



**WAJAX
2024
ANNUAL
REPORT**



\\ Together We Get More Done.™

FINANCIAL HIGHLIGHTS

2024

2023

In 2024, Wajax's financial performance declined following two years of strong performance supported by robust market conditions.

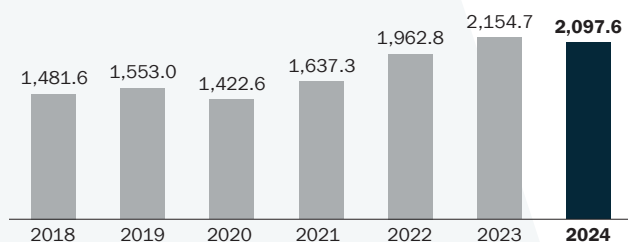
Increased market pressures and moderating customer demand in selected markets and geographic regions contributed to lower margins and reduced profitability. In the face of economic uncertainty, and to build increased resilience in the business, management continues to focus on managing expenses and inventory. Strong cash flow generation in 2024 and a robust backlog position us well for the year ahead.⁽¹⁾

Revenue (millions)
\$2,097.6 \$2,154.7

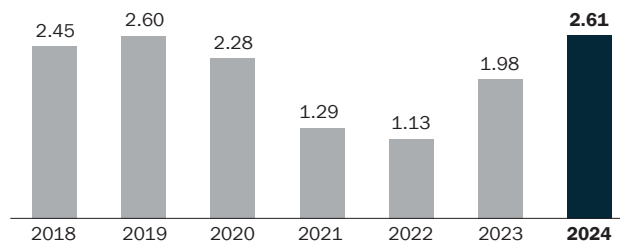
Adjusted EBITDA⁽²⁾ (millions)
\$168.0 \$197.4

Adjusted Basic Earnings Per Share⁽²⁾
\$2.44 \$3.88

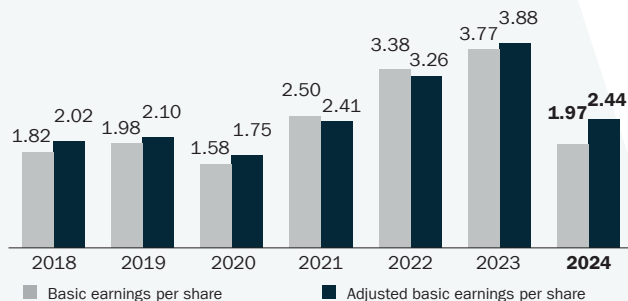
Revenue (\$ millions)



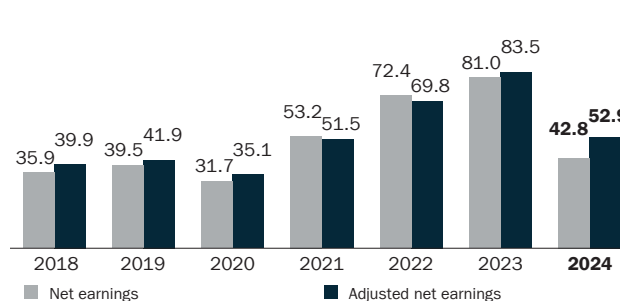
Leverage Ratio⁽²⁾ (%)



Earnings and Adjusted Basic Earnings Per Share⁽²⁾ (\$ millions)



Net Earnings and Adjusted Net Earnings⁽²⁾ (\$ millions)



(1) "Backlog" does not have a standardized meaning prescribed by generally accepted accounting principles ("GAAP"). See Management's Discussion and Analysis, page 13.

(2) "Leverage ratio", "Adjusted EBITDA", "Adjusted basic earnings per share" and "Adjusted net earnings" do not have standardized meanings prescribed by GAAP. See Management's Discussion and Analysis, page 13.

Forward-Looking Statements and Information: This Annual Report, including the accompanying Management's Discussion and Analysis, includes forward-looking statements and information that is based on Wajax's current beliefs, expectations, estimates and assumptions in light of information currently available. Actual results, performance and achievements may differ materially from those anticipated or implied in such forward-looking statements or information. Please see page 33 for a discussion of the risks and uncertainties related to such statements and information.

With 114 locations and over 165 years of experience offering world-class brands, unwavering customer support and advanced technical expertise to diverse industries, Wajax is able to provide solutions that help customers nationwide get more done – efficiently and effectively.



IN BUSINESS TOGETHER

2024 Highlights:

- Exited the year with backlog of \$564 million.⁽¹⁾
- Generated \$70 million cash flow from operating activities.
- Announced a 6% increase in our quarterly dividend.
- Completed 90% of our Enterprise Resource Planning (“**ERP**”) system rollout.
- Received two Excellence Canada Platinum Awards.
- Improved our Total Recordable Incident Frequency (“**TRIF**”) rate to 0.94.

Contents

Message to Shareholders	2
The Core of Wajax	5
Heavy Equipment	6
Industrial Parts and Engineered Repair Services	9
People and Sustainability	10
Message from the Chair	12
Management’s Discussion and Analysis	13
Management’s Responsibility for Financial Reporting	34
Independent Auditor’s Report	35
Consolidated Financial Statements	37
Notes to Consolidated Financial Statements	41
Additional Financial Information	60
Corporate Information	61
Locations	62

(1) “Backlog” does not have a standardized meaning prescribed by GAAP. See Management’s Discussion and Analysis, page 13.

MESSAGE TO SHAREHOLDERS

During its 166th year in business, Wajax demonstrated resilience in navigating a complex and changing operating environment. We generated \$2.1 billion in revenue, a slight decline from the prior year, while maintaining strong fundamentals which position us for long-term success. We generated \$70 million in cash flow from operating activities, closed the year with a robust backlog of \$564 million and announced a 6% increase in our quarterly dividend, underscoring our confidence in the future.⁽¹⁾



Ignacy (Iggv) Domagalski, President and Chief Executive Officer

Whereas the previous two years presented exceptional market conditions, 2024 required us to adapt to a rapidly shifting landscape. Weaker demand, economic uncertainty, and cautious customer purchasing behaviours, all contributed to a 120 basis-point decrease in our gross profit margins, and a decline in our adjusted net earnings per share from \$3.88 in 2023 to \$2.44 in 2024.

In the industrial parts market, an increasingly stabilized supply chain combined with a softer market led to lower demand and margin pressure. In the heavy equipment market, higher levels of inventory coupled with higher interest rates through most of the year, resulted in increased interest costs and leverage.

To address these challenges, we took action to adjust our cost structure, including a 6% reduction in headcount during the latter part of the year. We continue to seek additional ways to enhance our efficiency while maintaining the highest level of service to our customers. Wajax has a long history of adaptability, and we are confident that we will evolve and strengthen our business, execute our strategic priorities and continue to create value for all stakeholders.

Strategic Priorities and Performance

Continuing to Build a People-First Company

The safety, well-being and engagement of our 3,081 teammates is the foundation of our business and ensures that both our people and business can thrive together. Investing in our people remains a top priority, and in 2024 we launched our people-first leadership model and provided training to leaders across the company, reinforcing our commitment to fostering a culture of empowerment, accountability and development.

Our Women of Wajax employee resource group continued to grow and now has over 260 members, fostering an inclusive and supportive environment. We also continued building a bridge to the next generation of skilled tradespeople and leaders through our partnerships with organizations including Jill of All Trades, Indspire and Catalyst.

Safety remains at the core of everything we do and in 2024, our strong focus on this priority resulted in a TRIF of 0.94, an improvement from 1.01 in 2023. Additionally, we were honoured with two Excellence Canada Platinum awards recognizing our commitment to Mental Health at Work® and a Healthy Workplace®.

Each of these initiatives strengthens our ability to attract, develop and retain top talent. As we move forward, we remain dedicated to investing in our most important asset – our people.

Growing Our Existing Business with a Focus on Parts, Service and Margin Improvement

Our commitment to exceptional customer service remained strong throughout the year, as reflected in our Net Promoter Score of +68, consistent with prior results. Wajax was recognized by multiple suppliers and customers for excellence in service, reinforcing our reputation as a trusted partner.

Revenue Sources (\$ millions)



For the year ended December 31	2024	2023	% change
Equipment Sales	\$ 618.6	\$ 607.1	2%
Product Support	535.0	543.3	(2)%
Industrial Parts	572.0	605.1	(6)%
ERS	326.5	354.3	(8)%
Equipment Rental	45.5	45.0	1%
	\$ 2,097.6	\$ 2,154.7	(3)%

Revenue by Geographic Region (\$ millions)



For the year ended December 31	2024	2023	% change
Western Canada	\$ 944.5	\$ 975.8	(3)%
Central Canada (Ontario)	375.2	387.9	(3)%
Eastern Canada*	777.9	791.0	(2)%
	\$ 2,097.6	\$ 2,154.7	(3)%

*Includes Quebec and the Atlantic provinces.

Revenue by End Market



For the year ended December 31	2024	2023
Construction	15%	16%
Mining	14%	15%
Oil and Gas	11%	10%
Industrial/Commercial	10%	13%
Forestry	10%	11%
Oil Sands	10%	9%
Transportation	8%	7%
Government and Utilities	7%	6%
Metal Processing	6%	5%
Other	9%	8%

We continued to strengthen our supply chain, maintaining a robust 89% parts fill rate to ensure customers receive the parts they need, when they need them. At the same time, we invested in expanding our service capabilities – enhancing training, adopting new technologies and improving our repair and maintenance offerings. These advancements allow us to deliver even greater value and support to our customers, helping them keep their operations running smoothly.

Parts and service remain the cornerstone of our business, and multiple margin enhancement initiatives are in place to drive further improvements in the year ahead. A continued focus on efficiency, reliability and customer satisfaction positions us well to improve our results over time.

Unlocking the Potential of Our Enhanced Direct Relationship with Hitachi

Through the year we secured multiple orders for ultra-class Hitachi EX8000 mining shovels, with seven units in backlog at year-end.⁽¹⁾ At the same time, we delivered a near-record number of Hitachi excavators, reinforcing the strength of our direct distribution model.

Looking ahead, Hitachi's Zaxis financing program will drive further momentum by making it easier for customers to invest in high-quality excavators and wheel loaders. Additionally, our close collaboration with Hitachi throughout the year led to streamlined supply chain processes, contributing to faster and more reliable equipment and parts delivery.

By continuing to strengthen this partnership, we are well-positioned to seize new opportunities in the construction and mining sectors while delivering even greater value to our customers.

Acquiring and Integrating Industrial Parts and Engineered Repair Services Businesses

Since 2018, we have invested over \$200 million in acquisitions to expand our Industrial Parts ("IP") and Engineered Repair Services ("ERS") businesses. These businesses now represent 43% of our total revenue, growing significantly from \$446 million in 2018 to \$898 million in 2024.

In 2025, our focus will be on fully integrating prior acquisitions to realize additional synergies and maintaining a disciplined approach to future opportunities.

Improving Cost Structure and Processes

Recognizing the need to drive efficiencies, we re-examined our operating processes and refocused on core activities. Our efforts are focused on three critical priorities – reducing our inventory, improving our margins and lowering our costs. Initiatives related to these priorities will be essential as we continue to navigate an uncertain economic environment.

As we announced earlier, a key leadership transition has taken place with Tania Casadinho succeeding Stuart Auld as Chief Financial Officer following a comprehensive succession planning process. Tania will continue to build on our strong financial foundation, while Stuart will remain at Wajax for a period to lead several key operational efficiency initiatives.

Continuing ERP System Roll-out and Technology Improvements

We made significant progress on our technology initiatives, bringing our Infor M3 ERP system rollout to 90% completion, up from 50% last year. This modern cloud-based platform will be a key enabler as we continue streamlining operations, standardizing processes and enhancing reporting capabilities across the business.

We further leveraged integrated digital solutions to drive efficiency in mobile field services and warehouse management. These enhancements are improving workflow automation, reducing manual processes and boosting overall productivity.

We also introduced new digital tools that strengthen customer interactions and support data-driven decision-making across the organization. These advancements are critical in keeping Wajax agile, efficient and responsive to the evolving needs of our customers.

Commitment to Sustainability

In 2024, we made meaningful progress in advancing our environmental and social commitments. Through branch and vehicle fleet energy efficiency initiatives, we continued to reduce energy consumption and greenhouse gas emissions, resulting in a GHG Emissions Intensity reduction of 16% over the last two years. At the same time, we increased our waste recycling efforts, further minimizing our environmental impact. To enhance our tracking and reporting capabilities, we also implemented new carbon accounting software, streamlining the capture of key environmental metrics.

Our commitment to social responsibility remained strong, with over \$250,000 raised to support our communities through partnerships with organizations such as Food Banks Canada, the Canadian Cancer Society and the Kids Cancer Care Foundation of Alberta.

For a closer look at our environmental, social and governance initiatives, please see our annual Sustainability Report for the year-ended December 31, 2024 (the "**2024 Sustainability Report**"), which is available on our website at wajax.com.⁽²⁾

Looking Ahead

As we enter 2025, we are focused on strengthening our financial performance. Our priorities include reducing inventory and leverage, improving cost efficiency and improving profit margins. Our strong backlog and strategic initiatives position us well for the future.⁽¹⁾

Our path forward is guided by our corporate Purpose – Empowering People to Build a Better Tomorrow – and grounded in our core values:

- We commit to safety and well-being;
- We develop potential and expertise;
- We deliver an exceptional experience together;
- We build lasting relationships; and
- We strive to continuously improve.

These values shape our decisions, drive us forward and define how we work together to achieve success.

We extend our gratitude to our team members for their resilience, dedication and commitment to excellence. Your hard work and perseverance continue to drive our success, even in challenging times.

To our customers, we deeply appreciate your trust and partnership. Your confidence in our people motivates us to continually improve and deliver exceptional value.

We also recognize our manufacturing partners for their ongoing support and collaboration. Your innovation and expertise enable us to provide high-quality solutions that meet the needs of our customers.

Additionally, we are grateful for the guidance and oversight of our Board of Directors, whose leadership helps us navigate these eventful times with confidence and strategic focus.

Finally, we sincerely appreciate our shareholders for their continued belief in our vision and long-term success. Your support enables us to invest in the future and create lasting value for all our stakeholders.

We look forward to sharing our progress in the year ahead.



Ignacy (Iggy) Domagalski
President and Chief Executive Officer

(2) The 2024 Sustainability Report is not incorporated by reference into this Annual Report.

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Tania S. Casadinho
Chief Financial Officer

I'm committed to supporting our established corporate purpose, values and strategic priorities. In the face of more challenging market conditions, management has been, and will continue to be, focused on those strategic priorities aimed at building efficiency and resilience into the business. This includes acting quickly and decisively to reduce costs, ensuring we continue to prudently manage inventory levels and driving additional operational efficiency initiatives to optimize resources. By carefully managing each of these elements, enhancing capital allocation, and supporting the progress we made in cash flow generation this year, we believe we can continue to strengthen the balance sheet and build upon our disciplined approach to financial risk management.

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THE CORE OF WAJAX






OUR PURPOSE

Empowering People to Build a Better Tomorrow

OUR VALUES

-  We commit to safety and well-being.
-  We develop potential and expertise.
-  We deliver an exceptional experience together.
-  We build lasting relationships.
-  We strive to continuously improve.

OUR STRATEGIC PRIORITIES

-  Continue to build a people-first company.
-  Grow our existing business with a focus on parts, service and margin improvement.
-  Unlock the potential of our enhanced direct relationship with Hitachi.
-  Acquire and integrate IP and ERS businesses.
-  Improve our cost structure and processes.
-  Continue ERP system roll-out and technology improvements.



HEAVY EQUIPMENT

In 2024, Wajax continued to sell and service a broad range of heavy equipment solutions, helping to meet the needs of customers across sectors that power the Canadian economy. A key win for the year included securing multiple orders for large mining shovels, with deliveries stretching into 2027, that contributed to a robust backlog moving into the new year.⁽¹⁾

Working with Leading OEMs Globally

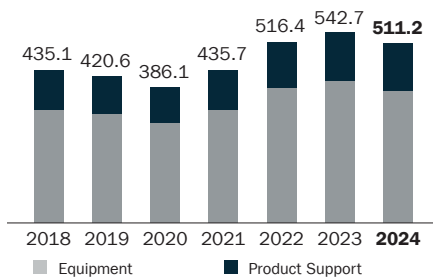
Wajax represents a diverse array of leading OEMs including Hyster-Yale Group, Tigercat, Hitachi Construction Machinery Americas (“Hitachi”), Bell Equipment, Rolls-Royce Power Systems and Allison Transmission. Each of these leading OEMs continue to focus on launching innovative new products that meet the increasingly complex needs of clients across the mining, construction, forestry, power systems and material handling sectors. This diverse equipment offering is a key differentiator for Wajax and ensures we have multiple opportunities to grow in key markets nationally.

Our largest supplier Hitachi continues to focus on their reinvigorated approach to the North American market. In 2024, they launched the industry-competitive Zaxis financing program and began supplying parts directly from Japan to ensure end customers had improved flexibility in both the acquisition and servicing of equipment.

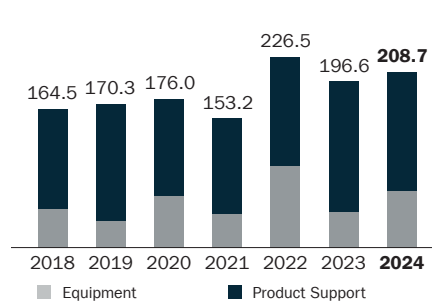
Empowering Technical Talent to be their Best

Over the last year, we prioritized technical training and certifications for both staff and customers. This helped to ensure equipment across all our brands operated efficiently and with minimal downtime, reinforcing our reputation for service across the entire lifecycle of the products we sell.

