



WAJAX CORPORATION
News Release

TSX Symbol: WJX

**WAJAX ANNOUNCES 2024 THIRD QUARTER RESULTS AND
CHIEF FINANCIAL OFFICER SUCCESSION**

***Equipment Sales and Mining Backlog Increase, Costs Decrease as Market Conditions
Drive Overall Year-Over-Year Revenue Decline***

Toronto, Ontario – November 4, 2024 – Wajax Corporation (“**Wajax**” or the “**Corporation**”) today announced its 2024 third quarter results, as well as the planned retirement of its Chief Financial Officer. All monetary amounts are in Canadian dollars unless otherwise noted.

Selected Highlights for the Third Quarter

- Third quarter revenue of \$481.0 million and adjusted basic earnings per share of \$0.44, down from \$509.7 million and \$0.96, respectively, in the same quarter of the prior year, reflecting softer than anticipated market conditions;
- Third quarter gross profit margin of 19.2%, down from 22.2% in the same quarter of 2023, due primarily to a higher proportion of equipment sales relative to product support, industrial parts, and engineered repair services (“**ERS**”) sales. In addition, increased competitive and market pressures resulted in lower margins realized on product support and industrial parts sales, offset partially by higher margins on ERS sales;
- Third quarter adjusted EBITDA margin of 7.8%, down from 9.8% in the same quarter of the prior year, due to lower sales volume and a lower gross profit margin, offset partially by lower selling and administrative expenses; and
- Backlog of \$588.1 million at September 30, 2024, up \$43.3 million, or 7.9%, from June 30, 2024.⁽¹⁾

“Equipment sales in the quarter increased 4.5% over the prior year, despite the delivery of a large mining shovel in the third quarter of 2023 which did not recur this year,” said Iggy Domagalski, President and Chief Executive Officer. “Softer than anticipated market conditions, resulting from reduced customer demand, together with increased competitive pressure, contributed to lower product support and industrial parts revenue and margins.”

He continued, “Our backlog at September 30, 2024 increased \$43.3 million compared to the second quarter of 2024, due primarily to higher construction and forestry and mining orders; this backlog includes seven large mining shovels, which we expect to be delivered over the next seven quarters. Our inventory has decreased \$27.9 million from March 31, 2024 as we continue to focus on managing and reducing inventory levels; at the end of the quarter, we had one large mining shovel in inventory which is expected to be delivered in the fourth quarter of 2024. Cost saving initiatives implemented during the quarter helped to reduce selling and administrative expenses by \$10.8 million compared to the second quarter of 2024 and \$5.0 million compared to the third quarter of 2023, and we are actively pursuing further cost reduction measures. Leverage is expected to improve with our cost and inventory reduction initiatives, and as we seek further improvements to operating efficiency.”

(dollars in millions, except per share data)

	Three Months Ended September 30			Nine Months Ended September 30		
	2024	2023	% change	2024	2023	% change
CONSOLIDATED RESULTS						
Revenue	\$481.0	\$509.7	(5.6)%	\$1,531.7	\$1,612.0	(5.0)%
Equipment sales	\$131.7	\$126.0	4.5 %	\$410.2	\$448.6	(8.6) %
Product support	\$123.1	\$135.1	(8.9) %	\$402.3	\$410.4	(2.0) %
Industrial parts	\$136.4	\$160.9	(15.3) %	\$438.4	\$469.1	(6.5) %
Engineered repair services (ERS)	\$78.1	\$76.7	1.9 %	\$247.4	\$250.6	(1.3) %
Equipment rental	\$11.8	\$11.1	6.1 %	\$33.4	\$33.2	0.6 %
Net earnings	\$6.4	\$23.4	(72.6)%	\$41.8	\$69.9	(40.2)%
Basic earnings per share⁽²⁾	\$0.29	\$1.09	(72.9)%	\$1.92	\$3.25	(40.8)%
Adjusted net earnings⁽¹⁾⁽³⁾	\$9.6	\$20.7	(53.7)%	\$45.4	\$65.7	(30.9)%
Adjusted basic earnings per share⁽¹⁾⁽²⁾⁽³⁾	\$0.44	\$0.96	(54.2)%	\$2.09	\$3.06	(31.6)%
Adjusted EBIT⁽¹⁾	\$21.6	\$35.4	(39.1)%	\$86.5	\$107.2	(19.3)%
Adjusted EBITDA⁽¹⁾	\$37.4	\$50.0	(25.3)%	\$132.8	\$150.2	(11.6)%
Adjusted EBIT margin⁽¹⁾	4.5%	7.0%	(35.5)%	5.6%	6.7%	(15.1)%
Adjusted EBITDA margin⁽¹⁾	7.8%	9.8%	(20.8)%	8.7%	9.3%	(6.9)%

