no material impact on the unaudited interim condensed consolidated financial statements. The Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective and intends to adopt these when they become effective.

d) Use of Significant Accounting Estimates and Judgements

The preparation of interim condensed consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures. Significant estimates and judgements used in the preparation of these interim condensed consolidated financial statements are described in the Company's audited annual consolidated financial statements for the year ended December 31, 2023. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

e) Discontinued Operations

The results of discontinued operations are excluded from both continuing operations and business segment information in the interim condensed consolidated financial statements and the notes to the interim condensed consolidated financial statements, unless otherwise noted, and are presented net of tax in the interim condensed consolidated statements of income for the current and comparative periods. Refer to note 14, "Discontinued Operations" for further information.

3. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

	Property, Plant and Equipment					Rental Equipment
	Land	Buildings	Equipment	Power Generation	Total	
Cost						
January 1, 2024	\$ 182,938	\$ 370,334	\$ 361,697	\$ 40,138	\$ 955,107	\$ 1,263,079
Additions	4,249	11,143	17,549	—	32,941	69,845
Disposals	—	—	(2,857)	—	(2,857)	(39,834)
Foreign currency translation adjustments	4	81	216	—	301	—
March 31, 2024	\$ 187,191	\$ 381,558	\$ 376,605	\$ 40,138	\$ 985,492	\$ 1,293,090
Accumulated depreciation						
January 1, 2024	\$ —	\$ 148,538	\$ 229,309	\$ 38,341	\$ 416,188	\$ 580,710
Depreciation expense	—	3,723	9,160	275	13,158	31,223
Depreciation of disposals	—	—	(2,835)	—	(2,835)	(29,432)
Foreign currency translation adjustments	—	19	151	—	170	—
March 31, 2024	\$ —	\$ 152,280	\$ 235,785	\$ 38,616	\$ 426,681	\$ 582,501
Net book value – March 31, 2024	\$ 187,191	\$ 229,278	\$ 140,820	\$ 1,522	\$ 558,811	\$ 710,589

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

(\$ thousands, except where otherwise indicated) (Unaudited)

	Property, Plant and Equipment					Total	Rental Equipment
	Land	Buildings	Equipment	Power Generation			
Cost							
January 1, 2023	\$ 177,099	\$ 327,067	\$ 314,214	\$ 40,094	\$ 858,474	\$ 1,133,080	
Additions	2,963	11,496	12,761	—	27,220	73,858	
Disposals	(3,644)	—	(2,567)	—	(6,211)	(26,373)	
Foreign currency translation adjustments	—	(2)	(8)	—	(10)	—	
March 31, 2023	\$ 176,418	\$ 338,561	\$ 324,400	\$ 40,094	\$ 879,473	\$ 1,180,565	
Accumulated depreciation							
January 1, 2023	\$ —	\$ 138,322	\$ 212,345	\$ 37,183	\$ 387,850	\$ 516,791	
Depreciation expense	—	3,427	7,687	295	11,409	27,827	
Depreciation of disposals	—	—	(2,480)	—	(2,480)	(17,578)	
Foreign currency translation adjustments	—	(1)	(3)	—	(4)	—	
March 31, 2023	\$ —	\$ 141,748	\$ 217,549	\$ 37,478	\$ 396,775	\$ 527,040	
Net book value – March 31, 2023	\$ 176,418	\$ 196,813	\$ 106,851	\$ 2,616	\$ 482,698	\$ 653,525	

During the three months ended March 31, 2024, depreciation expense of \$39.8 million was charged to cost of goods sold (2023 – \$35.0 million), and \$4.6 million was charged to selling and administrative expenses (2023 – \$4.2 million).

As at March 31, 2024, the balance of assets under construction and not subject to depreciation was \$44.4 million (2023 – \$13.0 million).

4. LONG-TERM DEBT

	March 31 2024	December 31 2023	March 31 2023
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	(2,036)	(2,216)	(2,759)
Total long-term debt	\$ 647,964	\$ 647,784	\$ 647,241

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

The Company has a \$500.0 million committed revolving credit facility, maturing in November 2026, with a syndicate of financial institutions. Debt under this facility 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 the revolving credit facility as at March 31, 2024, December 31, 2023 and March 31, 2023.