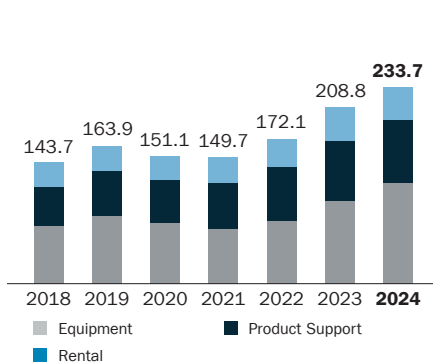
Construction, Forestry, Crane and Utility Revenue (\$ millions)



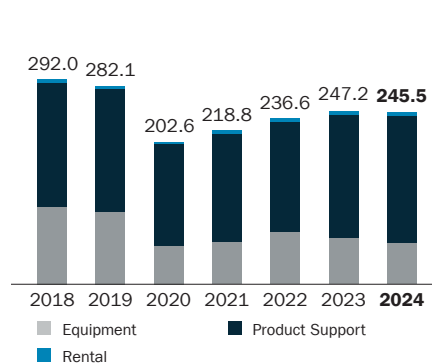
Mining Revenue (\$ millions)



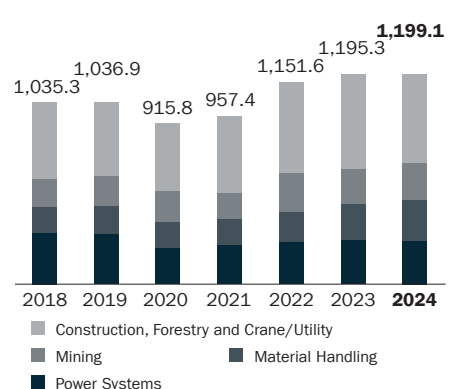
Material Handling Revenue (\$ millions)



Power Systems Revenue (\$ millions)



Heavy Equipment Revenue (\$ millions)





Brian Deacon
Senior Vice President,
Category Management

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We continue to focus on driving both sales and product support for a diverse range of heavy equipment. We anticipate continued strong demand for reliable mining equipment, and a key priority in 2025 is preparing for the next generation of Hitachi equipment, the innovative and increasingly proprietary Hitachi Zaxis-7 series excavators and loaders, which will help drive both sales and service over the mid-term. While our focus remains on growing sales and product support revenue across the portfolio, we are also focused on providing equipment solutions and training for increasingly in-demand applications, which will provide additional opportunities for growth as we work to meet our customers' evolving needs.

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André Dubé
Senior Vice President,
Sales and Operations

In 2024, we successfully retained key customers, focused on operational excellence and advanced critical initiatives, like the continued implementation of our ERP system, which will help to support enhanced resilience of the business. Looking ahead, we remain dedicated to continuously improving our processes, empowering our people and delivering exceptional value to our customers. These efforts will ensure that Wajax is not only ready to navigate future challenges but also positioned for sustainable success and long-term growth.

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INDUSTRIAL PARTS AND ENGINEERED REPAIR SERVICES

Wajax’s extensive product portfolio covers a broad range of industrial components and equipment including bearings, power transmission products, bulk material handling systems, filtration solutions, fluid handling equipment, hydraulics, pneumatics, motors and drives, valves, instrumentation and analytical products. Our comprehensive suite of solutions allows us to repair and service the products and brands we sell, helping to ensure that our customers’ critical applications operate efficiently, and with minimal downtime, helping them to remain competitive. With 114 branches coast-to-coast, we are well-positioned to serve a diverse range of sectors across Canada and act as strategic partners to our customers, right in the heart of their operations.

Enhancing Efficiency Internally

In 2024, Wajax focused on continuous improvement and driving enhanced efficiency in its business. Key initiatives for the year included completion of the roll-out of its new ERP system to its IP facilities and half of its ERS facilities, which accounts for 90% of the revenue generated by Wajax. The ERP system deployment sets the foundation for continued refinement in our processes, to enable greater efficiency, improved decision-making and enhanced agility across our operations.

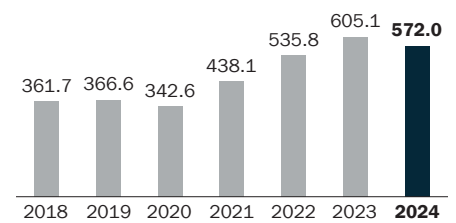
Building Even Closer Ties with Customers

The Key Accounts team continued to excel, successfully retaining valued customers and securing new business in targeted areas. Their commitment to building long-lasting partnerships and identifying new opportunities has been key to expanding Wajax’s presence in new and strategic markets. Wajax continues to support capital and infrastructure intensive industrial, manufacturing and energy producing businesses nationwide. Our combination of an extensive solution offering and high technical proficiency positions Wajax as a strategic partner for customers across industries.

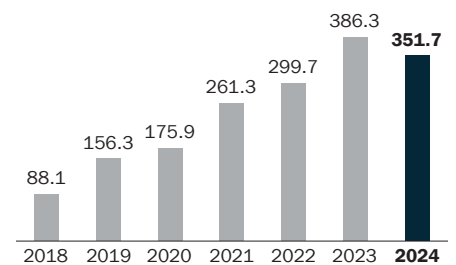
Putting People First in Support of Growth

In 2025, Wajax remains focused on driving operational efficiency and excellence, and continuing its journey as a people-first company, while deepening its commitment to customer-centricity and satisfaction. Our team is dedicated to driving long-term growth in the IP and ERS business.

IP Revenue (\$ millions)

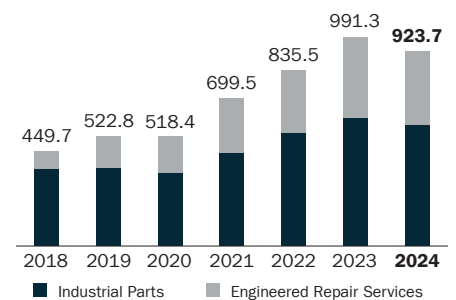


ERS Revenue⁽¹⁾ (\$ millions)



(1) Consolidated category revenue may not match total revenue due to adjustments and eliminations not allocated to the categories.

Total IP and ERS Revenue⁽¹⁾ (\$ millions)



PEOPLE AND SUSTAINABILITY

Wajax continues to build a people-first company. Our corporate Purpose and Values guide our journey and are critical to the execution of our strategic priorities. Our approach to sustainability prioritizes the social elements across stakeholder groups, while recognizing the importance of effective environmental practices and the need for ethical business dealings and good governance.

A Foundational Year

Building a people-first company is a commitment from the top. Recognizing the importance that leadership plays in our people-first ambitions, during the year, we ran 25 in-person workshops for our leaders, introducing them to a new people-first leadership model and building an understanding of the characteristics that define a people-first leader.

Successful leaders and businesses require feedback to succeed. Building on our long-running Voice of the Employee initiative, we launched a new employee listening strategy to ensure our plans are fully aligned with the priorities of our people and the business. This included running a series of focus groups to inform the development of our people-first employee value proposition and launching a new engagement platform to gather richer, real-time insights from our employees about their experience working at Wajax. The insights from this engagement survey were complemented by a total rewards review, which gathered feedback from 74% of our employees on what was important to them from a comprehensive rewards standpoint. The feedback has been analyzed and is being used to build our plans and prioritize our investments in 2025 and beyond to ensure that we continuously improve and put our people first.

Building a Skilled Workforce

In recent years, the industrials industry has been characterized by skilled labour shortages, particularly in heavy equipment and commercial/industrial technical roles. In 2024, Wajax worked diligently to ensure staffing levels met our customer needs, while allowing us to carefully manage costs as broader economic conditions presented challenges and pressured margins. Our core initiatives included an international hiring program that brought technical talent from several countries, as well as expanded technical training for both employees and customers across key brands such as Allison Transmission and Hyster-Yale. During the year, new training was offered by Hitachi, with a focus on the introduction of Hitachi's new Zaxis-7 excavators in 2025. In addition, in support of Wajax's focus on long-term internal career growth in technical fields, during the year, we implemented a new training platform to expand the courses available in sought after topics. Additional training helps us to meet the needs of our many customers with increasingly complex requirements.

Ongoing Commitment to Sustainability

Wajax's Sustainability Report for the 2024 fiscal year has been separated from the Annual Report and published as a standalone document for the first time this year. Our 2024 Sustainability Report outlines our environmental, social and governance priorities, progress and key metrics. Key highlights for the year include the: implementation of a carbon accounting system that prepares Wajax to meet future reporting and third-party auditing requirements; receipt of Excellence Canada Platinum level certification for both Healthy Workplace® and Mental Health at Work®, recognizing our commitment to the well-being of our people; and implementation of our first Vendor Code of Conduct, which sets out the standards by which we expect our vendors to conduct their business. Our 2024 Sustainability Report is available in digital form on our website.⁽¹⁾



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Mark Edgar
Chief People Officer

Our focus remains on fulfilling our people-first ambition and, in 2024, we took steps to ensure stronger alignment business-wide between our operational requirements and the needs of our people. For the year ahead and beyond, I am excited that we are prioritizing those investments, including leadership development and technical training, supported by a very competitive total rewards program, which will help drive improved business performance and increased employee satisfaction.

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MESSAGE FROM THE CHAIR

Following two years of robust market conditions and record financial results, in 2024, market pressures increased as customer demand declined across several key markets, resulting in decreased profitability and increased leverage. Management has responded by adjusting the corporation's cost structure and is implementing robust plans to meaningfully and sustainably enhance efficiency and operational leverage. These measures will further enhance Wajax's strength and competitiveness as it pursues the many exciting opportunities ahead.



Edward M. Barrett, Board Chair

As discussed by Iggy in his Message to Shareholders, management took action during the year to address changing market dynamics, including a workforce reduction and improvements to operating processes. The board spent considerable time monitoring these efforts and will continue to closely monitor the execution of initiatives designed to meaningfully and sustainably enhance efficiency and operational leverage. The board believes strongly that these initiatives will better position Wajax for long-term success by ensuring it remains agile and competitive in the evolving market landscape.

Acknowledging what was a challenging year, the board continues to be fully aligned with the corporation's strategic priorities – including unlocking the potential of Wajax's enhanced direct relationship with Hitachi and acquiring and integrating complementary industrial parts and ERS businesses – which will continue to be core contributors to Wajax's growth.

The board also spent significant time during the year overseeing management's ongoing work in updating and enhancing the corporation's enterprise risk management ("ERM") framework – helping to ensure the appropriate steps are being taken to identify and mitigate the major risks facing the corporation. In addition, the board closely monitored the progress and impact of the corporation's Infor M3 ERP system implementation, now 90% complete. The system will enable further efficiencies as processes and reporting are increasingly streamlined and standardized across the business, and as new integrated solutions are added.

Very notably, in early November 2024, Wajax announced the planned retirement of Stuart Auld from the CFO role effective March 4, 2025. Over the last decade, Stu has served with distinction in multiple senior roles at Wajax – a strong testament to his experience and versatility. It was subsequently announced that Stu would remain with the corporation in the near term to support a series of operational efficiency initiatives – and the board looks forward to his continued contribution in these areas.

In considering Stu's successor as CFO, the board participated with senior management in a comprehensive succession planning process, and appointed Tania Casadinho, Vice President, Corporate Controller, to the role effective March 4, 2025. Since joining Wajax in 2018, Tania has been a strong leader, taking on progressively more responsibility and challenge. Among other items, she has significantly improved Wajax's budgeting and forecasting processes and introduced new analytical tools; she has also worked closely with senior leaders across the company and contributed greatly to the corporation's strategic planning process. The board is confident Tania is the ideal person to maintain Wajax's disciplined approach to financial risk management and we look forward to continuing to work with her.

Last, but certainly not least, the corporation's efforts in sustainability and creating a people-first organization have continued, and I would invite shareholders to review Wajax's fifth annual sustainability report, which now takes the form of a stand-alone report available on the corporation's website, for updates. Of course, safety is core to being people-first, and it is very notable that Wajax's 2024 safety results were an improvement on already strong 2023 performance.

In closing, and on behalf of the board, I would like to thank Iggy and his management team for their dedication and resilience during the year in the face of many new and complex challenges. To Wajax's frontline teams, thank you for your exceptional commitment to serving our customers. To our customers and suppliers, thank you for your continued support, and to my fellow directors, for your insightful guidance. To our shareholders, rest assured we are driving forward to strengthen Wajax as it pursues its strategic goals.

A handwritten signature in black ink, enclosed in a simple oval outline. The signature appears to be 'E. Barrett'.

Edward M. Barrett
Board Chair

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") discusses the consolidated financial condition and results of operations of Wajax Corporation ("Wajax" or the "Corporation") for the year ended December 31, 2024. This MD&A should be read in conjunction with the information contained in the consolidated financial statements and accompanying notes for the year ended December 31, 2024. Information contained in this MD&A is based on information available to management as of March 4, 2025.

Management is responsible for the information disclosed in this MD&A and the consolidated financial statements and accompanying notes, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. Wajax's Board of Directors has approved this MD&A and the consolidated financial statements and accompanying notes. In addition, Wajax's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by Wajax and has reviewed this MD&A and the consolidated financial statements and accompanying notes.

Wajax reports on certain non-GAAP measures, non-GAAP ratios, and supplementary financial measures that are used by management to evaluate the performance of the Corporation. In addition, non-GAAP measures are used in measuring compliance with debt covenants. Non-GAAP measures do not have standardized meaning under GAAP and may not be comparable to similar measures provided by other issuers. Wajax includes these measures because management believes that they assist investors in assessing financial performance. The definition, calculation and reconciliation of non-GAAP measures are provided in the Non-GAAP and Other Financial Measures section.

Unless otherwise indicated, all financial information within this MD&A is in millions of Canadian dollars, except ratio calculations, share, share rights and per share data. Additional information, including Wajax's Annual Report and Annual Information Form, is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Wajax Corporation Overview

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.

Strategic Direction and Outlook

Wajax's corporate purpose statement is, "Empowering People to Build a Better Tomorrow", which we strive to achieve by living our values and delivering an exceptional experience for our people, customers, suppliers, shareholders, and the communities we serve. In 2025, we are focusing on six strategic priorities:

Continuing to Build a People-First Company

The safety, well-being and engagement of our 3,000+ teammates is the foundation that ensures that both our people and business can thrive together. We take a comprehensive approach to employee health and wellness – including physical, mental and financial well-being – in addition to providing extensive learning and development opportunities and support for internal career development. A key pillar of building a people-first company is living our values every day:

- We commit to safety and well-being;
- We develop potential and expertise;
- We deliver an exceptional experience together;
- We build lasting relationships; and
- We strive to continuously improve.

We continue to develop our environmental, social and governance programs as outlined in our annual Sustainability Report for the year ended December 31, 2024, which will be made available on our website at www.wajax.com. The Sustainability Report is not incorporated by reference in this MD&A.

Growing Our Existing Business with a Focus on Parts, Service and Margin Improvement

Creating a differentiated and exceptional customer experience is an important driver of success for Wajax. We will continue to improve our mix and margin profile over time, and invest in tools, training and support to allow our people to deliver value-added services to our customers.

Unlocking the Potential of Our Enhanced Direct Relationship with Hitachi

Continuing to leverage and expand our enhanced direct distribution relationship with Hitachi will also be a key driver of our success. Our ability to source world-class Hitachi equipment and parts directly from Japan, coupled with Hitachi's technological innovation and dedicated financing programs, will continue to allow us to better serve our customers.

Acquiring and Integrating Industrial Parts and Engineered Repair Services Businesses

Our national infrastructure and extensive customer relationships position us as an aggregator in the highly fragmented engineered repair services ("ERS") and related industrial parts market – and adding sought-after technical capabilities and expanding the services we offer will allow us to better serve our customers and drive improved product mix and margin profile. In 2025, our focus will be on fully integrating our prior acquisitions to realize additional synergies and maintaining a disciplined approach to future opportunities.

Improving Cost Structure and Processes

Investing in infrastructure and continuous improvement initiatives to enhance customer service and to improve operating efficiency and leverage in our business. Our current programs include the ongoing optimization of our branch network, reviewing operating processes for efficiency and effectiveness, and prudently managing our balance sheet.

Continuing ERP System Roll-out and Technology Improvements

Investing in information technology platforms to improve operating efficiencies and to improve customer and employee experience. Our enterprise resource planning ("ERP") system roll-out continues to be an area of focus, with 90% completed at the end of 2024.

Outlook

In 2024, Wajax delivered revenue of \$2,097.6 million versus a record of \$2,154.7 million in 2023. Adjusted basic earnings per share was \$2.44 versus \$3.88 in 2023. The year-over-year decrease in revenue was primarily due to lower product support, industrial parts and ERS revenue resulting from weaker market conditions in the second half of the year. This decline was partially offset by higher equipment sales in the mining

and material handling categories. Gross profit margin decreased to 19.7% in 2024, from 20.9% in 2023, as increased competitive and market pressures resulted in lower margins realized on equipment, product support, industrial parts and rental revenue, partially offset by higher margins on ERS sales.⁽¹⁾ In response to market conditions, management implemented a number of cost-saving initiatives, including workforce reductions, which resulted in severance costs of \$5.8 million.

The Corporation's backlog at December 31, 2024 of \$564.4 million decreased \$23.7 million, or 4.0%, compared to September 30, 2024 backlog of \$588.1 million, due primarily to lower material handling and mining orders. Included in this backlog are seven large mining shovels, which are expected to be delivered over the next nine quarters.⁽¹⁾

As at December 31, 2024, the Corporation's inventory of \$673.1 million decreased by \$48.4 million from September 30, 2024 and \$76.3 million from peak levels at March 31, 2024. Management continues to be committed to managing and reducing inventory levels. Wajax generated \$70.0 million in cash flow from operations in 2024 compared to cash used of \$89.0 million in 2023. The Corporation's leverage ratio decreased to 2.61 times at December 31, 2024 compared to 2.78 times at September 30, 2024 due primarily to lower debt as at December 31, 2024. The sequential decline in both inventory and leverage reflects management's focus on optimizing working capital and managing leverage.⁽¹⁾

Looking ahead to the first half of 2025, Wajax continues to see strong customer demand in the mining and energy sectors, with the former supported by strong backlog.⁽¹⁾ Headwinds are expected, with broader market conditions remaining soft and uncertainty surrounding potential tariffs and counter-tariffs on Canada-U.S. trade; additional headwinds are expected should such tariffs materialize. Amid this backdrop, management remains committed to executing the Corporation's six strategic priorities, which will continue to support and position the business for future success, and which have been refined for 2025. As additional focus areas, management will execute initiatives to reduce inventory, improve margins and lower costs.