CFO Succession

Wajax also today announced the planned retirement of Stuart Auld, Chief Financial Officer, to be effective March 4, 2025. Mr. Auld first joined Wajax in 2014 as Senior Vice President, Information Systems, before being appointed Senior Vice President, Human Resources and Information Systems in 2017. He was appointed Chief Financial Officer in 2019. Prior to joining Wajax, Mr. Auld served for over 25 years in senior executive roles at Canadian Tire, Zellers and Hudson's Bay.

Following a comprehensive succession planning process, Tania Casadinho, Vice President, Corporate Controller, has been appointed to succeed Mr. Auld as Chief Financial Officer effective March 4, 2025. Ms. Casadinho has more than 16 years' experience in finance and accounting, gained in the health services, nutrition and industrial sectors, and first joined Wajax in 2018. She is a Chartered Professional Accountant and Chartered Accountant, and holds a Bachelor of Administrative Studies, with Specialized Honours in Accounting, from York University. Ms. Casadinho and Mr. Auld will work closely over the coming months to facilitate a seamless transition.

"On behalf of the board and management team, I want to express my appreciation to Stuart for his exceptional contributions over the past decade," said Mr. Domagalski. "Among many things, Stuart played a key leadership role in unifying Wajax's operational structure, significantly growing our business and has most recently led the successful implementation of our new ERP system. He has also provided crucial advice and guidance to me since I joined Wajax in 2021, for which I am grateful. We all wish him the very best in his well-earned retirement."

Mr. Domagalski continued, "Since joining Wajax in 2018, Tania has been a strong leader, taking on progressively more responsibility and challenge. Among other things, she has significantly improved our budgeting and forecasting processes and introduced new analytical tools; she has also worked closely with senior leaders across the company and contributed greatly to our strategic planning process. Together, the board and I are confident Tania is the ideal person to maintain our disciplined approach to financial risk management, and we look forward to continuing to work with her in this new role as we pursue our strategic goals."

Outlook

Wajax continues to see strong customer demand in the mining and energy sectors, and reduced activity in industrial and forestry. Given softer than expected market conditions and year-to-date results, management has implemented a number of cost-saving initiatives and is actively pursuing further cost reduction measures.

Management is continuing to focus on the execution of its six strategic priorities for 2024: continuing to build a “people first” company; growing Wajax’s existing business with a focus on parts, service and margin improvement; unlocking the potential of Wajax’s enhanced direct relationship with Hitachi; acquiring industrial parts and ERS businesses; improving cost structure and processes; and continuing Wajax’s ERP system rollout and additional technology improvements.

Management continues to evaluate options to repay or refinance the Corporation’s \$57.0 million in senior unsecured debentures maturing January 15, 2025.

Dividend

The Corporation has declared a dividend of \$0.35 per share for the fourth quarter of 2024, payable on January 7, 2025, to shareholders of record on December 16, 2024.