Standby letters of credit issued utilized \$39.1 million of the facility as at March 31, 2024 (December 31, 2023 – \$40.3 million; March 31, 2023 – \$30.4 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

(\$ thousands, except where otherwise indicated) (Unaudited)

5. SHARE CAPITAL

Normal Course Issuer Bid ("NCIB")

The Company's NCIB program was renewed in September 2023. The current issuer bid allows the Company to purchase up to 8.2 million common shares during the 12-month period ending September 18, 2024. All shares purchased under the bid will be cancelled.

The Company purchased and cancelled 195,700 common shares for \$25.0 million (average cost of \$127.70 per share, including transaction costs) during the three months ended March 31, 2024.

The Company maintains an Automatic Share Purchase Plan ("ASPP") with a broker to enable the purchase of common shares under the NCIB during regular trading blackout periods. The volume of the purchases are determined by the broker based on share price and maximum volume parameters established by the Company prior to the commencement of each blackout period. As at March 31, 2024, there was no obligation for the repurchase of shares under the ASPP.

The Company did not purchase for cancellation any common shares during the three months ended March 31, 2023. As at March 31, 2023, there was no obligation for the repurchase of shares under the ASPP.

Dividends Declared

Dividend	2024				2023			
	Record Date	Dividend Amount Per Share	Payment Date	Total Dividends Declared (\$ millions)	Record Date	Dividend Amount Per Share	Payment Date	Total Dividends Declared (\$ millions)
Quarter 1	Mar. 8, 2024	\$ 0.48	Apr. 4, 2024	\$ 39.5	Mar. 9, 2023	\$ 0.43	Apr. 4, 2023	\$ 35.4

On May 1, 2024, the Board of Directors declared a quarterly dividend of \$0.48 per common share, payable on July 5, 2024, to shareholders on record on June 7, 2024.

6. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Classification and Measurement

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

	March 31 2024	December 31 2023	March 31 2023
Other financial liabilities:			
Long-term debt	\$ 647,964	\$ 647,784	\$ 647,241
Derivative financial instruments assets (liabilities), net:			
Foreign exchange forward contracts	\$ 2,880	\$ (13,946)	\$ 8,648

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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 as 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 are as follows:

	March 31 2024	December 31 2023	March 31 2023
Long-term debt:			
Fair value	\$ 633,975	\$ 637,808	\$ 631,739
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 three months ended March 31, 2024 and 2023, 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 March 31, 2024, the Company was committed to: (i) US dollar purchase contracts with a notional amount of \$611.6 million at an average exchange rate of \$1.3479, maturing between April 2024 and April 2025; and (ii) US dollar sale contracts with a notional amount of \$38.4 million at an average exchange rate of \$1.3475, maturing between April 2024 and April 2025.

Management estimates that a gain of \$2.9 million (December 31, 2023 – loss of \$13.9 million; March 31, 2023 – gain of \$8.6 million) would be realized if the contracts were terminated on March 31, 2024. Certain of these forward contracts are designated as cash flow hedges and, accordingly, an unrealized gain of \$1.5 million (December 31, 2023 – unrealized loss of \$11.6 million; March 31, 2023 – unrealized gain of \$6.6 million) has been included in other comprehensive income (loss). These gains and losses are not expected to affect net earnings as the amounts will be reclassified to net earnings within the next 12 months and will offset losses recorded on the underlying hedged items, namely foreign-denominated accounts payable and accrued liabilities. Certain of these 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 gain of \$1.4 million (December 31, 2023 – loss of \$2.3 million; March 31, 2023 – gain of \$2.0 million) on forward contracts not designated as hedges is included in net earnings, which offsets gains recorded on the foreign-denominated items, namely accounts payable and accrued liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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7. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended March 31	
	2024	2023
Credit facilities	\$ 395	\$ 450
Senior debentures	6,219	6,242
Interest on lease liabilities	380	212
	\$ 6,994	\$ 6,904

The components of interest and investment income were as follows:

	Three months ended March 31	
	2024	2023
Interest on conversion of rental equipment	\$ 687	\$ 351
Interest income	15,000	9,997
	\$ 15,687	\$ 10,348