See the Cautionary Statement Regarding Forward-Looking Information section.

Annual and Fourth Quarter Highlights

2024 Full Year Highlights

- Revenue decreased \$57.1 million, or 2.6%, to \$2,097.6 million in 2024 from \$2,154.7 million in 2023. From a regional perspective:
 - Revenue in western Canada of \$944.5 million decreased 3.2% from the prior year due primarily to lower equipment sales in the construction and forestry category, lower product support sales in the mining category and lower ERS sales. These decreases were offset partially by higher industrial parts sales, and higher equipment sales in the material handling and mining categories.
 - Revenue in central Canada of \$375.2 million decreased 3.3% from the prior year due primarily to lower equipment sales in the construction and forestry category, lower industrial parts sales due to weaker market conditions, and lower product support sales in the mining category. These decreases were offset partially by higher equipment sales in the material handling category.
 - Revenue in eastern Canada of \$777.9 million decreased 1.7% from the prior year due primarily to lower industrial parts and ERS sales, offset partially by higher equipment sales in the construction and forestry category.

- Gross profit margin of 19.7% in 2024 decreased 120 basis points ("bps") compared with gross profit margin of 20.9% in 2023.⁽¹⁾ This decrease in margin was driven primarily by increased market pressures, mostly in the second half of the year, which resulted in lower margins realized on equipment, product support, rental, and industrial parts revenue.
- Selling and administrative expenses as a percentage of revenue increased to 14.9% in 2024 from 14.6% in 2023.⁽¹⁾ For the year ended December 31, 2024, selling and administrative expenses decreased \$2.4 million compared to last year. This decrease was due primarily to lower personnel costs, bonuses, travel and entertainment costs, and supplies and marketing costs. Excluding the \$2.3 million of contingent consideration revaluation expense (2023 – \$0.3 million), and the \$3.4 million of unrealized loss on total return swaps (2023 – \$4.2 million unrealized gain), selling and administrative expenses decreased \$11.9 million compared with the prior year, and selling and administrative expenses as a percentage of revenue decreased to 14.6% in 2024, versus 14.7% in 2023.⁽¹⁾
- During the year, the Corporation implemented workforce reductions in response to market conditions. A restructuring cost of \$5.8 million was recognized in the year relating primarily to severance costs.
- EBIT decreased \$40.3 million, or 29.4%, to \$96.5 million in 2024 from \$136.7 million in 2023.⁽¹⁾ The year-over-year decrease resulted primarily from lower sales volume and gross profit margin, and a \$5.8 million restructuring cost for workforce reductions. Adjusted EBIT decreased \$33.1 million, or 23.8%, to \$105.8 million in 2024 from \$138.9 million in 2023, and adjusted EBIT margin decreased to 5.0% in 2024 from 6.4% in 2023.⁽¹⁾
- Finance costs of \$38.2 million in 2024 increased \$11.1 million compared with 2023 due primarily to higher average borrowings under the Corporation's bank credit facility, higher lease interest due to higher lease liabilities, as well as an unrealized loss on interest rate swaps of \$3.6 million in 2024 compared to a loss of \$1.2 million in 2023. Excluding the unrealized loss/gain on interest rate swaps in both periods, finance costs increased \$8.7 million compared with 2023.
- The Corporation generated net earnings of \$42.8 million, or \$1.97 per share in 2024, versus \$81.0 million, or \$3.77 per share in 2023. The Corporation generated adjusted net earnings of \$52.9 million, or \$2.44 per share in 2024, versus \$83.5 million, or \$3.88 per share in 2023.⁽¹⁾ Adjusted net earnings for the year ended December 31, 2024 excludes facility closure, restructuring, and other related costs of \$4.3 million after tax, or \$0.20 per share (2023 – \$1.4 million after tax, or \$0.07 per share), non-cash losses on mark to market of derivative instruments of \$3.6 million after tax, or \$0.16 per share (2023 – losses of \$0.9 million after tax, or \$0.04 per share), and losses on the change in fair value of contingent consideration of \$2.3 million after tax, or \$0.10 per share (2023 – losses of \$0.2 million after tax, or \$0.01 per share).⁽¹⁾ Adjusted net earnings for the prior year also excluded gains on the sale of properties of \$0.1 million after tax, or less than \$0.01 per share.⁽¹⁾
- Adjusted EBITDA margin decreased to 8.0% in 2024 from 9.2% in 2023.⁽¹⁾
- Cash flows generated from operating activities amounted to \$70.0 million in 2024, compared to cash used of \$89.0 million in 2023. The increase in cash generated of \$159.0 million was mainly attributable to an increase in inventory of \$38.0 million compared to an increase of \$162.5 million in the prior year, an increase in accounts payable and accrued liabilities of \$4.4 million compared to a decrease of \$29.9 million in the prior year, and income taxes paid of \$25.3 million compared to \$49.2 million in the prior year. This increase in cash generated was offset partially by a decrease in net earnings excluding items not affecting cash flow of \$35.1 million.

(1) "Backlog", "Leverage ratio", "Gross profit margin", and "Adjusted basic earnings per share" do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

- The Corporation's backlog at December 31, 2024 of \$564.4 million increased \$10.5 million, or 1.9%, compared to December 31, 2023 backlog of \$554.0 million due primarily to higher construction and forestry orders, and higher mining orders, including seven large mining shovels, offset partially by lower material handling, ERS and industrial parts orders.⁽¹⁾
- Working capital of \$532.4 million at December 31, 2024 decreased \$27.8 million, from \$560.2 million at December 31, 2023 due primarily to lower contract assets and higher accounts payable and accrued liabilities, offset partially by higher inventory levels.⁽¹⁾ Working capital efficiency was 26.0%, an increase of 210 bps from 23.9% in 2023, due to the higher trailing four quarter average working capital, largely resulting from higher average inventory levels, and lower trailing 12-month revenue. Excluding the Corporation's senior unsecured debentures, working capital of \$589.4 million at December 31, 2024 increased \$29.2 million from \$560.2 million at December 31, 2023, and working capital efficiency was 28.7%, an increase of 240 bps from 26.3% at December 31, 2023.⁽¹⁾
- The Corporation's leverage ratio increased to 2.61 times at December 31, 2024 compared to 1.98 times at December 31, 2023 due primarily to a lower trailing 12-month pro-forma adjusted EBITDA.⁽¹⁾ The Corporation's senior secured leverage ratio was 2.17 times at December 31, 2024, compared to 1.64 times at December 31, 2023.⁽¹⁾
- Effective January 2, 2024, Wajax completed adjustments to its senior management structure following the retirement of Steve Deck, Chief Operating Officer and Senior Vice President, Heavy Equipment. Brian Deacon was appointed to the role of Senior Vice President, Category Management, and André Dubé to the role of Senior Vice President, Sales and Operations.
- On January 11, 2024, Wajax amended its senior secured bank credit facility to increase the facility limit from \$400.0 million to \$500.0 million. The bank credit facility is now composed of a \$50.0 million non-revolving term facility and a \$450.0 million revolving term facility. There was no change to the maturity date of the senior secured bank credit facility.
- On March 4, 2024, the Corporation announced a 6% increase in its quarterly dividend.
- On November 4, 2024, Wajax announced the planned retirement of Stuart Auld, Chief Financial Officer, to be effective March 4, 2025. Following a comprehensive succession planning process, Tania Casadinho, Vice President, Corporate Controller, was appointed to succeed Mr. Auld as Chief Financial Officer effective March 4, 2025.
- Subsequent to year end, on January 15, 2025, Wajax announced the repayment in full of the \$57.0 million in principal amount owed under its 6.00% senior unsecured debentures due January 15, 2025, along with accrued interest up to but excluding the maturity date. The Corporation's existing bank credit facility was used to complete the repayment.
- Revenue in eastern Canada of \$191.4 million decreased 5.1% from the same period in the prior year due primarily to lower equipment sales in the construction and forestry category, as well as lower industrial parts sales. The decrease was partially offset by higher equipment sales in the material handling category.
- Gross profit margin of 17.1% in the fourth quarter of 2024 decreased 420 bps compared with gross profit margin of 21.2% in the same period of 2023.⁽¹⁾ This decrease in margin was driven primarily by lower margins realized on equipment, ERS and rental revenue due to increased market pressures, as well as a lower proportion of ERS, product support, and industrial parts sales relative to equipment sales.
- Selling and administrative expenses as a percentage of revenue decreased to 14.1% in the fourth quarter of 2024 from 16.1% in the same period of 2023.⁽¹⁾ Selling and administrative expenses in the fourth quarter of 2024 decreased \$7.4 million, or 8.5% compared to the fourth quarter of 2023. This decrease was due primarily to lower spending in multiple areas, including personnel, bonuses, travel and entertainment, and supplies and marketing, driven largely by cost saving initiatives. Excluding the \$2.3 million of contingent consideration revaluation expense (2023 – \$0.3 million), and the \$1.8 million of unrealized loss on total return swaps (2023 – \$0.8 million unrealized gain), selling and administrative expenses decreased \$12.0 million compared with the same period in the prior year, and selling and administrative expenses as a percentage of revenue decreased to 13.4% in the fourth quarter of 2024, from 16.1% in the same quarter of 2023.⁽¹⁾
- In the fourth quarter of 2024, the Corporation implemented workforce reductions in response to market conditions. A restructuring cost of \$5.8 million was recognized in the fourth quarter relating primarily to severance costs.
- EBIT decreased \$16.9 million, or 60.3%, to \$11.1 million in the fourth quarter of 2024 from \$28.1 million in the same period of 2023. The year-over-year decrease in EBIT resulted primarily from lower gross profit margin and a \$5.8 million restructuring cost for workforce reductions, offset partially by reduced selling and administrative expenses.⁽¹⁾ Adjusted EBIT decreased \$12.3 million, or 39.0%, to \$19.3 million in the fourth quarter of 2024 from \$31.7 million in the fourth quarter of 2023, and adjusted EBIT margin decreased to 3.4% in the fourth quarter of 2024 from 5.8% in the same quarter of 2023.⁽¹⁾
- Finance costs of \$8.4 million in the fourth quarter of 2024 decreased \$4.9 million compared with the same quarter last year due primarily to an unrealized gain on interest rate swaps of \$0.2 million in the quarter compared to a loss of \$5.5 million in the same period of the prior year. Excluding the unrealized gain/loss on interest rate swaps in both periods, finance costs increased \$0.8 million compared with the same quarter last year due primarily to higher average borrowings under the Corporation's bank credit facility.
- The Corporation generated net earnings of \$1.0 million, or \$0.05 per share, in the fourth quarter of 2024 versus \$11.1 million, or \$0.52 per share, in the same period of 2023. The Corporation generated adjusted net earnings of \$7.5 million, or \$0.35 per share, in the fourth quarter of 2024 versus \$17.8 million, or \$0.83 per share, in the fourth quarter of 2023.⁽¹⁾ Adjusted net earnings for the quarter excludes facility closure, restructuring, and other related costs of \$4.3 million after tax, or \$0.20 per share (2023 – \$1.4 million after tax, or \$0.07 per share), losses on the change in fair value of contingent consideration of \$2.3 million after tax, or \$0.10 per share (2023 – \$0.2 million after tax, or \$0.01 per share), and non-cash gains on mark to market of derivative instruments of less than \$0.1 million after tax, or less than \$0.01 per share (2023 – losses of \$5.0 million after tax, or \$0.23 per share).⁽¹⁾
- Adjusted EBITDA margin decreased to 6.2% in the fourth quarter of 2024 from 8.7% in the fourth quarter of 2023.⁽¹⁾

Fourth Quarter Highlights

- Revenue in the fourth quarter of 2024 increased \$23.3 million, to \$565.9 million, from \$542.6 million in the fourth quarter of 2023. From a regional perspective:
 - Revenue in western Canada of \$274.9 million increased 16.7% from the same period in the prior year due primarily to higher industrial parts sales and higher mining equipment sales, including the delivery of two large mining shovels in the fourth quarter of 2024 with no such deliveries in the fourth quarter of the prior year. These increases were offset partially by lower ERS sales.
 - Revenue in central Canada of \$99.7 million decreased 5.4% from the same period in the prior year due primarily to lower equipment sales in the construction and forestry category, as well as lower ERS sales. The decrease was offset partially by higher equipment sales in the material handling category.

- Cash flows generated from operating activities amounted to \$75.9 million in the fourth quarter of 2024, compared with cash generated of \$48.5 million in the same quarter of the previous year. The increase in cash generated of \$27.4 million was mainly attributable to an increase in accounts payable and accrued liabilities of \$37.6 million compared to a decrease of \$20.3 million in the same quarter of the prior year, and a decrease in inventory of \$48.4 million compared to a decrease of \$29.7 million in the same quarter of the prior year. This increase in cash generated was offset partially by an increase in accounts receivable of \$36.0 million in the fourth quarter of 2024 compared to a decrease of \$3.9 million in the same quarter of the previous year, and a decrease in net earnings excluding items not affecting cash flow of \$17.2 million.
- The Corporation's backlog at December 31, 2024 of \$564.4 million decreased \$23.7 million, or 4.0%, compared to September 30, 2024 backlog of \$588.1 million due primarily to lower material handling and mining orders. Backlog at December 31, 2024 included seven large mining shovels.⁽¹⁾
- Working capital of \$532.4 million at December 31, 2024 decreased \$39.6 million, from \$572.0 million at September 30, 2024 due primarily to lower inventory and higher accounts payable and accrued liabilities, offset partially by higher trade and other receivables.⁽¹⁾ Working capital efficiency was 26.0%, a decrease of 60 bps from 26.6% at September 30, 2024 due to the lower trailing four quarter average working capital and higher trailing 12-month revenue.⁽¹⁾ Excluding the Corporation's senior unsecured debentures, working capital of \$589.4 million at December 31, 2024 decreased \$39.4 million from \$628.8 million at September 30, 2024, and working capital efficiency was 28.7% as at both December 31, 2024 and September 30, 2024.⁽¹⁾
- The Corporation's leverage ratio decreased to 2.61 times at December 31, 2024, compared to 2.78 times at September 30, 2024.⁽¹⁾ The decrease in the leverage ratio was due to a lower debt level driven largely by cash generated from operating activities during the quarter. The Corporation's senior secured leverage ratio was 2.17 times at December 31, 2024, compared to 2.38 times at September 30, 2024.⁽¹⁾

(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", and "Adjusted EBITDA margin" do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

Summary of Annual Operating Results

Statement of earnings highlights

	2024	2023	% change
Revenue	\$ 2,097.6	\$ 2,154.7	(2.6)%
Gross profit	\$ 413.8	\$ 450.6	(8.2)%
Selling and administrative expenses	311.5	313.9	(0.8)%
Restructuring and other related costs	5.8	—	—%
Earnings before finance costs and income taxes	\$ 96.5	\$ 136.7	(29.4)%
Finance costs	38.2	27.1	40.9%
Earnings before income taxes	\$ 58.3	\$ 109.6	(46.8)%
Income tax expense	15.5	28.7	(45.8)%
Net earnings	\$ 42.8	\$ 81.0	(47.2)%
– Basic earnings per share ⁽²⁾	\$ 1.97	\$ 3.77	(47.7)%
– Diluted earnings per share ⁽²⁾	\$ 1.93	\$ 3.64	(47.0)%
Adjusted net earnings ⁽¹⁾⁽³⁾	\$ 52.9	\$ 83.5	(36.6)%
– Adjusted basic earnings per share ⁽¹⁾⁽²⁾⁽³⁾	\$ 2.44	\$ 3.88	(37.2)%
– Adjusted diluted earnings per share ⁽¹⁾⁽²⁾⁽³⁾	\$ 2.38	\$ 3.75	(36.4)%
Adjusted EBIT ⁽¹⁾	\$ 105.8	\$ 138.9	(23.8)%
Adjusted EBITDA ⁽¹⁾	\$ 168.0	\$ 197.4	(14.9)%
Key ratios:			
Gross profit margin ⁽¹⁾	19.7%	20.9%	
Selling and administrative expenses as a percentage of revenue ⁽¹⁾	14.9%	14.6%	
EBIT margin ⁽¹⁾	4.6%	6.3%	
Adjusted EBIT margin ⁽¹⁾	5.0%	6.4%	
Adjusted EBITDA margin ⁽¹⁾	8.0%	9.2%	
Effective income tax rate	26.6%	26.1%	

Statement of financial position highlights

As at December 31	2024	2023
Trade and other receivables	\$ 303.5	\$ 309.1
Inventory	673.1	630.9
Accounts payable and accrued liabilities	(417.8)	(407.1)
Debentures – current ⁽⁴⁾	(57.0)	—
Other working capital amounts ⁽¹⁾	30.6	27.3
Working capital ⁽¹⁾	\$ 532.4	\$ 560.2
Rental equipment	\$ 50.0	\$ 42.5
Property, plant and equipment	\$ 45.7	\$ 44.8
Funded net debt ⁽¹⁾	\$ 332.7	\$ 325.5
Key ratios:		
Leverage ratio ⁽¹⁾	2.61	1.98
Senior secured leverage ratio ⁽¹⁾	2.17	1.64

(1) These measures do not have a standardized meaning prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

(2) Weighted average shares, net of shares held in trust, outstanding for calculation of basic and diluted earnings per share for the year ended December 31, 2024 were 21,719,568 (2023 – 21,509,250) and 22,188,628 (2023 – 22,271,628), respectively.