Third Quarter Highlights

- Revenue in the third quarter of 2024 decreased \$28.7 million, or 5.6%, to \$481.0 million, from \$509.7 million in the third quarter of 2023. Regionally:
 - Revenue in western Canada of \$209.7 million decreased 10.0% from the same period in the prior year due primarily to lower product support and industrial parts sales, as well as the delivery of a large mining shovel in the third quarter of the prior year with no such delivery in the current year. These decreases were partially offset by higher equipment sales in the construction and forestry category.
 - Revenue in central Canada of \$88.5 million decreased 3.9% from the same period in the prior year due primarily to lower industrial parts sales.
 - Revenue in eastern Canada of \$182.8 million decreased 1.1% from the same period in the prior year due primarily to lower industrial parts and ERS sales, partially offset by higher equipment sales in the construction and forestry category.
- Gross profit margin of 19.2% in the third quarter of 2024 decreased 300 basis points (“bps”) compared with gross profit margin of 22.2% in the same period of 2023. This decrease in margin was driven primarily by a higher proportion of equipment sales relative to product support, industrial parts, and ERS sales. In addition, increased competitive and market pressures resulted in lower margins realized on product support and industrial parts sales. These decreases were partially offset by higher margins on ERS sales.⁽¹⁾
- Selling and administrative expenses as a percentage of revenue decreased to 14.7% in the third quarter of 2024 from 14.9% in the same period of 2023. Selling and administrative expenses in the third quarter of 2024 decreased \$5.0 million compared with the third quarter of 2023. This decrease was due primarily to lower personnel costs driven largely by cost saving initiatives implemented in the quarter.⁽¹⁾
- EBIT decreased \$15.8 million, or 42.4%, to \$21.4 million in the third quarter of 2024 versus \$37.2 million in the same period of 2023. The year-over-year decrease in EBIT resulted primarily from lower sales volume and gross profit margin, offset partially by reduced selling and administrative expenses. Adjusted EBIT decreased \$13.9 million, or 39.1%, to \$21.6 million in the third quarter of 2024 from \$35.4 million in the third quarter of 2023, and adjusted EBIT margin decreased to 4.5% in the third quarter of 2024 from 7.0% in the same quarter of 2023.⁽¹⁾

- Finance costs of \$13.0 million in the third quarter of 2024 increased \$7.5 million compared with the same quarter last year due primarily to higher interest rates and higher average borrowings under the bank credit facility, and an unrealized loss on interest rate swaps of \$4.2 million in the quarter compared to a gain of \$1.8 million in the same period of the prior year. Excluding the unrealized loss or gain on interest rate swaps in both periods, finance costs increased \$1.5 million compared with the same quarter last year.
- The Corporation generated net earnings of \$6.4 million, or \$0.29 per share, in the third quarter of 2024 versus \$23.4 million, or \$1.09 per share, in the same period of 2023. The Corporation generated adjusted net earnings of \$9.6 million, or \$0.44 per share, in the third quarter of 2024 versus \$20.7 million, or \$0.96 per share, in the same period of 2023. Adjusted net earnings in the third quarter of 2024 excludes non-cash losses on mark to market of derivative instruments of \$3.2 million after tax, or \$0.15 per share (2023 – gains of \$2.5 million after tax, or \$0.12 per share). Adjusted net earnings for the third quarter of the prior year also excluded a gain recorded on the sale of properties of \$0.1 million after tax, or less than \$0.01 per share.⁽¹⁾
- Adjusted EBITDA margin decreased to 7.8% in the third quarter of 2024 from 9.8% in the third quarter of 2023.⁽¹⁾
- Cash flows used in operating activities amounted to \$34.5 million in the third quarter of 2024, compared with cash flows used in operating activities of \$62.0 million in the same quarter of the previous year. The decrease in cash used of \$27.5 million was mainly attributable to a decrease in inventory of \$1.2 million during the quarter compared to an increase of \$31.0 million in the same quarter of the prior year, and a decrease in trade and other receivables of \$16.0 million during the quarter compared to a decrease of \$2.7 million in the same quarter of the prior year. This decrease in cash flows used in operating activities was offset partially by the decrease in net earnings excluding items not affecting cash flow of \$13.4 million.
- The Corporation's backlog at September 30, 2024 of \$588.1 million increased \$43.3 million, or 7.9%, compared to June 30, 2024 backlog of \$544.9 million due primarily to higher construction and forestry, and mining orders, including seven large mining shovels, offset partially by lower material handling and ERS orders. Backlog decreased \$11.1 million, or 1.9%, compared to September 30, 2023 backlog of \$599.2 million due to lower construction and forestry, material handling, ERS, and industrial parts orders, offset partially by higher mining orders.⁽¹⁾
- Working capital of \$572.0 million at September 30, 2024 increased \$38.7 million from June 30, 2024 due primarily to lower accounts payable and accrued liabilities, offset partially by lower trade and other receivables. Working capital efficiency was 26.6%, an increase of 10 bps from June 30, 2024 due to lower trailing 12-month revenue. Excluding the Corporation's senior unsecured debentures, working capital of \$628.8 million at September 30, 2024 increased \$38.9 million from June 30, 2024, and working capital efficiency was 28.7%, an increase of 80 bps from June 30, 2024.⁽¹⁾
- The Corporation's leverage ratio increased to 2.78 times at September 30, 2024, compared to 2.17 times at June 30, 2024. The increase in leverage ratio was due to the higher debt level and lower trailing 12-month pro-forma adjusted EBITDA. The Corporation's senior secured leverage ratio was 2.38 times at September 30, 2024, compared to 1.80 times at June 30, 2024.⁽¹⁾
- On November 4, 2024, Wajax announced the planned retirement of Stuart Auld, Chief Financial Officer, to be effective March 4, 2025. Tania Casadinho, Vice President, Corporate Controller, has been named by the board of directors to succeed Mr. Auld. Ms. Casadinho and Mr. Auld will work closely over the coming months to facilitate a seamless transition. For further information, please see above.