8. EARNINGS PER SHARE

	Three months ended March 31	
	2024	2023
Income from continuing operations	\$ 83,919	\$ 96,119
Loss from discontinued operations	—	(115)
Net earnings available to common shareholders	\$ 83,919	\$ 96,004
Weighted average common shares outstanding	82,309,309	82,333,111
Effect of dilutive securities	665,816	675,588
Weighted average common shares outstanding – diluted	82,975,125	83,008,699
Basic earnings per share		
Continuing operations	\$ 1.02	\$ 1.17
Discontinued operations	—	—
	\$ 1.02	\$ 1.17
Diluted earnings per share		
Continuing operations	\$ 1.01	\$ 1.16
Discontinued operations	—	—
	\$ 1.01	\$ 1.16

For the three months ended March 31, 2024, 158,137 outstanding share options with an average exercise price of \$125.11 were considered anti-dilutive (exercise price in excess of average market price) and were excluded from the calculation.

For the comparative period in 2023, 168,545 outstanding share options with an average exercise price of \$112.48 were considered anti-dilutive and were excluded from the calculation.

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9. SHARE-BASED COMPENSATION

Share Option Plan

A reconciliation of the outstanding options for the three months ended March 31, 2024 and March 31, 2023 was as follows:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, January 1	1,783,993	\$ 78.50	1,967,892	\$ 73.21
Granted	158,137	125.11	168,545	112.48
Exercised ⁽¹⁾	(111,645)	63.88	(42,072)	58.64
Forfeited	(143,724)	92.23	(200)	104.91
Options outstanding, March 31	1,686,761	\$ 82.66	2,094,165	\$ 76.66
Options exercisable, March 31	898,252	\$ 67.31	882,114	\$ 59.45

⁽¹⁾ The weighted average share price at the date of exercise for the three months ended March 31, 2024 was \$124.74 (2023 – \$112.68).

The following table summarizes share options outstanding and exercisable as at March 31, 2024:

Range of exercise prices	Options outstanding		Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price	Number	Weighted average exercise price
\$26.52 – \$36.65	80,400	1.1	\$ 34.67	80,400	\$ 34.67
\$39.79 – \$53.89	197,400	2.9	47.25	197,400	47.25
\$65.72 – \$72.95	701,809	5.6	69.20	465,792	68.39
\$104.91 – \$125.11	707,152	8.4	111.37	154,660	106.63
	1,686,761	6.2	\$ 82.66	898,252	\$ 67.31

The fair values of the share options granted during 2024 and 2023 were determined at the time of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2024	2023
Fair value price per option	\$ 27.86	\$ 24.20
Share price	\$ 125.11	\$ 112.48
Expected life of options (years)	5.00	4.94
Expected share price volatility	22.0%	22.0%
Expected dividend yield	1.53%	1.53%
Risk-free interest rate	3.70%	3.40%

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Deferred Share Unit ("DSU") Plans

A reconciliation of the cash-settled DSU plan for the three months ended March 31, 2024 and March 31, 2023 was as follows:

	2024		2023	
	Number of DSUs	Value	Number of DSUs	Value
Outstanding, January 1	191,320	\$ 22,133	190,128	\$ 18,528
Units taken or taken in lieu and dividends	715	82	757	74
Redemptions	(16,321)	(2,039)	(1,829)	(193)
Fair market value adjustments	—	2,369	—	1,999
Outstanding, March 31	175,714	\$ 22,545	189,056	\$ 20,408

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

A reconciliation of the outstanding units of the equity-settled DSU plan for the three months ended March 31, 2024 and March 31, 2023 was as follows:

	2024	2023
	Number of DSUs	Number of DSUs
Outstanding, January 1	33,360	7,534
Units taken or taken in lieu and dividends	17,812	13,777
Outstanding, March 31	51,172	21,311

The cost of the equity-settled DSU plan is recorded in selling and administrative expenses with a credit to contributed surplus.