(3) Net earnings excluding the following:

- after-tax facility closure, restructuring, and other related costs of \$4.3 million (2023 – \$1.4 million), or basic and diluted loss per share of \$0.20 and \$0.19, respectively (2023 – basic and diluted loss per share of \$0.07 and \$0.06 respectively) for the year ended December 31, 2024.
- after-tax non-cash losses on mark to market of derivative instruments of \$3.6 million (2023 – losses of \$0.9 million), or basic and diluted loss per share of \$0.16 (2023 – loss per share of \$0.04) for the year ended December 31, 2024.
- after-tax losses on the change in fair value of contingent consideration of \$2.3 million (2023 – losses of \$0.2 million), or basic and diluted loss per share of \$0.10 (2023 – loss per share of \$0.01) for the year ended December 31, 2024.
- 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 – earnings per share of less than \$0.01) for the year ended December 31, 2024.

(4) The unsecured subordinated debentures due January 15, 2025 were classified as current as at December 31, 2024. On January 15, 2025, the Corporation repaid in full the \$57.0 million in principal amount owed under its 6.00% senior unsecured debentures, along with accrued interest up to but excluding the maturity date.

Annual Results of Operations

Revenue

For the year ended December 31, 2024, revenue decreased 2.6%, or \$57.1 million, to \$2,097.6 million, from \$2,154.7 million in the same period in 2023. The following key factors contributed to the decrease in revenue:

- Industrial parts sales decreased 5.5% and ERS sales decreased 7.9% due to weaker market conditions.
- Equipment sales increased 1.9% due primarily to higher mining sales in western Canada, higher material handling sales in all regions, and higher construction and forestry sales in eastern Canada. These increases were offset partially by lower construction and forestry sales in western and central Canada.

Backlog

The Corporation's backlog at December 31, 2024 of \$564.4 million increased \$10.5 million, or 1.9%, compared to December 31, 2023 backlog of \$554.0 million due primarily to higher construction and forestry orders, and higher mining orders, including seven large mining shovels, offset partially by lower material handling, ERS and industrial parts orders.⁽¹⁾

Gross profit

For the year ended December 31, 2024, gross profit decreased \$36.9 million, or 8.2%, compared with the same period last year, primarily due to lower sales volume, and lower margins realized on equipment, product support, rental and industrial parts revenue driven by increased market pressures.

For the year ended December 31, 2024, gross profit margin of 19.7% decreased 120 bps compared with gross profit margin of 20.9% in 2023.⁽¹⁾ This decrease in margin was driven primarily by increased market pressures which resulted in lower margins realized on equipment, product support, rental and industrial parts revenue.

Selling and administrative expenses

For the year ended December 31, 2024, selling and administrative expenses decreased \$2.4 million compared with the same period last year. This decrease was due primarily to lower personnel costs, bonuses, travel and entertainment costs, and supplies and marketing costs. Excluding the \$2.3 million of contingent consideration revaluation expense (2023 – \$0.3 million), and the \$3.4 million of unrealized loss on total return swaps (2023 – \$4.2 million unrealized gain), selling and administrative expenses decreased \$11.9 million compared with the prior year.

Selling and administrative expenses as a percentage of revenue increased to 14.9% in 2024 from 14.6% in 2023. Excluding the contingent consideration revaluation expense and the unrealized loss/gain on total return swaps in both years, selling and administrative expenses as a percentage of revenue decreased to 14.6% in 2024, versus 14.7% in 2023.⁽¹⁾

Facility closure, restructuring and other related costs

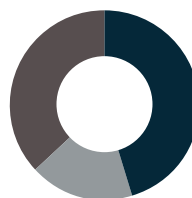
During the year, the Corporation implemented workforce reductions in response to market conditions. A restructuring cost of \$5.8 million was recognized in the year relating primarily to severance costs.

Revenue by Geographic Region (\$ millions)



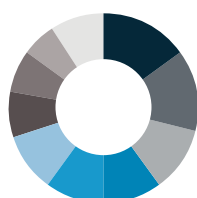
For the year ended December 31		2024	\$ change	% change
■ Western Canada	\$	944.5	\$ (31.3)	(3.2) %
■ Central Canada		375.2	(12.7)	(3.3) %
■ Eastern Canada ⁽¹⁾		777.9	(13.1)	(1.7) %
Total revenue	\$	2,097.6	\$ (57.1)	(2.6) %

(1) Includes Quebec and the Atlantic provinces.



For the year ended December 31		2023
■ Western Canada	\$	975.8
■ Central Canada		387.9
■ Eastern Canada ⁽¹⁾		791.0
Total revenue		\$ 2,154.7

Revenue by End Market

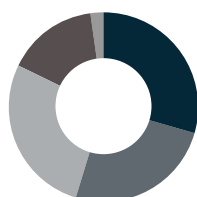


For the year ended December 31		2024
■ Construction		15%
■ Mining		14%
■ Oil and Gas		11%
■ Industrial/Commercial		10%
■ Forestry		10%
■ Oil Sands		10%
■ Transportation		8%
■ Government and Utilities		7%
■ Metal Processing		6%
■ Other		9%

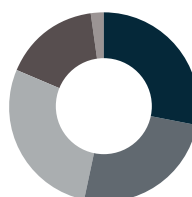


For the year ended December 31		2023
■ Construction		16%
■ Mining		15%
■ Oil and Gas		10%
■ Industrial/Commercial		13%
■ Forestry		11%
■ Oil Sands		9%
■ Transportation		7%
■ Government and Utilities		6%
■ Metal Processing		5%
■ Other		8%

Revenue Sources (\$ millions)



For the year ended December 31		2024	\$ change	% change
■ Equipment sales	\$	618.6	\$ 11.5	1.9 %
■ Product support		535.0	(8.2)	(1.5) %
■ Industrial parts		572.0	(33.1)	(5.5) %
■ Engineered repair services (ERS)		326.5	(27.8)	(7.9) %
■ Equipment rental		45.5	0.6	1.3 %
Total	\$	2,097.6	\$ (57.1)	(2.6) %



For the year ended December 31		2023
■ Equipment sales	\$	607.1
■ Product support		543.3
■ Industrial parts		605.1
■ Engineered repair services (ERS)		354.3
■ Equipment rental		45.0
Total		\$ 2,154.7

Finance costs

For the year ended December 31, 2024, finance costs of \$38.2 million increased \$11.1 million compared with the same period in 2023 due primarily to higher average borrowings under the Corporation's bank credit facility, higher lease interest due to higher lease liabilities, as well as an unrealized loss on interest rate swaps of \$3.6 million in 2024 compared to a loss of \$1.2 million in the same period in 2023. Excluding the unrealized loss/gain on interest rate swaps in both periods, finance costs increased \$8.7 million compared with the same period in 2023. See Liquidity and Capital Resources section.

At December 31, 2024, 62.2% of the Corporation's funded net debt was at a fixed interest rate.⁽¹⁾

Income tax expense

The Corporation's effective income tax rate of 26.6% for the year ended December 31, 2024 was higher compared with the statutory rate of 26.0% due to the impact of expenses not deductible for tax purposes. The Corporation's effective income tax rate of 26.1% for the same period in 2023 was higher compared with the statutory rate of 26.0% due mainly to the impact of expenses not deductible for tax purposes.

Net earnings

For the year ended December 31, 2024, the Corporation generated net earnings of \$42.8 million, or \$1.97 per share, compared with \$81.0 million, or \$3.77 per share, in 2023. The \$38.2 million decrease in net earnings resulted primarily from lower sales volume and gross profit margin, higher finance costs and a \$5.8 million restructuring cost for workforce reductions.

Adjusted net earnings

Adjusted net earnings for the year ended December 31, 2024 excludes facility closure, restructuring, and other related costs of \$4.3 million after tax, or \$0.20 per share (2023 – \$1.4 million after tax, or \$0.07 per share), non-cash losses on mark to market of derivative instruments of \$3.6 million after tax, or \$0.16 per share (2023 – losses of \$0.9 million after tax, or \$0.04 per share), and losses on the change in fair value of contingent consideration of \$2.3 million after tax, or \$0.10 per share (2023 – losses of \$0.2 million after tax, or \$0.01 per share). Adjusted net earnings for the prior year also excluded gains on the sale of properties of \$0.1 million after tax, or less than \$0.01 per share.⁽¹⁾

As a result, adjusted net earnings decreased \$30.6 million to \$52.9 million, or \$2.44 per share, for the year ended December 31, 2024 from \$83.5 million, or \$3.88 per share, in 2023.⁽¹⁾

Comprehensive income

For the year ended December 31, 2024, the total comprehensive income of \$45.6 million included net earnings of \$42.8 million and an other comprehensive gain of \$2.8 million. The other comprehensive gain of \$2.8 million in the current year resulted primarily from \$2.7 million of unrealized after-tax gains on derivatives designated as cash flow hedges.

Selected Annual Information

The following selected annual information has been prepared on the same basis as the 2024 annual audited consolidated financial statements.

For the year ended December 31	2024	2023	2022
Revenue	\$ 2,097.6	\$ 2,154.7	\$ 1,962.8
Net earnings	\$ 42.8	\$ 81.0	\$ 72.4
Basic earnings per share	\$ 1.97	\$ 3.77	\$ 3.38
Diluted earnings per share	\$ 1.93	\$ 3.64	\$ 3.26
Total assets	\$ 1,547.6	\$ 1,473.3	\$ 1,249.9
Non-current liabilities	\$ 477.1	\$ 493.7	\$ 286.0
Dividends declared per share	\$ 1.40	\$ 1.32	\$ 1.00

Revenue in 2024 of \$2,097.6 million decreased \$57.1 million compared to 2023. The decrease in 2024 was driven by lower overall sales in all regions, and from a category perspective was driven primarily by lower industrial parts and ERS sales resulting from weaker market conditions, and lower construction and forestry equipment sales. These decreases were offset partially by higher mining and material handling equipment sales. Revenue in 2023 of \$2,154.7 million increased \$191.9 million compared to 2022. The increase in 2023 was driven primarily by higher industrial parts, ERS, and product support revenue across all regions, offset partially by a decrease in mining equipment sales in western Canada.

Net earnings in 2024 of \$42.8 million decreased \$38.2 million, or 47.2%, from 2023. The decrease in net earnings resulted primarily from lower sales volume and gross profit margin, higher finance costs and a \$5.8 million restructuring cost for workforce reductions. The Corporation generated adjusted net earnings of \$52.9 million, or \$2.44 per share in 2024, versus \$83.5 million, or \$3.88 per share in 2023. Net earnings in 2023 of \$81.0 million increased \$8.6 million, or 11.9%, from 2022. The increase in net earnings resulted primarily from higher sales volumes, improved margins, and a higher proportion of ERS and industrial parts sales, offset partially by increased selling and administrative expenses and higher finance costs. The Corporation generated adjusted net earnings of \$83.5 million, or \$3.88 per share in 2023, versus \$69.8 million, or \$3.26 per share in 2022.

The \$297.7 million increase in total assets from December 31, 2022 to December 31, 2024 was mainly attributable to higher inventory of \$210.9 million, increased right-of-use assets of \$35.8 million due to higher lease liabilities, higher goodwill and intangible assets of \$12.8 million, and increased rental equipment of \$10.6 million.

Non-current liabilities at December 31, 2024 of \$477.1 million increased \$191.1 million from December 31, 2022, primarily attributable to an increase in long-term debt of \$199.4 million.

(1) "Funded net debt", "Backlog", "Gross profit margin", "Selling and administrative expenses as a percentage of revenue", "Adjusted net earnings", and "Adjusted basic earnings per share" do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

Selected Quarterly Information

The following table summarizes unaudited quarterly consolidated financial data for the eight most recently completed quarters.

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ 565.9	\$ 481.0	\$ 568.3	\$ 482.3	\$ 542.6	\$ 509.7	\$ 586.2	\$ 516.1
Net earnings	\$ 1.0	\$ 6.4	\$ 20.6	\$ 14.7	\$ 11.1	\$ 23.4	\$ 29.0	\$ 17.5
Earnings per share								
– Basic	\$ 0.05	\$ 0.29	\$ 0.95	\$ 0.68	\$ 0.52	\$ 1.09	\$ 1.35	\$ 0.81
– Diluted	\$ 0.05	\$ 0.29	\$ 0.93	\$ 0.66	\$ 0.50	\$ 1.05	\$ 1.31	\$ 0.79
Adjusted net earnings ⁽¹⁾	\$ 7.5	\$ 9.6	\$ 22.9	\$ 12.8	\$ 17.8	\$ 20.7	\$ 27.1	\$ 17.8
Adjusted earnings per share ⁽¹⁾								
– Basic	\$ 0.35	\$ 0.44	\$ 1.06	\$ 0.59	\$ 0.83	\$ 0.96	\$ 1.26	\$ 0.83
– Diluted	\$ 0.34	\$ 0.43	\$ 1.03	\$ 0.58	\$ 0.80	\$ 0.93	\$ 1.22	\$ 0.80
Dividends declared per share	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.33	\$ 0.33	\$ 0.33	\$ 0.33
Weighted average common shares outstanding – basic (in thousands)	21,774	21,724	21,697	21,682	21,570	21,490	21,487	21,489

(1) These measures do not have a standardized meaning prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

Although quarterly fluctuations in revenue and net earnings are difficult to predict, during times of weak resource sector activity, the first quarter will tend to have seasonally lower revenues. However, the project timing of large mining trucks and shovels and power generation packages can shift revenue and net earnings throughout the year. In addition, the sale of large construction units can also impact revenue due to the seasonality in that industry.

Effective July 4, 2023, the Corporation acquired Polyphase Engineered Controls (1977) Ltd. (“**Polyphase**”), and effective September 1, 2023, the Corporation acquired Beta Fluid Power Ltd. and Beta Industrial Ltd. (together, “**Beta**”). The results of operations and financial position of these acquired businesses have been included in the above figures since the dates of acquisition.

A discussion of Wajax's previous quarterly results can be found in Wajax's quarterly MD&A available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

	December 31	
	2024	2023
Shareholders' equity	\$ 512.3	\$ 496.2
Funded net debt ⁽¹⁾	332.7	325.5
Total capital ⁽¹⁾	\$ 844.9	\$ 821.7
Funded net debt to total capital ⁽¹⁾	39.4%	39.6%
Leverage ratio ⁽¹⁾	2.61	1.98
Senior secured leverage ratio ⁽¹⁾	2.17	1.64

(1) These measures do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

The Corporation's objective is to manage its working capital and normal-course capital investment programs within a leverage range of 1.5 to 2.0 times and to fund those programs through operating cash flow and its bank credit facilities as required. There may be instances whereby the Corporation is willing to maintain a leverage ratio outside of this range either to support key growth initiatives or fluctuations in working capital levels during changes in economic cycles. The Corporation may also maintain a leverage ratio above the stated range as a result of investments in acquisitions and may fund those acquisitions using its bank credit facilities and other debt instruments in accordance with the Corporation's expectations of total future cash

flows, financing costs and other factors. The Corporation's leverage ratio is currently above the target range primarily due to higher debt from investment in working capital and acquisitions completed in 2023, and the lower trailing 12-month pro-forma adjusted EBITDA driven by weaker market conditions.⁽¹⁾ See the Funded Net Debt section.

Shareholders' Equity

The Corporation's shareholders' equity at December 31, 2024 of \$512.3 million increased \$16.0 million, from \$496.2 million at December 31, 2023 due primarily to total comprehensive income of \$45.6 million, offset partially by dividends declared of \$30.4 million.

The Corporation's share capital included in shareholders' equity on the consolidated statements of financial position, consists of:

	Number of Common Shares	Amount
Issued and outstanding, December 31, 2023	21,810,411	\$ 211.3
Common shares issued to settle share-based compensation awards	98,278	1.2
Issued and outstanding, December 31, 2024	21,908,689	\$ 212.5
Shares held in trust, December 31, 2023	(140,865)	(1.3)
Released for settlement of certain share-based compensation awards	57,511	0.5
Purchased for future settlement of certain share-based compensation awards	(29,419)	(0.3)
Shares held in trust, December 31, 2024	(112,773)	\$ (1.1)
Issued and outstanding, net of shares held in trust, December 31, 2024	21,795,916	\$ 211.5

At the date of this MD&A, the Corporation had 21,795,916 common shares issued and outstanding, net of shares held in trust.

At December 31, 2024, Wajax had four share-based compensation plans; the Wajax Share Ownership Plan (the “**SOP**”), the Directors' Deferred Share Unit Plan (the “**DDSUP**”), the Mid-Term Incentive Plan for Senior Executives (the “**MTIP**”) (with MTIP awards being composed of performance share units (“**PSUs**”) and restricted share units (“**RSUs**”)) and the Deferred Share Unit Plan (the “**DSUP**”).

Each fully vested right under the SOP and DDSUP is settled by the issuance of a common share from treasury. As of December 31, 2024, there were a total of 360,761 rights outstanding under the SOP and DDSUP, of which 347,420 were fully vested. Each fully vested MTIP PSU and certain fully vested deferred share units issued under the DSUP ("equity settled DSUs") are settled by the delivery of a market-purchased common share. As of December 31, 2024, a total of 232,458 MTIP PSUs and equity settled DSUs were outstanding, of which 20,902 were fully vested. Each fully vested MTIP RSU and non-equity settled DSUs ("cash settled DSUs") are settled in cash. As of December 31, 2024, a total of 402,430 MTIP RSUs and cash settled DSUs were outstanding, of which 4,452 were fully vested. Depending on the actual level of achievement of the performance targets associated with the outstanding MTIP PSUs, the number of market-purchased shares required to satisfy the Corporation's obligations thereunder could be higher or lower.

Wajax recorded compensation expense of \$6.8 million for the year ended December 31, 2024 (2023 – expense of \$9.4 million) in respect of these plans.

Funded Net Debt

	December 31	
	2024	2023
(Cash) bank indebtedness	\$ (7.4)	\$ 1.4
Debentures	57.0	56.3
Long-term debt	283.0	267.8
Funded net debt⁽¹⁾	\$ 332.7	\$ 325.5

Funded net debt of \$332.7 million at December 31, 2024 increased \$7.2 million compared to \$325.5 million at December 31, 2023.⁽¹⁾ The increase during the year was due primarily to the payment of lease liabilities of \$39.2 million, dividends paid of \$30.0 million, and property, plant and equipment additions of \$8.9 million, offset partially by cash generated from operating activities of \$70.0 million.