Conference Call Details

Wajax will webcast its Third Quarter Financial Results Conference Call. You are invited to listen to the live webcast on Tuesday, November 5, 2024 at 2:00 p.m. EDT. To access the webcast, please visit our website wajax.com, under “Investor Relations”, “Events and Presentations”, “Q3 2024 Financial Results” and click on the “Listen to the Webcast” link. An archive of the webcast will be available following the live presentation.

About Wajax Corporation

Founded in 1858, Wajax (TSX: WJX) is one of Canada’s longest-standing and most diversified industrial products and services providers. The Corporation operates an integrated distribution system providing sales, parts and services to a broad range of customers in diverse sectors of the Canadian economy, including: construction, forestry, mining, industrial and commercial, oil sands, transportation, metal processing, government and utilities, and oil and gas.

Notes:

- (1) “Backlog”, “Working capital”, “Gross profit margin”, “Selling and administrative expenses as a percentage of revenue”, “Working capital efficiency”, “Leverage ratio”, “Senior secured leverage ratio”, “Adjusted net earnings”, “Adjusted basic and diluted earnings per share”, “Adjusted EBIT”, “Adjusted EBIT margin”, “Adjusted EBITDA”, and “Adjusted EBITDA margin” do not have standardized meanings prescribed by generally accepted accounting principles (“GAAP”). See the Non-GAAP and Other Financial Measures section later in this press release.
- (2) Weighted average shares, net of shares held in trust, outstanding for calculation of basic and diluted earnings per share for the third quarter of 2024 were 21,723,944 (2023 – 21,489,982) and 22,256,608 (2023 – 22,243,361), respectively. Weighted average shares, net of shares held in trust, outstanding for calculation of basic and diluted earnings per share for the nine months ended September 30, 2024 were 21,701,141 (2023 - 21,488,776) and 22,248,541 (2023 - 22,198,036), respectively.
- (3) Net earnings excluding the following:
 - a. after-tax non-cash losses on mark to market of derivative instruments of \$3.2 million (2023 – gains of \$2.5 million), or basic and diluted loss per share of \$0.15 and \$0.14, respectively (2023 – earnings per share of \$0.12 and \$0.11, respectively) for the third quarter of 2024.
 - b. after-tax non-cash losses on mark to market of derivative instruments of \$3.6 million (2023 – gains of \$4.1 million), or basic and diluted loss per share of \$0.17 and \$0.16, respectively (2023 – earnings per share of \$0.19) for the nine months ended September 30, 2024.
 - c. after-tax gains recorded on the sale of properties of nil (2023 - \$0.1 million), or basic and diluted earnings per share of nil (2023 - less than \$0.01) for the third quarter of 2024.
 - d. after-tax gains recorded on the sale of properties of nil (2023 - \$0.1 million), or basic and diluted earnings per share of nil (2023 - less than \$0.01) for the nine months ended September 30, 2024.