Long-term Incentive Plan ("LTIP")

A reconciliation of the outstanding units of RSUs and PSUs for the three months ended March 31, 2024 and March 31, 2023 was as follows:

	2024		2023	
	RSUs	PSUs	RSUs	PSUs
Units outstanding, January 1	14,396	56,784	7,163	28,137
Granted	7,071	28,146	7,153	29,714
Forfeited	—	(11,028)	—	—
Reinvested dividends	54	213	28	112
Units outstanding, March 31	21,521	74,115	14,344	57,963

For the three months ended March 31, 2024, LTIP expense of \$1.1 million (2023 – \$0.5 million) was included in selling and administrative expenses with a credit to contributed surplus.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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10. EMPLOYEE FUTURE BENEFITS

Employee future benefits expense includes the following components:

	Three months ended March 31	
	2024	2023
Defined benefit plans	\$ 1,881	\$ 2,093
Defined contribution plans	4,747	4,696
401(k) matched saving plans	101	101
	\$ 6,729	\$ 6,890

11. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31	
	2024	2023
Net change in non-cash working capital and other		
Accounts receivable	\$ 90,504	\$ 32,519
Inventories	(138,285)	(118,908)
Accounts payable and accrued liabilities	51,722	(114,302)
Provisions	(446)	(180)
Deferred revenue and contract liabilities	(23,153)	(42,575)
Income taxes	(27,268)	(34,547)
Derivative financial instruments	(3,857)	6,096
Other	5,297	(454)
	\$ (45,486)	\$ (272,351)
Cash paid during the period for:		
Interest	\$ —	\$ 2,783
Income taxes	\$ 55,981	\$ 69,918
Cash received during the period for:		
Interest	\$ 11,257	\$ 9,399

12. 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 IFRS 8 – *Operating Segments*, as it does not earn revenue.

The accounting policies of each of the reportable segments are the same as the material 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

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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 months ended March 31, 2024 and March 31, 2023:

Three months ended March 31	Equipment Group		CIMCO		Consolidated	
	2024	2023	2024	2023	2024	2023
Equipment/package sales	\$ 394,213	\$ 436,756	\$ 36,685	\$ 39,446	\$ 430,898	\$ 476,202
Rentals	95,854	98,459	—	—	95,854	98,459
Product support	435,303	422,343	51,519	46,511	486,822	468,854
Power generation	2,775	2,848	—	—	2,775	2,848
Total revenue	\$ 928,145	\$ 960,406	\$ 88,204	\$ 85,957	\$ 1,016,349	\$ 1,046,363
Operating income	\$ 98,756	\$ 122,958	\$ 7,829	\$ 4,856	\$ 106,585	\$ 127,814
Interest expense					6,994	6,904
Interest and investment income					(15,687)	(10,348)
Income taxes					31,359	35,139
Income from continuing operations					\$ 83,919	\$ 96,119

Operating income from rental operations for the three months ended March 31, 2024 was \$2.3 million (2023 – \$10.8 million).

13. BUSINESS SEASONALITY

Interim period revenue and earnings historically reflect variability from quarter to quarter due to seasonality.

The Equipment Group has historically had a distinct seasonal trend in activity levels. Lower revenue is recorded during the first quarter due to winter shutdowns in the construction industry. The fourth quarter has typically been the strongest due in part to the timing of customers' capital investment decisions, delivery of equipment from suppliers for customer-specific orders and conversions of equipment on rent with a purchase option. This pattern is impacted by the timing of significant sales to mining and other customers, resulting from the timing of mine site development and access, and construction project schedules. This trend can also be impacted during periods of equipment supply constraints from suppliers.

CIMCO has also had a distinct seasonal trend in results historically, as the timing of construction activity impacts revenue recognition under percentage-of-completion accounting. Revenue is typically lower during the first quarter as winter weather slows down construction schedules. Revenue increases in subsequent quarters as construction schedules ramp up. This trend can be impacted by governmental funding initiatives, supply constraints and the customer's timing of significant industrial projects. Sequential comparisons are also impacted by CIMCO's relatively high fixed cost structure.

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Historically, inventories have increased through the year to meet the expected demand for higher deliveries in the third and fourth quarter. This trend can be impacted by equipment and parts availability. These seasonal sales trends also typically lead to accounts receivable to be at their highest level at year-end.

Market and economic factors, local and global economic factors, and supply chain issues have affected and may continue to impact these trends. There can be no certainty that this historical seasonal pattern will recur in the future.

14. DISCONTINUED OPERATIONS

The Company completed the sale of AgWest Ltd., a wholly owned subsidiary, on May 1, 2023. AgWest Ltd. was reported in the Equipment Group.

The results of AgWest Ltd. for the three months ended March 31, 2024 and March 31, 2023 were as follows:

	2024	2023
Revenue	\$ —	\$ 14,902
Net loss, net of tax	—	(115)
Loss from discontinued operations	\$ —	\$ (115)