The Corporation's ratio of funded net debt to total capital decreased to 39.4% at December 31, 2024 from 39.6% at December 31, 2023 due to the higher shareholders' equity level in the year.⁽¹⁾

The Corporation's leverage ratio of 2.61 times at December 31, 2024 increased from the December 31, 2023 ratio of 1.98 times due primarily to a lower trailing 12-month pro-forma adjusted EBITDA.⁽¹⁾ However, the leverage ratio decreased compared to the September 30, 2024 leverage ratio of 2.78 times, due to the lower debt level at December 31, 2024 driven largely by cash generated from operating activities during the quarter.⁽¹⁾

See the Liquidity and Capital Resources section.

Financial Instruments

Wajax uses derivative financial instruments in the management of its foreign currency, interest rate and share-based compensation exposures. Wajax policy restricts the use of derivative financial instruments for trading or speculative purposes.

Wajax monitors the proportion of variable rate debt to its total debt portfolio and may enter into interest rate hedge contracts to mitigate a portion of the interest rate risk on its variable rate debt. A change in interest rates, in particular related to the Corporation's unhedged variable rate debt, is not expected to have a material impact on the Corporation's results of operations or financial condition over the long term.

Wajax has entered into interest rate swap contracts to minimize exposure to interest rate fluctuations on its variable rate debt. All

interest rate swap contracts are recorded in the consolidated financial statements at fair value. As at December 31, 2024, Wajax had the following interest rate swap contracts outstanding:

- \$150.0 million, expiring October 2027, with a weighted average interest rate of 2.57% (December 31, 2023 – \$150.0 million, expiring October 2026 to October 2027, with a weighted average interest rate of 2.32%)

Wajax enters into foreign exchange forward contracts to hedge the exchange risk associated with the cost of certain inbound inventory and foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at December 31, 2024, Wajax had the following contracts outstanding:

- to buy U.S. \$164.2 million (December 31, 2023 – to buy U.S. \$195.2 million),
- to buy Euro €0.8 million (December 31, 2023 – to buy Euro €7.3 million),
- to buy AUD \$7.3 million (December 31, 2023 – nil),
- to sell U.S. \$87.3 million (December 31, 2023 – to sell U.S. \$77.9 million), and
- to sell Euro €1.0 million (December 31, 2023 – to sell Euro €1.6 million).

The U.S. dollar contracts expire between January 2025 to August 2026, with an average U.S./Canadian dollar rate of 1.3636.

The Euro contracts expire between January 2025 to November 2025, with an average Euro/Canadian dollar rate of 1.4873.

The Australian dollar contracts expire between January 2025 to December 2025, with an average AUD/Canadian dollar rate of 0.9078.

Wajax has entered into total return swap contracts to hedge the exposure to share price market risk on a class of MTIP units that are cash-settled. All total return swap contracts are recorded in the consolidated financial statements at fair value. As at December 31, 2024, Wajax had the following total return swap contracts outstanding:

- contracts totaling 366,000 shares at an initial share value of \$9.9 million (December 31, 2023 – contracts totaling 399,000 shares at an initial share value of \$9.1 million).

The total return swap contracts expire between March 2025 and March 2027.

Wajax measures derivatives not designated as hedging instruments at fair value with subsequent changes in fair value being recorded in earnings. Derivatives designated as effective hedges are measured at fair value with subsequent changes in fair value being recorded in other comprehensive income until the related hedged item is recorded and affects income or inventory. The fair value of derivative instruments is estimated based upon market conditions using appropriate valuation models.

A change in foreign currency value, relative to the Canadian dollar, on transactions with customers that include unhedged foreign currency exposures is not expected to have a material impact on the Corporation's results of operations or financial condition over the longer term.

Wajax will periodically institute price increases to offset the negative impact of foreign exchange rate increases and volatility on imported goods to ensure margins are not eroded. However, a sudden strengthening of the U.S. dollar relative to the Canadian dollar can have a negative impact mainly on parts margins in the short term prior to price increases taking effect.

(1) "Funded net debt", "Funded net debt to total capital", "Total capital", "Leverage ratio", and "Pro-forma adjusted EBITDA" do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

The impact of a change in the Corporation's share price on cash-settled MTIP units is not expected to have a material impact on the Corporation's results of operations or financial condition over the longer term.

Wajax is exposed to the risk of non-performance by counterparties to foreign exchange forward contracts, long-term interest rate swap

contracts and total return swap contracts. These counterparties are large financial institutions that maintain high short-term and long-term credit ratings. To date, no such counterparty has failed to meet its financial obligations to Wajax. Management does not believe there is a significant risk of non-performance by these counterparties and will continue to monitor the credit risk of these counterparties.

Contractual Obligations

Contractual Obligations	Total	< 1 year	1 – 3 years	3 – 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 417.8	\$ 417.8	\$ —	\$ —	\$ —
Undiscounted lease obligations	303.9	58.9	97.3	57.4	90.3
Long-term debt	283.7	—	283.7	—	—
Debentures	57.0	57.0	—	—	—
Total	\$ 1,062.5	\$ 533.8	\$ 381.1	\$ 57.4	\$ 90.3

The lease obligations relate to contracts to lease properties for the Corporation's branch network, certain vehicles, computer hardware and equipment. The long-term debt obligation relates to the bank credit facility and the debentures obligation relates to the senior unsecured debentures. See the Liquidity and Capital Resources section.

Related Party Transactions

The Corporation's related party transactions, consisting of the compensation of the Board of Directors and key management personnel, totaled \$8.7 million in 2024 (2023 – \$9.6 million).

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements as at December 31, 2024.

Liquidity and Capital Resources

The Corporation's liquidity is maintained through various sources, including bank and other credit facilities, debentures and cash generated from operations.

Bank and Other Credit Facilities and Debentures

On January 11, 2024, the Corporation amended its senior secured bank credit facility to increase the facility limit from \$400.0 million to \$500.0 million. There was no change to the maturity date of the facility. As part of the bank credit facility amendment effective January 11, 2024, the Canadian dollar bankers' acceptances were replaced with the term Canadian Overnight Repo Rate Average loan ("CORRA").

As at December 31, 2024, Wajax had a \$500.0 million credit limit on its bank credit facility, composed of a \$50.0 million non-revolving term facility and a \$450.0 million revolving term facility, maturing on October 1, 2027.

At December 31, 2024, Wajax had borrowed \$283.7 million and issued \$3.7 million of letters of credit for a total utilization of \$287.4 million of its \$500.0 million bank credit facility. Borrowing capacity under the bank credit facility is dependent on the level of inventories on-hand and outstanding trade accounts receivables. At December 31, 2024, borrowing capacity under the bank credit facility was equal to \$500.0 million, of which \$212.6 million was accessible to the Corporation.

The bank credit facility contains customary restrictive covenants, including limitations on paying cash dividends and acquiring businesses in the event the senior secured leverage ratio, as defined in the bank credit facility agreement, exceeds 4.0 times, and an interest coverage maintenance ratio, all of which were met as at December 31, 2024. The Corporation's senior secured leverage ratio was 2.17 times at December 31, 2024.

As at December 31, 2024, borrowings under the bank credit facility were subject to floating rates of interest at margins over Canadian dollar term CORRA loan yields, U.S. dollar Secured Overnight Financing Rate ("SOFR") rates or prime. Margins on the facility depend on the Corporation's leverage ratio at the time of borrowing and range between 1.8% and 3.3% for Canadian dollar term CORRA loans and U.S. dollar SOFR borrowings, and between 0.8% and 2.3% for prime rate borrowings.

In addition, Wajax had \$57.0 million of senior unsecured debentures outstanding at December 31, 2024, bearing interest at a rate of 6.00% per annum, payable semi-annually and maturing on January 15, 2025. As at December 31, 2024, the Corporation had not redeemed any of the debentures.

On January 15, 2025, the Corporation repaid in full the \$57.0 million in principal amount owed under its 6.00% senior unsecured debentures due January 15, 2025, along with accrued interest up to but excluding the maturity date. The Corporation used borrowings under its bank credit facility to complete the repayment.

Under the terms of the bank credit facility, Wajax is permitted to have additional interest bearing debt of \$25.0 million. As such, Wajax has up to \$25.0 million of demand inventory equipment financing capacity with three third-party financing companies. At December 31, 2024, Wajax had utilized \$12.5 million of the interest bearing equipment financing facilities.

In addition, the Corporation has an agreement with a financial institution to sell 100% of selected trade accounts receivable on a recurring, non-recourse basis. Under this facility, up to \$20.0 million of accounts receivable is permitted to be sold to the financial institution and can remain outstanding at any point in time. After the sale, Wajax does not retain any interests in the accounts receivable but continues to service and collect the outstanding accounts receivable on behalf of the financial institution. As at December 31, 2024, the Corporation continues to service and collect \$8.4 million in accounts receivable on behalf of the financial institution.

As of March 4, 2025, Wajax continues to maintain its \$500.0 million bank credit facility and an additional \$25.0 million in credit facilities with third-party financing companies. Wajax maintains sufficient liquidity to meet short-term normal course working capital and maintenance capital requirements and fund certain strategic investments. However, Wajax may be required to access the equity or debt capital markets to fund significant acquisitions.

The Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. At December 31, 2024, 62.2% of the Corporation's funded net debt was at a fixed interest rate which is within the Corporation's interest rate risk policy.

Cash Flow

The following table highlights the major components of cash flow as reflected in the Consolidated Statements of Cash Flows for the years ended December 31, 2024 and December 31, 2023:

	2024	2023	\$ Change
Net earnings	\$ 42.8	\$ 81.0	\$ (38.2)
Items not affecting cash flow	123.5	120.3	3.1
Changes in non-cash operating working capital	(12.7)	(197.0)	184.4
Finance costs paid on debts	(23.0)	(16.2)	(6.9)
Finance costs paid on lease liabilities	(10.6)	(8.9)	(1.7)
Income taxes paid	(25.3)	(49.2)	23.9
Rental equipment additions	(25.4)	(20.9)	(4.5)
Other	0.7	1.8	(1.1)
Cash generated from (used in) operating activities	\$ 70.0	\$ (89.0)	\$ 159.0
Cash generated from (used in) investing activities	\$ 0.2	\$ (24.5)	\$ 24.7
Cash (used in) generated from financing activities	\$ (61.4)	\$ 117.3	\$ (178.7)

Operating Activities

For the year ended December 31, 2024, cash flows generated from operating activities amounted to \$70.0 million, compared to cash flows used in operating activities of \$89.0 million for the prior year. The increase in cash generated of \$159.0 million was mainly attributable to an increase in inventory of \$38.0 million compared to an increase of \$162.5 million in the prior year, an increase in accounts payable and accrued liabilities of \$4.4 million compared to a decrease of \$29.9 million in the prior year, and income taxes paid of \$25.3 million compared to \$49.2 million in the prior year. This increase in cash generated was offset partially by a decrease in net earnings excluding items not affecting cash flow of \$35.1 million.

For the year ended December 31, 2024, rental equipment additions of \$25.4 million (2023 – \$20.9 million) related primarily to material handling lift trucks.

Changes in significant components of non-cash operating working capital for the years ended December 31, 2024 and December 31, 2023 include the following:

Changes in Non-cash Operating Working Capital ⁽¹⁾	2024	2023	\$ Change
Trade and other receivables	\$ 7.5	\$ 3.7	\$ 3.8
Contract assets	13.9	(7.4)	21.3
Inventory	(38.0)	(162.5)	124.4
Deposits on inventory	(4.8)	(0.1)	(4.7)
Prepaid expenses	(1.4)	(2.7)	1.3
Accounts payable and accrued liabilities	4.4	(29.9)	34.3
Provisions	4.4	(0.5)	4.9
Contract liabilities	1.3	2.4	(1.1)
Total Changes in Non-cash Operating Working Capital	\$ (12.7)	\$ (197.0)	\$ 184.4

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the year ended December 31, 2024 compared to the year ended December 31, 2023 are as follows:

- Inventory increased \$38.0 million in 2024 compared with an increase of \$162.5 million in 2023. The increase in 2024 resulted primarily from higher equipment inventory in the construction and forestry, mining and material handling categories, due partially to higher backlog in the construction and forestry, and mining categories. These increases were partially offset by lower equipment inventory in the power systems category and lower industrial parts inventory. The increase in 2023 resulted primarily from higher equipment inventory in the construction and forestry, mining and material handling categories, and increased overall parts inventory purchasing due to strong sales activity in the year.
- Accounts payable and accrued liabilities increased \$4.4 million in 2024 compared to a decrease of \$29.9 million in 2023. The decrease in 2023 resulted primarily from lower trade payables driven largely by timing of inventory payments.
- Contract assets decreased \$13.9 million compared to an increase of \$7.4 million in 2023. The decrease in 2024 was due primarily to lower sales activity and timing of billings for customer contracts. The increase in 2023 resulted primarily from increased sales activity resulting in more work completed but not yet billed on customer contracts.

Investing Activities

For the year ended December 31, 2024, the Corporation generated \$0.2 million of cash from investing activities compared with cash used in investing activities of \$24.5 million in 2023. Investing activities in the year included property, plant and equipment additions of \$8.9 million (2023 – \$9.0 million), collection of lease receivables of \$7.9 million (2023 – \$5.2 million), and net cash received from sellers relating to business acquisitions of \$0.9 million (2023 – net cash paid of \$21.0 million).

Financing Activities

For the year ended December 31, 2024, the Corporation used \$61.4 million of cash in financing activities compared with cash generated from financing activities of \$117.3 million in 2023. Financing activities for the year ended December 31, 2024 included the payment of lease liabilities of \$39.2 million (2023 – \$35.5 million), dividends paid to shareholders of \$30.0 million (2023 – \$26.7 million), and a net bank credit facility borrowing of \$15.2 million (2023 – net borrowing of \$183.6 million).

Dividends

Dividends to shareholders for the 2024 and 2023 years were declared and payable to shareholders of record as follows:

Record Date	Payment Date	Per Share	Amount
March 15, 2024	April 2, 2024	\$ 0.35	\$ 7.6
June 14, 2024	July 3, 2024	0.35	7.6
September 16, 2024	October 2, 2024	0.35	7.6
December 16, 2024	January 7, 2025	0.35	7.6

Year Ended

December 31, 2024	\$ 1.40	\$ 30.4
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Record Date	Payment Date	Per Share	Amount
March 15, 2023	April 4, 2023	\$ 0.33	\$ 7.1
June 15, 2023	July 5, 2023	0.33	7.1
September 15, 2023	October 3, 2023	0.33	7.1
December 15, 2023	January 3, 2024	0.33	7.2

Year Ended

December 31, 2023	\$ 1.32	\$ 28.4
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On March 4, 2025, the Corporation declared a dividend of \$0.35 per share for the first quarter of 2025, payable on April 2, 2025, to shareholders of record on March 14, 2025.

Fourth Quarter Consolidated Results

For the three months ended December 31	2024	2023	% change
Revenue	\$ 565.9	\$ 542.6	4.3%
Gross profit	\$ 96.6	\$ 115.2	(16.2)%
Selling and administrative expenses	79.7	87.1	(8.5)%
Restructuring and other related costs	5.8	—	—%
Earnings before finance costs and income taxes	\$ 11.1	\$ 28.1	(60.3)%
Finance costs	8.4	13.3	(36.7)%
Earnings before income taxes	\$ 2.7	\$ 14.8	(81.5)%
Income tax expense	1.7	3.7	(53.9)%
Net earnings	\$ 1.0	\$ 11.1	(90.7)%
Basic earnings per share ⁽²⁾	\$ 0.05	\$ 0.52	(90.8)%
Diluted earnings per share ⁽²⁾	\$ 0.05	\$ 0.50	(90.7)%
Adjusted net earnings ⁽¹⁾⁽³⁾	\$ 7.5	\$ 17.8	(57.8)%
Adjusted basic earnings per share ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.35	\$ 0.83	(58.2)%
Adjusted diluted earnings per share ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.34	\$ 0.80	(57.6)%
Adjusted EBIT ⁽¹⁾	\$ 19.3	\$ 31.7	(39.0)%
Adjusted EBITDA ⁽¹⁾	\$ 35.1	\$ 47.2	(25.6)%

Key ratios:

Gross profit margin ⁽⁴⁾	17.1%	21.2%
Selling and administrative expenses as a percentage of revenue ⁽¹⁾	14.1%	16.1%
EBIT margin ⁽¹⁾	2.0%	5.2%
Adjusted EBIT margin ⁽¹⁾	3.4%	5.8%
Adjusted EBITDA margin ⁽¹⁾	6.2%	8.7%
Effective income tax rate	62.3%	25.0%

(1) These measures do not have a standardized meaning prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

(2) Weighted average shares, net of shares held in trust outstanding for calculation of basic and diluted earnings per share for the fourth quarter of 2024 were 21,774,451 (2023 – 21,570,005) and 22,210,260 (2023 – 22,319,062), respectively.

(3) Net earnings excluding the following:

- after-tax facility closure, restructuring, and other related costs of \$4.3 million (2023 – \$1.4 million), or basic and diluted loss per share of \$0.20 and \$0.19, respectively (2023 – basic and diluted loss per share of \$0.07 and \$0.06, respectively) for the fourth quarter of 2024.
- after-tax losses on the change in fair value of contingent consideration of \$2.3 million (2023 – \$0.2 million), or basic and diluted loss per share of \$0.10 (2023 – loss per share of \$0.01) for the fourth quarter of 2024.
- after-tax non-cash gains on mark to market of derivative instruments of less than \$0.1 million (2023 – losses of \$5.0 million), or basic and diluted earnings per share of less than \$0.01 (2023 – loss per share of \$0.23) for the fourth quarter of 2024.

Revenue by Geographic Region

For the three months ended December 31	2024	2023	\$ change	% change
Western Canada	\$ 274.9	\$ 235.6	\$ 39.3	16.7%
Central Canada	99.7	105.4	(5.7)	(5.4)%
Eastern Canada ⁽¹⁾	191.4	201.7	(10.3)	(5.1)%
Total revenue	\$ 565.9	\$ 542.6	\$ 23.3	4.3%

(1) Includes Quebec and the Atlantic provinces.