Non-GAAP and Other Financial Measures

The press release contains certain non-GAAP and other financial measures that do not have a standardized meaning prescribed by GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to net earnings or to cash flow from operating, investing, and financing activities determined in accordance with GAAP as indicators of the Corporation's performance. The Corporation's management believes that:

- (i) these measures are commonly reported and widely used by investors and management;
- (ii) the non-GAAP measures are commonly used as an indicator of a company's cash operating performance, profitability and ability to raise and service debt;
- (iii) **"Adjusted net earnings"**, **"Adjusted basic earnings per share"** and **"Adjusted diluted earnings per share"** provide indications of the results by the Corporation's principal business activities prior to recognizing non-recurring costs (recoveries) and non-cash losses (gains) on mark to market of derivative instruments. These adjustments to net earnings and basic and diluted earnings per share allow the Corporation's management to consistently compare periods by removing infrequent charges incurred outside of the Corporation's principal business activities and the impact of unrealized losses (gains) resulting from fluctuations in interest rates and the Corporation's share price;
- (iv) **"Adjusted EBITDA"** provides an indication of the results by the Corporation's principal business activities prior to recognizing non-recurring costs (recoveries) and non-cash losses (gains) on mark to market of derivative instruments. These adjustments to net earnings allow the Corporation's management to consistently compare periods by removing infrequent charges incurred outside of the Corporation's principal business activities, the impact of unrealized losses (gains) resulting from fluctuations in interest rates and the Corporation's share price, the impact of fluctuations in finance costs related to the Corporation's capital structure, the impact of tax rates, and the impact of depreciation and amortization of long-term assets; and
- (v) **"Pro-forma adjusted EBITDA"** provides the same utility as Adjusted EBITDA described above, however pursuant to the terms of the bank credit facility, is adjusted for the EBITDA of business acquisitions made during the period as if they were made at the beginning of the trailing 12-month period, and for the deduction of payments of lease liabilities. Pro-forma adjusted EBITDA is used in calculating the Leverage ratio and Senior secured leverage ratio.

Non-GAAP financial measures are identified and defined below:

Funded net debt	Funded net debt includes bank indebtedness, debentures and total long-term debt, net of cash. Funded net debt is relevant in calculating the Corporation's funded net debt to total capital, which is a non-GAAP ratio commonly used as an indicator of a company's ability to raise and service debt.
Debt	Debt is funded net debt plus letters of credit. Debt is relevant in calculating the Corporation's leverage ratio, which is a non-GAAP ratio commonly used as an indicator of a company's ability to raise and service debt.
Total capital	Total capital is shareholders' equity plus funded net debt.
EBITDA	Net earnings (loss) before finance costs, income tax expense, depreciation and amortization.
Adjusted net earnings (loss)	Net earnings (loss) before any facility closure, restructuring, and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.
Adjusted basic earnings (loss) per share and adjusted diluted earnings (loss) per share	Basic and diluted earnings (loss) per share before any facility closure, restructuring, and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.

Adjusted EBIT	EBIT before any facility closure, restructuring, and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.
Adjusted EBITDA	EBITDA before any facility closure, restructuring, and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.
Pro-forma adjusted EBITDA	Defined as adjusted EBITDA adjusted for the EBITDA of business acquisitions made during the period as if they were made at the beginning of the trailing 12-month period pursuant to the terms of the bank credit facility and the deduction of payments of lease liabilities. Pro-forma adjusted EBITDA is used in calculating the Leverage ratio and Senior secured leverage ratio.
Working capital	Defined as current assets less current liabilities, as presented in the condensed consolidated interim statements of financial position.
Other working capital amounts	Defined as working capital less trade and other receivables and inventory plus accounts payable and accrued liabilities, as presented in the condensed consolidated interim statements of financial position.

Non-GAAP ratios are identified and defined below:

Adjusted EBIT margin	Defined as adjusted EBIT (defined above) divided by revenue, as presented in the condensed consolidated interim statements of earnings.
EBITDA margin	Defined as EBITDA (defined above) divided by revenue, as presented in the condensed consolidated interim statements of earnings.
Adjusted EBITDA margin	Defined as adjusted EBITDA (defined above) divided by revenue, as presented in the condensed consolidated interim statements of earnings.
Leverage ratio	The leverage ratio is defined as debt (defined above) at the end of a particular quarter divided by trailing 12-month pro-forma adjusted EBITDA (defined above). The Corporation's objective is to maintain this ratio between 1.5 times and 2.0 times.
Senior secured leverage ratio	The senior secured leverage ratio is defined as debt (defined above) excluding debentures at the end of a particular quarter divided by trailing 12-month pro-forma adjusted EBITDA (defined above).
Funded net debt to total capital	Defined as funded net debt (defined above) divided by total capital (defined above).
Working capital efficiency	Defined as trailing four-quarter average working capital (defined above) as a percentage of the trailing 12-month revenue.

Supplementary financial measures are identified and defined below:

EBIT margin	Defined as EBIT divided by revenue, as presented in the condensed consolidated interim statements of earnings.
Backlog	Backlog is a management measure which includes the total sales value of customer purchase commitments for future delivery or commissioning of equipment, parts and related services, including ERS projects. There is no directly comparable GAAP financial measure for Backlog.

Gross profit margin Defined as gross profit divided by revenue, as presented in the condensed consolidated interim statements of earnings.

Selling and administrative expenses as a percentage of revenue Defined as selling and administrative expenses divided by revenue, as presented in the condensed consolidated interim statements of earnings.

Reconciliation of the Corporation's net earnings to adjusted net earnings, adjusted basic earnings per share and adjusted diluted earnings per share is as follows:

	Three months ended		Nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Net earnings	\$ 6.4	\$ 23.4	\$ 41.8	\$ 69.9
Gain recorded on the sale of properties, after tax	—	(0.1)	—	(0.1)
Non-cash losses (gains) on mark to market of derivative instruments, after tax	3.2	(2.5)	3.6	(4.1)
Adjusted net earnings	\$ 9.6	\$ 20.7	\$ 45.4	\$ 65.7
Adjusted basic earnings per share⁽¹⁾	\$ 0.44	\$ 0.96	\$ 2.09	\$ 3.06
Adjusted diluted earnings per share⁽¹⁾	\$ 0.43	\$ 0.93	\$ 2.04	\$ 2.96

(1) For the three months ended September 30, 2024, the number of weighted average basic and diluted shares outstanding were 21,723,944 and 22,256,608, respectively (2023 - 21,489,982 and 22,243,361, respectively).

For the nine months ended September 30, 2024, the number of weighted average basic and diluted shares outstanding were 21,701,141 and 22,248,541, respectively (2023 - 21,488,776 and 22,198,036, respectively).

Reconciliation of the Corporation's EBIT to EBITDA, Adjusted EBIT, Adjusted EBITDA and Pro-forma adjusted EBITDA is as follows:

	Three months ended		Nine months ended		Twelve months ended		
	September 30 2024	September 30 2023	September 30 2024	September 30 2023	September 30 2024	June 30 2024	December 31 2023
EBIT	\$ 21.4	\$ 37.2	\$ 85.4	\$ 108.7	\$ 113.4	\$ 129.2	\$ 136.7
Depreciation and amortization	15.8	14.6	46.4	43.0	61.9	60.7	58.6
EBITDA	\$ 37.3	\$ 51.8	\$ 131.7	\$ 151.7	\$ 175.3	\$ 189.9	\$ 195.3
EBIT	\$ 21.4	\$ 37.2	\$ 85.4	\$ 108.7	\$ 113.4	\$ 129.2	\$ 136.7
Facility closure, restructuring, and other related costs ⁽¹⁾	—	—	—	—	1.9	1.9	1.9
Gain recorded on the sale of properties	—	(0.1)	—	(0.1)	—	(0.1)	(0.1)
Non-cash losses (gains) on mark to market of derivative instruments, excluding interest rate swaps ⁽²⁾	0.2	(1.6)	1.1	(1.3)	2.5	0.7	—
Change in fair value of contingent consideration ⁽³⁾	—	—	—	—	0.3	0.3	0.3
Adjusted EBIT	\$ 21.6	\$ 35.4	\$ 86.5	\$ 107.2	\$ 118.1	\$ 132.0	\$ 138.9
Depreciation and amortization	15.8	14.6	46.4	43.0	61.9	60.7	58.6
Adjusted EBITDA	\$ 37.4	\$ 50.0	\$ 132.8	\$ 150.2	\$ 180.0	\$ 192.7	\$ 197.4
Payment of lease liabilities ⁽⁴⁾					(38.1)	(37.0)	(35.5)
Polyphase acquisition pro-forma EBITDA ⁽⁵⁾					—	—	3.2
Beta acquisition pro-forma EBITDA ⁽⁵⁾					—	0.4	1.4
Pro-forma adjusted EBITDA					\$ 141.9	\$ 156.0	\$ 166.7