Revenue Sources

For the three months ended December 31	2024	2023	\$ change	% change
Equipment sales	\$ 208.4	\$ 158.5	\$ 49.9	31.5%
Product support	132.8	132.8	(0.1)	(0.1)%
Industrial parts	133.6	136.0	(2.4)	(1.7)%
Engineered repair services (ERS)	79.1	103.6	(24.6)	(23.7)%
Equipment rental	12.1	11.7	0.4	3.2%
Total revenue	\$ 565.9	\$ 542.6	\$ 23.3	4.3%

Revenue in the fourth quarter of 2024 increased 4.3%, or \$23.3 million, to \$565.9 million from \$542.6 million in the fourth quarter of 2023. The following key factors contributed to the increase in revenue:

- Equipment sales increased 31.5% due primarily to higher mining sales in western Canada including the delivery of two large mining shovels in the fourth quarter of 2024 with no such deliveries in the fourth quarter of the prior year, as well as higher material handling sales in all regions. These increases were offset partially by lower construction and forestry sales in all regions.
- ERS revenue decreased 23.7% due to lower sales in all regions, particularly in western Canada.

Backlog

The Corporation's backlog of \$564.4 million at December 31, 2024 decreased \$23.7 million, or 4.0%, compared to September 30, 2024 backlog of \$588.1 million due primarily to lower material handling and mining orders. Backlog at December 31, 2024 included seven large mining shovels.⁽¹⁾

Gross profit

Gross profit decreased \$18.6 million, or 16.2%, in the fourth quarter of 2024 compared to the fourth quarter of 2023, primarily due to lower margins realized on equipment, ERS and rental revenue driven by increased market pressures, as well as sales mix. These decreases were offset partially by higher sales volume.

Gross profit margin of 17.1% in the fourth quarter of 2024 decreased 420 bps compared with gross profit margin of 21.2% in the same period of 2023. This decrease in margin was driven primarily by lower margins realized on equipment, ERS and rental revenue due to increased market pressures, as well as a lower proportion of ERS, product support and industrial parts sales relative to equipment sales.⁽¹⁾

Selling and administrative expenses

Selling and administrative expenses in the fourth quarter of 2024 decreased \$7.4 million compared with the fourth quarter of 2023. This decrease was due primarily to lower spending in multiple areas, including personnel, bonuses, travel and entertainment, and supplies and marketing, driven largely by cost saving initiatives. Excluding the \$2.3 million of contingent consideration revaluation expense (2023 – \$0.3 million), and the \$1.8 million of unrealized loss on total return swaps (2023 – \$0.8 million unrealized gain), selling and administrative expenses decreased \$12.0 million compared with the same period in the prior year.⁽¹⁾

Selling and administrative expenses as a percentage of revenue decreased to 14.1% in the fourth quarter of 2024 from 16.1% in the same period of 2023. Excluding the contingent consideration revaluation expense and the unrealized loss/gain on total return swaps in both periods, selling and administrative expenses as a percentage of revenue decreased to 13.4% in the fourth quarter of 2024, from 16.1% in the same quarter of 2023.⁽¹⁾

Facility closure, restructuring and other related costs

In the fourth quarter of 2024, the Corporation implemented workforce reductions in response to market conditions. A restructuring cost of \$5.8 million was recognized in the fourth quarter relating primarily to severance costs.

Finance costs

Finance costs of \$8.4 million in the fourth quarter of 2024 decreased \$4.9 million compared with the same quarter last year due primarily to an unrealized gain on interest rate swaps of \$0.2 million in the quarter compared to a loss of \$5.5 million in the same period of the prior year. Excluding the unrealized gain/loss on interest rate swaps in both periods, finance costs increased \$0.8 million compared with the same quarter last year due primarily to higher average borrowings under the bank credit facility. See Liquidity and Capital Resources section.

Income tax expense

The Corporation's effective income tax rate of 62.3% for the fourth quarter of 2024 was higher compared with the statutory rate of 26.0% due mainly to the \$2.3 million expense for the change in fair value of contingent consideration that was not deductible for tax purposes, relative to the smaller net earnings base for the quarter. The Corporation's effective income tax rate of 25.0% for the same period in 2023 was lower compared with the statutory rate of 26.0% due mainly to the impact of changes in estimates related to prior years.

Net earnings

In the fourth quarter of 2024, the Corporation generated net earnings of \$1.0 million, or \$0.05 per share, compared with net earnings of \$11.1 million, or \$0.52 per share, in the fourth quarter of 2023. The \$10.1 million decrease in net earnings resulted primarily from lower gross profit margin and a \$5.8 million restructuring cost for workforce reductions, offset partially by reduced selling and administrative expenses and finance costs.

Adjusted net earnings (See the Non-GAAP and Other Financial Measures section)

Adjusted net earnings for the fourth quarter of 2024 excludes facility closure, restructuring, and other related costs of \$4.3 million after tax, or \$0.20 per share (2023 – \$1.4 million after tax, or \$0.07 per share), losses on the change in fair value of contingent consideration of \$2.3 million after tax, or \$0.10 per share (2023 – \$0.2 million after tax, or \$0.01 per share), and non-cash gains on mark to market of derivative instruments of less than \$0.1 million after tax, or less than \$0.01 per share (2023 – losses of \$5.0 million after tax, or \$0.23 per share).⁽¹⁾

As a result, adjusted net earnings decreased \$10.3 million to \$7.5 million, or \$0.35 per share, for the fourth quarter of 2024 from \$17.8 million, or \$0.83 per share, in the same period of 2023.⁽¹⁾

Comprehensive income

Total comprehensive income of \$3.2 million in the fourth quarter of 2024 included net earnings of \$1.0 million and an other comprehensive gain of \$2.2 million. The other comprehensive gain of \$2.2 million in the quarter resulted primarily from \$2.1 million of unrealized after-tax gains on derivatives designated as cash flow hedges.

Fourth Quarter Cash Flows

Cash Flow

The following table highlights the major components of cash flow for the quarters ended December 31, 2024 and December 31, 2023:

For the quarter ended December 31	2024	2023	\$ Change
Net earnings	\$ 1.0	\$ 11.1	\$ (10.1)
Items not affecting cash flow	28.9	36.1	(7.2)
Changes in non-cash operating working capital	54.3	23.0	31.4
Finance costs paid on debts	(5.0)	(4.6)	(0.4)
Finance costs paid on lease liabilities	(2.8)	(2.4)	(0.4)
Income taxes paid	(0.6)	(6.8)	6.2
Rental equipment additions	(0.3)	(7.9)	7.6
Other	0.2	—	0.2
Cash generated from operating activities	\$ 75.9	\$ 48.5	\$ 27.4
Cash generated from (used in) investing activities	\$ 0.4	\$ (0.4)	\$ 0.8
Cash used in financing activities	\$ (59.2)	\$ (53.4)	\$ (5.7)

Operating Activities

Cash flows generated from operating activities amounted to \$75.9 million in the fourth quarter of 2024, compared with cash flows generated from operating activities of \$48.5 million in the same quarter of the previous year. The increase in cash generated of \$27.4 million was mainly attributable to a decrease in inventory of \$48.4 million compared to a decrease of \$29.7 million in the same quarter of the prior year, and an increase in accounts payable and accrued liabilities of \$37.6 million compared to a decrease of \$20.3 million in the same quarter of the prior year. This increase in cash generated was offset partially by an increase in accounts receivable of \$36.0 million in the fourth quarter of 2024 compared to a decrease of \$3.9 million in the same quarter of the previous year, and a decrease in net earnings excluding items not affecting cash flow of \$17.2 million.

Rental equipment additions in the fourth quarter of 2024 of \$0.3 million (2023 – \$7.9 million) related primarily to material handling lift trucks.

Changes in significant components of non-cash operating working capital for the quarters ended December 31, 2024 and December 31, 2023 included the following:

Changes in Non-cash Operating Working Capital ⁽¹⁾	2024	2023	\$ Change
Trade and other receivables	\$ (36.0)	\$ 3.9	\$ (39.9)
Contract assets	(2.4)	3.4	(5.8)
Inventory	48.4	29.7	18.7
Deposits on inventory	3.6	(0.3)	3.8
Prepaid expenses	3.0	7.3	(4.3)
Accounts payable and accrued liabilities	37.6	(20.3)	57.9
Provisions	4.4	(0.5)	4.9
Contract liabilities	(4.1)	(0.2)	(3.9)
Total Changes in Non-cash Operating Working Capital	\$ 54.3	\$ 23.0	\$ 31.4

(1) Increase (decrease) in cash flow

(1) "Backlog", "Gross profit margin", "Selling and administrative expenses as a percentage of revenue", "Adjusted net earnings", and "Adjusted basic earnings per share" do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

Significant components of the changes in non-cash operating working capital for the quarter ended December 31, 2024 compared to the quarter ended December 31, 2023 are as follows:

- Inventory decreased \$48.4 million in the fourth quarter of 2024 compared to a decrease of \$29.7 million in the same period of 2023. The decrease in the fourth quarter of 2024 resulted primarily from lower equipment inventory in the mining category driven by the delivery of two large mining shovels in the quarter, and lower equipment inventory in the power systems category. The decrease in the fourth quarter of 2023 resulted primarily from lower equipment inventory in the construction and forestry category due to timing of inventory purchases.
- Accounts payable and accrued liabilities increased \$37.6 million in the fourth quarter of 2024 compared to a decrease of \$20.3 million in the same period of 2023. The increase in the fourth quarter of 2024 resulted primarily from higher trade payables through supplier finance arrangements and higher payroll accruals. The decrease in the fourth quarter of 2023 resulted primarily from lower trade payables driven largely by timing of inventory payments.
- Trade and other receivables increased \$36.0 million in the fourth quarter of 2024 compared to a decrease of \$3.9 million in the same period of 2023. The increase in the fourth quarter of 2024 resulted primarily from higher sales activity in the quarter, including the delivery of a large mining shovel near the end of the quarter that was still a receivable at the end of the quarter, with no such deliveries in the prior quarter.

Investing Activities

The Corporation generated \$0.4 million of cash from investing activities in the fourth quarter of 2024 compared to cash used in investing activities of \$0.4 million in the same quarter of 2023. Investing activities in the quarter included property, plant and equipment additions of \$2.1 million (2023 – \$1.7 million) and the collection of lease receivables of \$2.3 million (2023 – \$1.5 million).

Financing Activities

The Corporation used \$59.2 million of cash in financing activities in the fourth quarter of 2024 compared to cash used in financing activities of \$53.4 million in the same quarter of 2023. Financing activities in the quarter included a net bank credit facility repayment of \$40.5 million (2023 – net repayment of \$37.0 million), the payment of lease liabilities of \$10.3 million (2023 – \$9.2 million), and dividends paid to shareholders of \$7.6 million (2023 – \$7.1 million).

Critical Accounting Estimates

The preparation of the 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 assets, liabilities, revenue and expenses. Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Corporation's financial results were a different estimate or assumption used.

Estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions are subject to change at any time based on experience and new information. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next fiscal year are as follows:

Allowance for credit losses

The Corporation is exposed to credit risk with respect to its trade and other receivables. However, this is partially mitigated by the Corporation's diversified customer base who operate in many business sectors across Canada, with no one customer accounting for more than 10% of the Corporation's annual consolidated sales. In addition, the Corporation's customer base spans large public companies, small independent contractors, original equipment manufacturers and various levels of government. The Corporation follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Corporation maintains an allowance for possible credit losses, and any such losses to date have been within management's expectations. The allowance for credit losses is determined by estimating the lifetime expected credit losses, taking into account the Corporation's past experience of collecting payments as well as observable changes in and forecasts of future economic conditions that correlate with default on receivables. At the point when the Corporation is satisfied that no recovery of the amount owing is possible, the amount is deemed not recoverable and the financial asset is written off. The \$2.3 million allowance for credit losses at December 31, 2024 decreased \$1.4 million from \$3.6 million at December 31, 2023. As economic conditions change, there is risk that the Corporation could experience a greater number of defaults compared to prior periods which would result in an increased charge to earnings.

Inventory obsolescence

The value of the Corporation's new and used equipment and high value parts are evaluated by management throughout the year on a unit-by-unit basis considering projected customer demand, future market conditions, and other considerations evaluated by management. Specifically, equipment inventory and high value parts aged greater than one year carry a higher risk of obsolescence with equipment inventory generally having higher per-unit costs. When required, provisions are recorded to ensure that equipment and parts are valued at the lower of cost or estimated net realizable value. The Corporation performs an aging analysis to identify slow moving or obsolete lower value parts inventory and estimates appropriate obsolescence provisions related thereto. The Corporation takes advantage of supplier programs that allow for the return of eligible parts for credit within specified time periods. The inventory obsolescence impact on earnings for the three months ended December 31, 2024 was a charge of \$3.0 million (2023 – charge of \$1.3 million) and for the twelve months ended December 31, 2024 was a charge of \$7.6 million (2023 – charge of \$4.5 million). As economic conditions change, there is risk that the Corporation could have an increase in inventory obsolescence compared to prior periods which would result in an increased charge to earnings.

Acquisition accounting, goodwill and intangible assets

For acquisition accounting purposes, all identifiable assets and liabilities acquired in a business acquisition are recognized at fair value at the date of acquisition. Estimates and assumptions are used to calculate the fair value of these assets and liabilities. Changes to assumptions could significantly impact the fair values of certain assets, such as intangible assets like customer relationships and brands. The Corporation's significant assumptions used in determining the acquisition date fair value of intangible assets include projected revenues and cash flows attributable to acquired intangible assets, customer attrition rates, discount rates, royalty rates and estimations of useful life.

The value in use of goodwill and intangible assets has been estimated using the forecasts prepared by management for the next five years. The key assumptions for the estimate are those regarding revenue growth, EBITDA margin, tax rates, discount rates and the level of working capital required to support the business. These estimates are based on past experience and management's expectations of future changes in the market and forecasted growth initiatives.

Unanticipated changes in management's assumptions or estimates could materially affect the determination of the fair value of the Corporation and therefore, could reduce or eliminate the excess of fair value over the carrying value of the Corporation and could potentially result in an impairment charge in the future.

The Corporation performs an annual impairment test based on value in use of its goodwill and intangible assets with an indefinite life unless there is an indication that the assets may be impaired, in which case the impairment tests would occur earlier.

Contingent consideration, as part of acquisitions, is valued based on estimated future performance of the acquired businesses. The valuation is based on management's best assessment of the related inputs used in the valuation models, such as future cash flows, discount rates, and volatility. Future performance results that differ from management's estimates could result in changes to the liabilities, which are recorded as they arise in net earnings.

Lease term of contracts with renewal options

The lease term is defined as the non-cancellable term of the lease, including any periods covered by a renewal option to extend the lease if it is reasonably certain that the renewal option will be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain that the termination option will not be exercised.

Judgement is used when evaluating whether the Corporation is reasonably certain that the lease renewal option will be exercised, including examining any factors that may provide an economic advantage for renewal.

Changes in Accounting Policies

During the year, the Corporation did not adopt any new accounting standards or amendments that had an impact on the Corporation's consolidated financial statements.

Accounting standards and amendments issued but not yet adopted

- In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements*. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies: improved comparability in the statement of earnings by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit; enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the statement of earnings; and enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management is currently assessing the impact of adopting IFRS 18 on its consolidated financial statements presentation and disclosure.

Risk Management and Uncertainties

As with most businesses, the Corporation is subject to a number of marketplace and industry related risks and uncertainties which could have a material impact on operating results and the Corporation's ability to pay cash dividends to shareholders. The Corporation attempts to minimize many of these risks through diversification of core businesses and through the geographic diversity of its operations. In addition, the Corporation has adopted an enterprise risk management framework which is prepared by senior management and overseen by the Board of Directors and committees of the Board of Directors. The enterprise risk management framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively and consistently across the Corporation.

The following are a number of risks that deserve particular comment:

Manufacturer relationships and product access

Wajax seeks to distribute leading product lines in each of its regional markets and its success is dependent upon continuing relations with the manufacturers it represents. Wajax endeavours to align itself in long-term relationships with manufacturers that are committed to achieving a competitive advantage and long-term market leadership in their targeted end markets. In equipment and certain industrial categories, manufacturer relationships are governed through effectively exclusive distribution agreements. Distribution agreements are typically for multi-year terms and are cancellable by Wajax or the manufacturer based on a notification period specified in the agreement. Although Wajax enjoys good relationships with its major manufacturers and seeks to develop additional strong long-term partnerships, a loss of a major product line without a comparable replacement would have a significant adverse effect on Wajax's results of operations or cash flow.

There is a continuing consolidation trend among industrial equipment and component manufacturers. Consolidation may impact the products distributed by Wajax, in either a favourable or unfavourable manner. Consolidation of manufacturers may have a negative impact on the results of operations or cash flow if product lines Wajax distributes become unavailable as a result of the consolidation.

Suppliers generally have the ability to unilaterally change distribution terms and conditions, product lines or limit supply of product in times of intense market demand. Supplier changes in the area of product pricing and availability can have a negative or positive effect on Wajax's revenue and margins. A change in one of a supplier's product lines can result in conflicts with another supplier's product lines that may have a negative impact on the results of operations or cash flow if one of the suppliers cancels its distribution with Wajax due to the conflict. In addition, from time to time suppliers make changes to payment terms for distributors. This may affect Wajax's interest-free payment period which may have a materially negative or positive impact on working capital balances such as cash, inventory, deposits on inventory, trade and other payables and long-term debt.

Economic conditions/Business cyclicality

Wajax's customer base consists of businesses operating in the natural resources, construction, transportation, manufacturing, industrial processing and utilities industries. These industries can be capital intensive and cyclical in nature and, as a result, customer demand for Wajax's products and services may be affected by economic conditions at both a global or local level. Changes in interest rates, consumer and business confidence, corporate profits, credit conditions, foreign exchange, commodity prices and the level of government infrastructure spending may influence Wajax's customers' operating, maintenance and capital spending, and therefore Wajax's sales and results of operations. Although Wajax has attempted to address its exposure to business and industry cyclicality by diversifying its operations by geography, product offering and customer base, there can be no assurance that Wajax's results of operations or cash flows will not be adversely affected by changes in economic conditions.