(1) Facility closure, restructuring, and other related costs consists of costs accrued for a branch closure during the fourth quarter of 2023, including workforce reduction and remaining facility costs.

(2) Non-cash losses (gains) on mark to market of derivative instruments that are not effectively designated as hedging instruments under IFRS, excluding interest rate swaps as their fair value fluctuations impact finance costs.

(3) The change in fair value of contingent consideration relates to changes in the estimated fair value of future performance-based earnout payments relating to business acquisitions.

(4) Effective with the reporting period beginning on January 1, 2019 and the adoption of IFRS 16, the Corporation amended the definition of Funded net debt to exclude lease liabilities not considered part of debt. As a result, the corresponding lease costs must also be deducted from EBITDA for the purpose of calculating the leverage ratio.

(5) Pro-forma EBITDA for business acquisitions made during the period as if they were made at the beginning of the trailing 12-month period pursuant to the terms of the bank credit facility, for the purpose of calculating the leverage ratio. "Polyphase" refers to Polyphase Engineered Controls (1977) Ltd., acquired effective July 4, 2023. "Beta" refers collectively to Beta Fluid Power Ltd. and Beta Industrial Ltd., which were acquired effective September 1, 2023.

Calculation of the Corporation's funded net debt, debt, leverage ratio and senior secured leverage ratio is as follows:

	September 30 2024	June 30 2024	December 31 2023
Bank indebtedness (cash)	\$ 9.8	\$ (2.8)	\$ 1.4
Debentures	56.8	56.7	56.3
Long-term debt	323.5	280.5	267.8
Funded net debt	\$ 390.1	\$ 334.4	\$ 325.5
Letters of credit	4.1	3.7	4.8
Debt	\$ 394.2	\$ 338.1	\$ 330.3
Pro-forma adjusted EBITDA⁽¹⁾	\$ 141.9	\$ 156.0	\$ 166.7
Leverage ratio⁽²⁾	2.78	2.17	1.98
Senior secured leverage ratio⁽³⁾	2.38	1.80	1.64

(1) For the twelve months ended September 30, 2024, June 30, 2024, and December 31, 2023.

(2) Calculation uses debt divided by the trailing four-quarter Pro-forma adjusted EBITDA. This leverage ratio is calculated for purposes of monitoring against the Corporation's target leverage ratio of between 1.5 times and 2.0 times, and is different from the leverage ratio calculated under the Corporation's bank credit facility agreement.

(3) Calculation uses debt excluding debentures divided by the trailing four-quarter Pro-forma adjusted EBITDA. While the calculation contains some differences from the leverage ratio calculated under the Corporation's bank credit facility agreement, the resulting leverage ratio under the bank credit facility agreement is not significantly different. See the Liquidity and Capital Resources section.