Many of Wajax's customers export products to, or import products from, the U.S. Any changes to tariffs on export to or import from the U.S. may negatively impact their overall competitiveness and demand for their products, which in turn may reduce purchases or products and/or services from Wajax. Wajax also imports products from the U.S. and changes to tariffs may increase the cost of these products, requiring Wajax to pass through such costs to its customers, reducing the competitiveness and demand for same. Recent announcements regarding tariffs and counter-tariffs between the U.S. and Canada have created economic uncertainty for all companies engaged in cross-border trade. Wajax is developing action plans to navigate the potential impacts of tariffs over the short and longer term.

Commodity prices

Many of Wajax's customers are directly and indirectly affected by fluctuations in commodity prices in the forestry, metals and minerals and petroleum and natural gas industries and, as a result, Wajax is also indirectly affected by fluctuations in these prices. In particular, each of Wajax's products and services categories are exposed to fluctuations in the price of oil and natural gas. A downward change in commodity prices, and particularly in the price of oil and natural gas, could therefore adversely affect Wajax's results of operations or cash flows.

Growth initiatives, integration of acquisitions and project execution

The Corporation's strategic plan establishes priorities for organic growth, acquisitions and operating infrastructure, including maintaining a target leverage ratio range of 1.5 – 2.0 times unless a leverage ratio outside this range is required either to support key growth initiatives or fluctuations in working capital levels during changes in economic cycles. The Corporation may also maintain a leverage ratio above the stated range as a result of investment in significant acquisitions and may fund those acquisitions using its bank credit facilities and other debt instruments in accordance with the Corporation's expectations of total future cash flows, financing costs and other factors. See the Strategic Direction and Outlook section and the Non-GAAP and Other Financial Measures sections. While end market conditions remain challenging, the Corporation believes it has a robust strategy and is confident in its growth prospects. The Corporation's confidence is strengthened by the enhanced earnings potential of its consolidated "One Wajax" business model and by relationships with its customers and vendors. Wajax's ability to develop its core capabilities and successfully grow its business organically will be dependent on achieving the individual growth initiatives. Wajax's ability to successfully grow its business through acquisitions will be dependent on a number of factors including: identification of accretive new business or acquisition opportunities; negotiation of purchase agreements on satisfactory terms and prices; prior approval of acquisitions by third-parties, including any necessary regulatory approvals; securing attractive financing arrangements; and integration of newly acquired operations into the existing business. All of these activities associated with growing the business, realizing enhanced earnings potential from the One Wajax structure and investments made in systems may be more difficult to implement or may take longer to execute than management anticipates. Further, any significant expansion of the business may increase the operating complexity of Wajax, and divert management away from regular business activities. Any failure of Wajax to successfully manage its growth strategy, including acquisitions, could have a material adverse impact on Wajax's business, results of operations or financial condition.

Key personnel

The success of Wajax is largely dependent on the abilities and experience of its senior management team and other key personnel. Its future performance will also depend on its ability to attract, develop and retain highly qualified employees in all areas of its business. Competition for skilled management, sales and technical personnel is intense, particularly in certain markets where Wajax competes. Wajax

continuously reviews and makes adjustments to its hiring, training and compensation practices in an effort to attract and retain a highly competent workforce. There can be no assurance, however, that Wajax will be successful in its efforts and a loss of key employees, or failure to attract and retain new talent as needed, may have an adverse impact on Wajax's current operations or future prospects.

Leverage, credit availability and restrictive covenants

At the date of this MD&A, Wajax has a \$500.0 million senior secure bank credit facility which matures October 1, 2027. The bank credit facility contains restrictive covenants which place restrictions on, among other things, the amount of finance costs incurred relative to earnings, and the ability of Wajax to encumber or dispose of its assets, acquire businesses and declare dividends. A failure to comply with the obligations of the facility could result in an event of default which, if not cured or waived, could require an accelerated repayment of the facility. There can be no assurance that Wajax's assets would be sufficient to repay the facility in full.

Wajax's short-term normal course working capital requirements can swing widely quarter-to-quarter due to timing of large inventory purchases and/or sales and changes in market activity. In general, as Wajax experiences growth, there is a need for additional working capital. Conversely, as Wajax experiences economic slowdowns, the need for working capital is reduced, reflecting the lower activity levels. While management believes its bank credit facility will be adequate to meet the Corporation's normal course working capital requirements, maintenance capital requirements and certain strategic investments, there can be no assurance that additional credit will become available if required, or that an appropriate amount of credit with comparable terms and conditions will be available when the bank credit facility matures.

Wajax may be required to access the equity or debt markets or reduce dividends in order to fund significant acquisitions and growth related working capital and capital expenditures. The amount of debt service obligations under the bank credit facility will be dependent on the level of borrowings and fluctuations in interest rates to the extent the rate is unhedged. As a result, fluctuations in debt servicing costs may have a detrimental effect on future earnings or cash flow.

Wajax also has credit lines available with other financial institutions for purposes of financing inventory. These facilities are not committed lines and their future availability cannot be assured, which may have a negative impact on cash available for dividends and future growth opportunities.

Quality of products distributed

The ability of Wajax to maintain and expand its customer base is dependent upon the ability of the manufacturers represented by Wajax to sustain or improve the quality of their products. The quality and reputation of such products are not within Wajax's control, and there can be no assurance that manufacturers will be successful in meeting these goals. The failure of these manufacturers to maintain a market presence could adversely affect Wajax's results of operations or cash flow.

Inventory obsolescence

Wajax maintains substantial amounts of inventory in its business operations. While Wajax believes it has appropriate inventory management systems in place, variations in market demand for the products it sells can result in certain items of inventory becoming obsolete. This could result in a requirement for Wajax to take a material write down of its inventory balance resulting in Wajax not being able to realize expected revenue and cash flows from its inventory, which would negatively affect results from operations or cash flow.

Government regulation

Wajax's business is subject to evolving laws and government regulations, particularly in the areas of taxation, the environment, and health and safety. Changes to such laws and regulations may impose additional costs on Wajax and may adversely affect its business in other ways, including requiring additional compliance measures by Wajax.

Insurance

Wajax maintains a program of insurance coverage that is comparable to those maintained by similar businesses, including property, general liability, directors' and officers' liability, and cyber security insurance. Although the limits and self-insured retentions of such insurance policies have been established through risk analysis and the recommendations of professional advisors, there can be no assurance that such insurance will remain available to Wajax at commercially reasonable rates or that the amount of such coverage will be adequate to cover all liability incurred by Wajax. If Wajax is held liable for amounts exceeding the limits of its insurance coverage or for claims outside the scope of that coverage, its business, results of operations or financial condition could be adversely affected.

Information systems and technology

Information systems are an integral part of Wajax's business processes, including marketing of equipment and support services, inventory and logistics, and finance. Some of these systems are integrated with certain suppliers' core processes and systems. Any disruptions to these systems or new systems due to, for example, the upgrade or conversion thereof, or the failure of these systems or new systems to operate as expected could, depending on the magnitude of the problem, adversely affect Wajax's operating results by limiting the ability to effectively monitor and control Wajax's operations.

Cyber security

Wajax's business relies on information technology platforms, including third-party service providers, to process, transmit and store electronic information – including that related to customers, vendors and employees. A breach in the security of the Corporation's information technology systems, or those of its third-party service providers, could expose the business to a risk of loss, misuse of confidential information and/or business interruption.

The Corporation has security controls in place, including security tools, and reviews security internally and with the assistance of expert third-parties. In addition, the Corporation has policies in place regarding security over confidential customer, vendor and employee information, performs employee security training, and has recovery plans in place in the event of a cyber-attack.

Despite such security controls, there is no assurance that cyber security threats can be fully detected, prevented or mitigated. Should such threats materialize and depending on the magnitude of the problem, they could have a material impact on Wajax's business, results of operations or financial condition.

Credit risk

Wajax extends credit to its customers, generally on an unsecured basis. Although Wajax is not substantially dependent on any one customer and it has a system of credit management in place, the loss of a large receivable would have an adverse effect on Wajax's profitability.

Labour relations

Wajax had 3,000+ employees as of December 31, 2024. At the outset of 2024, Wajax was party to 13 collective bargaining agreements pertaining to approximately 317 employees. During 2024,

three agreements expired. Of these, one agreement pertaining to approximately 100 employees was re-ratified, one agreement pertaining to 8 employees expired at year end and is being renegotiated during the first quarter of 2025, and the remaining agreement pertaining to 2 employees was terminated due to the elimination of the positions during the 2024 workforce reductions. Four agreements are set to expire in 2025, pertaining to approximately 56 employees. One agreement pertaining to approximately 17 employees will expire in 2026, and five agreements pertaining to approximately 122 employees will expire in 2027. As of December 31, 2024, Wajax was party to 12 collective agreements pertaining to a total of approximately 300 employees.

Wajax respects employees' rights to unionize and strives for constructive labour relations by adhering to agreements and legislation. The company promotes people-first initiatives, a safe and respectful work culture, and equitable employee treatment. Wajax recognizes its employees' rights to join a union and is committed to integrity in its labour relations. Wajax strives to establish a constructive and cooperative dialogue that promotes collaborative union/management relations, a safe and respectful work culture, productive work environments and the equitable treatment of employees by consistently adhering to collective agreements, labour relations legislation and workplace policies. The Corporation believes its labour relations to be satisfactory and does not anticipate it will be unable to renew the collective agreements. If Wajax is unable to renew or negotiate collective agreements from time to time, it could result in work stoppages and other labour disturbances. The failure to renew collective agreements upon satisfactory terms could have a material adverse impact on Wajax's business, results of operations or financial condition.

Foreign exchange exposure

Wajax's operating results are reported in Canadian dollars. While the majority of Wajax's sales are in Canadian dollars, significant portions of its purchases are in U.S. dollars. Changes in the U.S. dollar exchange rate can have a negative or positive impact on Wajax's revenue, margins and working capital balances. Wajax mitigates certain exchange rate risks by entering into foreign exchange forward contracts to fix the cost of certain inbound inventory and to hedge certain foreign-currency denominated sales to customers. In addition, Wajax will periodically institute price increases to offset the negative impact of foreign exchange rate increases on imported goods. The inability of Wajax to mitigate exchange rate risks or increase prices to offset foreign exchange rate increases, including sudden and volatile changes in the U.S. dollar exchange rate, may have a material adverse effect on the results of operations or financial condition of Wajax.

A declining U.S. dollar relative to the Canadian dollar can have a negative effect on Wajax's revenue and cash flows as a result of certain products being imported from the U.S. In some cases market conditions require Wajax to lower its selling prices as the U.S. dollar declines. As well, many of Wajax's customers export products to the U.S., and a strengthening Canadian dollar can negatively impact their overall competitiveness and demand for their products, which in turn may reduce product purchases from Wajax.

A strengthening U.S. dollar relative to the Canadian dollar can have a positive effect on Wajax's revenue, as Wajax will periodically institute price increases on inventory imported from the U.S. to offset the negative impact of foreign exchange rate increases to ensure margins are not eroded. However, a sudden strengthening U.S. dollar relative to the Canadian dollar can have a negative impact mainly on parts margins in the short-term prior to price increases taking effect.

Wajax maintains a hedging policy whereby significant transactional currency risks are identified and hedged.

Interest rate risk

Wajax has exposure to interest rate fluctuations on its interest-bearing financial liabilities, in particular from its long-term debt. Changes in interest rates can have a negative or positive impact on Wajax's finance costs and cash flows. Wajax monitors the proportion of variable rate debt to its total debt portfolio and may enter into interest rate swap contracts to mitigate all or a portion of the interest rate risk on its variable rate debt. The inability of Wajax to mitigate interest rate risks to offset interest rate increases may have a material adverse effect on the results of operations or financial condition of Wajax.

Equity price risk

Certain share-based compensation plans of the Corporation, and the resulting liabilities, are exposed to fluctuations in the Corporation's share price. Changes in the Corporation's share price can have a positive or negative impact on Wajax's net earnings and cash flows. Wajax monitors the proportion of MTIP units that are cash-settled and may enter into total return swap contracts to mitigate a portion of the equity price risk on these MTIP units. The inability of Wajax to mitigate equity price risks to offset fluctuations in its share price may have a material adverse effect on the results of operations or financial condition of Wajax.

Competition

The categories in which Wajax participates are highly competitive and include competitors who are national, regional and local. Competitors can be grouped into four classifications:

Capital Equipment Dealers and Distributors – these competitors typically represent a major alternative manufacturer and provide sales, product support, rental, financing and other services in categories such as construction, forestry, mining and power generation. Examples include the regional dealer and distributor networks of Caterpillar, Komatsu, John Deere and Cummins. Competition is based on product range and quality, aftermarket support and price.

Industrial Parts Distributors – these competitors typically represent a broad range of industrial parts manufacturers and offer sales and, in many cases, product support services, including design, assembly and repair. Competitive product range varies from focused on specific applications (e.g., hydraulics) to very broad (similar to Wajax). Competitors can be local, regional and national. Competition is based on brand access, product quality, customer service levels, price and ancillary services.

Engineered Repair Services Providers – these competitors typically have a local or regional presence. They offer services including design, assembly and repair, are generally focused on specific products, brands and/or applications (e.g., hydraulics), whereas Wajax typically offers a broader scope of capabilities. Competition is based on customer service levels, quality of the work performed and price.

Aftermarket Service Providers – these competitors provide aftermarket services in areas such as on-highway transportation. Competitors vary, from the dealer and distributor networks of manufacturers such as Freightliner and Western Star, to local service providers. Competition is based on customer service levels and price.

There can be no assurance that Wajax will be able to continue to effectively compete. Increased competitive pressures, the growing influence of online distribution or the inability of Wajax to maintain the factors which have enhanced its competitive position could adversely affect its results of operations or cash flow.

Litigation and product liability claims

In the ordinary course of its business, Wajax may be made a party to various legal actions, the outcome of which cannot be predicted with certainty. One category of potential legal actions is product liability

claims. Wajax carries product liability insurance, and management believes that this insurance is adequate to protect against potential product liability claims. Not all risks, however, are covered by insurance, and no assurance can be given that insurance will be consistently available, or will be consistently available on an economically feasible basis, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving Wajax's assets or operations.

Guaranteed residual value, recourse and buy-back contracts

In some circumstances Wajax makes certain guarantees to finance providers on behalf of its customers. These guarantees can take the form of assuring the resale value of equipment, guaranteeing a portion of customer lease payments, or agreeing to buy back the equipment at a specified price. These contracts are subject to certain conditions being met by the customer, such as maintaining the equipment in good working condition. Historically, Wajax has not incurred substantial losses on these types of contracts, however, there can be no assurance that losses will not be incurred in the future.

Future warranty claims

Wajax provides manufacturers' and/or dealer warranties for most of the product it sells. In some cases, the product warranty claim risk is shared jointly with the manufacturer. In addition, Wajax provides limited warranties for workmanship on services provided. Accordingly, Wajax has some liability for warranty claims. There is a risk that a possible product quality erosion or a lack of a skilled workforce could increase warranty claims in the future, or may be greater than management anticipates. If Wajax's liability in respect of such claims is greater than anticipated, it may have a material adverse impact on Wajax's business, results of operations or financial condition.

Maintenance and repair contracts

Wajax occasionally enters into long-term maintenance and repair contracts with its customers, whereby Wajax is obligated to maintain certain fleets of equipment at various negotiated performance levels. The length of these contracts varies significantly, often ranging up to five or more years. The contracts are generally fixed price, although many contracts have additional provisions for inflationary adjustments. Due to the long-term nature of these contracts, there is a risk that significant cost overruns may be incurred. If Wajax has miscalculated the extent of maintenance work required, or if actual parts and service costs increase beyond the contracted inflationary adjustments, the contract profitability will be adversely affected. In order to mitigate this risk, Wajax closely monitors the contracts for early warning signs of cost overruns. In addition, the manufacturer may, in certain circumstances, share in the cost overruns if profitability falls below a certain threshold. Any failure by Wajax to effectively price and manage these contracts could have a material adverse impact on Wajax's business, results of operations or financial condition.

Environmental factors

From time to time, Wajax experiences environmental incidents, emissions or spills in the course of its normal business activities. Wajax has established environmental compliance and monitoring programs, including an internal compliance audit function, which management believes are appropriate for its operations. In addition, Wajax retains qualified environmental engineering consultants to conduct the following activities: environmental site assessments prior to the acquisition or occupation by Wajax; ongoing monitoring of soil and groundwater contamination; and remediation of contaminated sites. There can be no assurance that any future incidents, emissions or spills will not result in a material adverse effect on Wajax's results of operations or cash flows. Management is not aware of any material environmental concerns for which a provision has not been recorded.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Wajax's management, under the supervision of its Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), is responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**").

As at December 31, 2024, Wajax's management, under the supervision of its CEO and CFO, had designed DC&P to provide reasonable assurance that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in such securities legislation. DC&P are designed to ensure that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is accumulated and communicated to Wajax's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

As at December 31, 2024, Wajax's management, under the supervision of its CEO and CFO, had designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its 2013 version of Internal Control – Integrated Framework. With regard to general controls over information technology, management also used the set of practices of Control Objectives for Information and related Technology created by the IT Governance Institute.

During the year, Wajax's management, under the supervision of its CEO and CFO, evaluated the effectiveness and operation of its DC&P and ICFR. This evaluation included a risk evaluation, documentation of key processes and tests of effectiveness conducted on a sample basis throughout the year. Due to the inherent limitations in all control systems, an evaluation of the DC&P and ICFR can only provide reasonable assurance over the effectiveness of the controls. As a result, DC&P and ICFR are not expected to prevent and detect all misstatements due to error or fraud. The CEO and CFO have concluded that Wajax's DC&P and ICFR were effective as at December 31, 2024.