Calculation of total capital and funded net debt to total capital is as follows:

	September 30 2024	June 30 2024	December 31 2023
Shareholders' equity	\$ 515.9	\$ 517.4	\$ 496.2
Funded net debt	390.1	334.4	325.5
Total capital	\$ 906.0	\$ 851.7	\$ 821.7
Funded net debt to total capital	43.1%	39.3%	39.6%

Calculation of the Corporation's working capital and other working capital amounts is as follows:

	September 30 2024	June 30 2024	December 31 2023
Total current assets	\$ 1,093.4	\$ 1,122.1	\$ 1,043.6
Total current liabilities	521.4	588.8	483.4
Working capital	\$ 572.0	\$ 533.3	\$ 560.2
Trade and other receivables	(265.6)	(281.6)	(309.1)
Inventory	(724.1)	(724.8)	(630.9)
Debentures - current	56.8	56.7	—
Accounts payable and accrued liabilities	376.1	453.0	407.1
Other working capital amounts	\$ 15.3	\$ 36.5	\$ 27.3

Cautionary Statement Regarding Forward-Looking Information

This news release contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, “**forward-looking statements**”). These forward-looking statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “anticipates”, “intends”, “predicts”, “expects”, “is expected”, “scheduled”, “believes”, “estimates”, “projects” or “forecasts”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation’s ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward-looking statements. To the extent any forward-looking information in this news release constitutes future-oriented financial information or financial outlook within the meaning of applicable securities law, such information is being provided to demonstrate the potential of the Corporation and readers are cautioned that this information may not be appropriate for any other purpose. There can be no assurance that any forward-looking statement will materialize. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this news release, reflect management’s current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this news release includes forward looking statements regarding, among other things: our active pursuit of further cost reduction measures; deliveries of large mining shovels, including the expected timing of same; management’s continued focus on managing and reducing inventory levels; our expectation that our leverage will improve with our cost and inventory reduction initiatives, and as we seek further improvements to operating efficiency; maintaining our focus on the execution of our six strategic priorities for 2024: continuing to build a “people first” company, growing Wajax’s existing business with a focus on parts, service and margin improvement, unlocking the potential of Wajax’s enhanced direct relationship with Hitachi, acquiring industrial parts and ERS businesses, improving cost structure and processes, and continuing Wajax’s ERP system rollout and additional technology improvements; and our objective of managing our working capital and normal-course capital investment programs within a leverage range of 1.5 – 2.0 times. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding: the absence of significant negative changes to general business and economic conditions; limited negative fluctuations in the supply and demand for, and the level and volatility of prices for, oil, natural gas and other commodities; the stability of financial market conditions, including interest rates; the ability of Hitachi and Wajax to develop and execute successful sales, marketing and other plans related to the enhanced direct distribution relationship which took effect on March 1, 2022; our continued ability to execute our strategic priorities, including our ability to execute on our organic growth priorities, complete and effectively integrate industrial parts and ERS acquisitions, and successfully implement new information technology platforms, systems and software, such as our new ERP system; the future financial performance of the Corporation; limited fluctuations in our costs; the level of market competition; our continued ability to attract and retain skilled staff; our continued ability to procure quality products and inventory; and our ongoing maintenance of strong relationships with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to: a continued or prolonged deterioration in general business and economic conditions; negative fluctuations in the supply and demand for, and the level of prices for, oil, natural gas and other commodities; a continued or prolonged decrease in the price of oil or natural gas; the inability of Hitachi and Wajax to develop and execute successful sales, marketing and other plans related to the enhanced direct distribution relationship which took effect on March 1, 2022; a decrease in levels of customer confidence and spending; supply chain disruptions and shortages; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; decreased market acceptance of the products we offer; the termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters); our inability to attract and retain skilled staff and our inability to maintain strong relationships with our suppliers, employees and customers. The foregoing list of factors is not exhaustive.

Further information concerning the risks and uncertainties associated with these forward-looking statements and the Corporation's business may be found in our MD&A for the year-ended December 31, 2023 (the "**2023 MD&A**"), which has been filed under the Corporation's profile on SEDAR+ at www.sedarplus.ca, under the heading "Risk Management and Uncertainties". The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

Readers are cautioned that the risks described in the 2023 MD&A are not the only risks that could impact the Corporation. Risks and uncertainties not currently known to the Corporation, or currently deemed to be immaterial, may have a material effect on the Corporation's business, financial condition or results of operations.

Additional information, including Wajax's 2023 Annual Report, is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

For further information, please contact:

Iggy Domagalski, President and Chief Executive Officer

Email: idomagalski@wajax.com

Stuart Auld, Chief Financial Officer

Email: sauld@wajax.com

Telephone #: (905) 212-3300