Non-GAAP and Other Financial Measures

The MD&A 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 consolidated 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 and the current portion of debentures, as presented in the consolidated 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 consolidated statements of earnings.
EBITDA margin	Defined as EBITDA (defined above) divided by revenue, as presented in the consolidated statements of earnings.
Adjusted EBITDA margin	Defined as adjusted EBITDA (defined above) divided by revenue, as presented in the consolidated 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 consolidated 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 consolidated 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 consolidated 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 December 31		Year ended December 31	
	2024	2023	2024	2023
Net earnings	\$ 1.0	\$ 11.1	\$ 42.8	\$ 81.0
Facility closure, restructuring, and other related costs, after tax	4.3	1.4	4.3	1.4
Gain recorded on the sale of properties, after tax	—	—	—	(0.1)
Non-cash losses on mark to market of derivative instruments, after tax	—	5.0	3.6	0.9
Change in fair value of contingent consideration, after tax	2.3	0.2	2.3	0.2
Adjusted net earnings	\$ 7.5	\$ 17.8	\$ 52.9	\$ 83.5
Adjusted basic earnings per share⁽¹⁾	\$ 0.35	\$ 0.83	\$ 2.44	\$ 3.88
Adjusted diluted earnings per share⁽¹⁾	\$ 0.34	\$ 0.80	\$ 2.38	\$ 3.75

(1) At December 31, 2024, the number of weighted average basic and diluted shares outstanding were 21,774,451 and 22,210,260, respectively for the three months ended, and 21,719,568 and 22,188,628, respectively for the year ended.

At December 31, 2023, the number of weighted average basic and diluted shares outstanding were 21,570,005 and 22,319,062, respectively for the three months ended, and 21,509,250 and 22,271,628, respectively for the year ended.

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

	Three months ended December 31		Year ended December 31	
	2024	2023	2024	2023
EBIT	\$ 11.1	\$ 28.1	\$ 96.5	\$ 136.7
Depreciation and amortization	15.8	15.5	62.2	58.6
EBITDA	\$ 27.0	\$ 43.6	\$ 158.7	\$ 195.3
EBIT	\$ 11.1	\$ 28.1	\$ 96.5	\$ 136.7
Facility closure, restructuring, and other related costs ⁽¹⁾	5.8	1.9	5.8	1.9
Gain recorded on the sale of properties	—	—	—	(0.1)
Non-cash losses on mark to market of derivative instruments, excluding interest rate swaps ⁽²⁾	0.1	1.3	1.3	—
Change in fair value of contingent consideration ⁽³⁾	2.3	0.3	2.3	0.3
Adjusted EBIT	\$ 19.3	\$ 31.7	\$ 105.8	\$ 138.9
Depreciation and amortization	15.8	15.5	62.2	58.6
Adjusted EBITDA	\$ 35.1	\$ 47.2	\$ 168.0	\$ 197.4
Payment of lease liabilities ⁽⁴⁾			(39.2)	(35.5)
Polyphase acquisition pro-forma EBITDA ⁽⁵⁾			—	3.2
Beta acquisition pro-forma EBITDA ⁽⁵⁾			—	1.4
Pro-forma adjusted EBITDA			\$ 128.7	\$ 166.7

- (1) For 2024, facility closure, restructuring, and other related costs consists of costs relating to workforce reductions in response to market conditions, incurred during the fourth quarter of 2024.
For 2023, 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.

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

	December 31	
	2024	2023
(Cash) bank indebtedness	\$ (7.4)	\$ 1.4
Debentures	57.0	56.3
Long-term debt	283.0	267.8
Funded net debt	\$ 332.7	\$ 325.5
Letters of credit	3.7	4.8
Debt	\$ 336.3	\$ 330.3
Pro-forma adjusted EBITDA⁽¹⁾	\$ 128.7	\$ 166.7
Leverage ratio⁽²⁾	2.61	1.98
Senior secured leverage ratio⁽³⁾	2.17	1.64

- (1) For the year ended December 31, 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:

	December 31	
	2024	2023
Shareholders' equity	\$ 512.3	\$ 496.2
Funded net debt	332.7	325.5
Total capital	\$ 844.9	\$ 821.7
Funded net debt to total capital	39.4%	39.6%

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

	December 31	
	2024	2023
Total current assets	\$ 1,090.7	\$ 1,043.6
Total current liabilities	558.3	483.4
Working capital	\$ 532.4	\$ 560.2
Trade and other receivables	(303.5)	(309.1)
Inventory	(673.1)	(630.9)
Debentures – current	57.0	—
Accounts payable and accrued liabilities	417.8	407.1
Other working capital amounts	\$ 30.6	\$ 27.3

Cautionary Statement Regarding Forward-Looking Information

This MD&A and Annual Report contain 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 MD&A and Annual Report 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 MD&A and Annual Report are made as of the date of this MD&A and Annual Report, 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 MD&A and Annual Report include forward-looking statements regarding, among other things: our focus on managing expenses and inventory; our belief that strong cashflow generation in 2024 and our robust backlog position us well for 2025; our belief that we maintained strong fundamentals in 2024 which position us for long-term success, and our confidence in the future; our pursuit of additional ways to enhance our efficiency while maintaining the highest level of service to our customers; our confidence that we will evolve and strengthen our business, execute our strategic priorities and continue to create value for all stakeholders; our commitment to fostering a culture of empowerment, accountability and continuous development; our belief that our initiatives around the safety, well-being and engagement of our teammates strengthen our ability to attract, develop and retain top talent, and our continuing dedication to investing in our most important asset – people; our plans to drive further improvements in parts and service through multiple margin enhancement initiatives, and our belief that a continued focus on efficiency, reliability and customer satisfaction positions us well to improve our results over time; our expectation that the Zaxis financing program will drive further momentum by making it easier for customers to invest in high-quality Hitachi excavator and wheel loaders; our belief that by continuing to strengthen our relationship with Hitachi, we are well-positioned to seize new opportunities in the construction and mining sectors while delivering even greater value to our customers; our plans to fully integrate previously acquired IP and ERS business during 2025, and to maintain a disciplined approach to future acquisition opportunities; our focus on reducing our inventory, improving our margins and lowering our costs, and our belief that initiatives related to these priorities will be essential as we continue to navigate an uncertain economic environment; our intention to build on our strong financial foundation; our belief that our new ERP system will be a key enabler as we continue to streamline our operations, standardize processes and enhance reporting capabilities across our business, and that it will support enhanced resilience in our business, allow for greater efficiency, improved decision-making and enhanced agility; our focus in 2025 on strengthening our financial performance, reducing inventory and leverage, improving cost efficiency and further integrating our acquisitions; the role of our corporate

purpose and core values in shaping our decisions, driving us forward and defining how we work together to achieve success; our belief that, by carefully managing costs and inventory, driving additional operational efficiency initiatives, enhancing capital allocation and supporting the progress we made in cash flow generation during 2024, we can continue to strengthen our balance sheet and build upon our disciplined approach to financial risk management; our anticipation of continued strong demand for reliable mining equipment; our belief that the increasingly proprietary Hitachi Zaxis-7 series of excavators and wheel loaders will help drive sales and service over the mid-term; our belief that our focus on equipment solutions and training for increasingly in-demand applications will provide additional opportunities for growth; our belief that our coast-to-coast branch network positions us well serve a diverse range of sectors across Canada and act as strategic partners to our customers; our dedication to driving long-term growth in our IP and ERS business; our continued focus on fulfilling our people-first ambition and commitment to sustainability; prioritizing investments to ensure stronger alignment between our operational requirements and the needs of our people, including leadership development and technical training, supported by a very competitive total rewards programs, and our belief they will help drive improved business performance and increased employee satisfaction; our implementation of robust plans to meaningfully and sustainably enhance efficiency and operational leverage, and our belief that such initiatives further enhance Wajax's strength, competitiveness, efficiency, operational leverage and agility, and will better position the corporation for long-term success; our focus on six strategic priorities for 2025: continuing to build a people-first company, growing our existing business with a focus on parts, service and margin improvement, unlocking the potential of our enhanced direct relationship with Hitachi, acquiring and integrating industrial parts and ERS businesses, improving our cost structure and processes, and continuing our ERP system roll-out and additional technology improvements, as well as the initiatives and goals associated with such strategic priorities; our plans to improve our mix and margin profile over time and to invest in tools, training and support to allow our people to deliver value-added services to our customers; our plans in 2025 to fully integrate our prior acquisitions so that we may realize additional synergies, and to maintain a disciplined approach to future opportunities; the continued development of our environmental, social and governance programs; our expectation that we will deliver seven large mining shovels over the next nine quarters; our outlook for the first half of 2025, including our expectation of strong customer demand in the mining and energy sectors, headwinds related to softer market conditions in the broader market and uncertainty surrounding potential tariffs and counter-tariffs on Canada-U.S. trade, and additional headwinds should such tariffs materialize; management's commitment to executing our six strategic priorities and our belief that such priorities will continue to support and position our business for future success; our additional focus on the execution of initiatives to reduce inventory, improve margins and lower costs; our objective of managing our working capital and normal-course capital investment programs within a leverage range of 1.5 – 2.0 times, and to fund such programs through operating cash flow and our bank credit facilities as required; instances whereby we may be willing to maintain a leverage ratio outside our target range due to changes in economic cycles, and above this range as a result of investments in acquisitions, and that we may fund those acquisitions using our bank credit facilities and other debt instruments in accordance with our expectations of total future cash flows financing costs and other factors; our expectation that a change in interest rates (in particular, related to unhedged variable rate debt), would not have a material impact on our results of operations or financial condition over the long term; our expectation that a change in foreign currency value relative to the Canadian dollar, on transactions with customers that include unhedged foreign currency exposures, would not have a material impact on our results of operations or financial condition over the longer term; our expectation that the impact of a change in our share price on cash-settled MTIP awards would not have a material impact on our results of operations or financial condition over the longer term; our belief that there is no significant risk of non-performance by

counterparties to our foreign exchange forward contracts; our belief that we maintain sufficient liquidity to meet short-term normal course working capital and maintenance capital requirements and fund certain strategic investments, as well as the potential we may be required to access the equity or debt capital markets or reduce dividends to fund significant acquisitions and/or growth related working capital and capital expenditures; our development of action plans to navigate the potential impacts of trade tariffs over the short and longer term; our belief that we have a robust strategy and our confidence in our growth prospects, strengthened by the enhanced earnings potential of our "One Wajax" business model and our relationships with our customers and vendors; our belief we have appropriate inventory management systems in place; and our belief our labour relations are satisfactory and that we will be able to renew our collective bargaining agreements. 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; our ability to manage our business through the imposition of new or changing trade tariffs; 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;

new tariffs and counter-tariffs imposed on cross-border trade, particularly between Canada and the U.S.; 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 this MD&A under the heading "Risk Management and Uncertainties". The forward-looking statements contained in this MD&A and Annual Report 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 this 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.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Wajax Corporation are the responsibility of management and have been prepared in accordance with International Financial Reporting Standards. Where appropriate, the information reflects management's judgement and estimates based on the available information. Management is also responsible for all other information in the Annual Report and for ensuring that this information is consistent with the consolidated financial statements.

Wajax maintains a system of internal control designed to provide financial information and the safeguarding of its assets. Wajax also maintains an internal audit function, which reviews the system of internal control and its application.

The Audit Committee of the Board, consisting solely of outside directors, meets regularly during the year with management, internal auditors and the external auditors, to review their respective activities and the discharge of their responsibilities.

Both the external and internal auditors have free and independent access to the Audit Committee to discuss the scope of their audits, the adequacy of the system of internal control and the adequacy of financial reporting. The Audit Committee reports its findings to the Board, which reviews and approves the consolidated financial statements.

Wajax's external auditors, KPMG LLP, are responsible for auditing the consolidated financial statements and expressing an opinion thereon.



Ignacy (Iggy) Domagalski
President and
Chief Executive Officer



Tania S. Casadinho
Chief Financial Officer

Mississauga, Canada, March 4, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Wajax Corporation

Opinion

We have audited the consolidated financial statements of Wajax Corporation (the “Entity”), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditor's Responsibilities for the Audit of the Financial Statements” section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of equipment inventory obsolescence

Description of the matter

We draw attention to Notes 2 and 8 to the financial statements. As at December 31, 2024, the Entity had an equipment inventory balance of \$377,205 thousand and a total inventory obsolescence provision of \$30,814 thousand, a portion of which related to equipment inventory. The value of the Entity's new and used equipment is evaluated by the Entity throughout the year, on a unit-by-unit basis considering projected customer demand, future market conditions, and other considerations evaluated by management. Specifically, equipment inventory greater than one year carries a higher risk of obsolescence. When required, provisions are recorded to adjust the value of equipment to the lower of cost and estimated net realizable value.

Why the matter is a key audit matter

We identified the evaluation of equipment inventory obsolescence as a key audit matter. We identified this as a key audit matter because significant auditor judgment was required in evaluating the results of our audit procedures regarding the Entity's determination of net realizable value for equipment aged greater than one year.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- For a selection of equipment inventory aged greater than one year, we assessed the estimated net realizable value of the units by comparing the carrying amounts to the most recent sales invoices of the same or similar equipment
- For a selection of equipment inventory aged greater than one year without recent sales invoices, we analyzed the Entity's estimate of net realizable value by taking into consideration the length of time the inventory had not been sold, market conditions and other factors
- We evaluated the Entity's estimate of the inventory obsolescence provision by comparing the prior year provision to actual results in the current year, both on an aggregate basis and for a selection of the equipment inventory.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled “Wajax 2024 Annual Report”.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Wajax 2024 Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is W. G. Andrew Smith.

Vaughan, Canada

March 4, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (in thousands of Canadian dollars)	Note	December 31 2024	2023
Assets			
Current			
Cash		\$ 7,351	\$ —
Trade and other receivables	6	303,537	309,079
Contract assets	7	55,588	69,520
Inventory	8	673,076	630,931
Deposits on inventory		13,411	8,643
Lease receivables – current	14	9,062	5,896
Income taxes receivable		3,563	—
Prepaid expenses		15,321	13,912
Derivative financial assets – current	18	9,773	5,632
Total current assets		1,090,682	1,043,613
Non-Current			
Rental equipment	9	50,044	42,490
Property, plant and equipment	9	45,669	44,829
Right-of-use assets	10	158,473	135,832
Lease receivables	14	17,538	10,601
Goodwill and intangible assets	11	183,520	190,276
Derivative financial assets	18	1,698	5,676
Total non-current assets		456,942	429,704
Total assets		\$ 1,547,624	\$ 1,473,317
Liabilities And Shareholders' Equity			
Current			
Bank indebtedness		\$ —	\$ 1,397
Accounts payable and accrued liabilities	12	417,834	407,090
Provisions – current	13	7,172	2,727
Contract liabilities	7	23,182	21,891
Dividends payable	19	7,629	7,151
Income taxes payable		—	4,631
Lease liabilities – current	14	40,151	34,407
Debentures – current	16	56,973	—
Derivative financial liabilities – current	18	5,313	4,081
Total current liabilities		558,254	483,375
Non-Current			
Provisions	13	—	76
Deferred tax liabilities	25	8,999	10,328
Employee benefits	15	6,526	7,024
Derivative financial liabilities	18	3,585	1,521
Lease liabilities	14	168,031	140,967
Debentures	16	—	56,340
Long-term debt	17	283,042	267,755
Other liabilities		6,904	9,694
Total non-current liabilities		477,087	493,705
Total liabilities		1,035,341	977,080
Shareholders' Equity			
Share capital	19	211,453	210,004
Contributed surplus		7,511	7,563
Retained earnings		289,993	278,100
Accumulated other comprehensive income		3,326	570
Total shareholders' equity		512,283	496,237
Total liabilities and shareholders' equity		\$ 1,547,624	\$ 1,473,317

Subsequent events (Notes 15, 16, 18 and 31)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31 (in thousands of Canadian dollars, except per share data)	Note	2024	2023
Revenue	21	\$ 2,097,595	\$ 2,154,678
Cost of sales		1,683,811	1,704,044
Gross profit		413,784	450,634
Selling and administrative expenses		311,523	313,886
Restructuring and other related costs	13, 23	5,766	—
Earnings before finance costs and income taxes		96,495	136,748
Finance costs	24	38,182	27,104
Earnings before income taxes		58,313	109,644
Income tax expense	25	15,520	28,654
Net earnings		\$ 42,793	\$ 80,990
Basic earnings per share	19	\$ 1.97	\$ 3.77
Diluted earnings per share	19	\$ 1.93	\$ 3.64

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31 (in thousands of Canadian dollars)	Note	2024	2023
Net earnings		\$ 42,793	\$ 80,990
Items that will not be reclassified to earnings			
Actuarial gain (loss) on pension plans, net of tax expense of \$8 (2023 – recovery of \$115)	15	22	(321)
Items that may be subsequently reclassified to earnings			
Unrealized gain (loss) on derivatives designated as cash flow hedges, net of tax expense of \$950 (2023 – recovery of \$821)		2,662	(2,301)
Reclassification of realized loss (gain) on derivatives designated as cash flow hedges to net earnings during period, net of tax recovery of \$34 (2023 – expense of \$798)		94	(2,236)
Other comprehensive income (loss), net of tax		2,778	(4,858)
Total comprehensive income		\$ 45,571	\$ 76,132

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2024 (in thousands of Canadian dollars)	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
					Cash flow hedges	
December 31, 2023		\$ 210,004	\$ 7,563	\$ 278,100	\$ 570	\$ 496,237
Net earnings		—	—	42,793	—	42,793
Other comprehensive income		—	—	22	2,756	2,778
Total comprehensive income		—	—	42,815	2,756	45,571
Shares issued to settle share-based compensation awards	19	1,189	(1,189)	—	—	—
Shares released from trust to settle share-based compensation awards	19, 20	545	(2,160)	(508)	—	(2,123)
Excess tax benefit on share-based compensation		—	—	712	—	712
Purchased for future settlement of certain share-based compensation awards	19	(285)	—	(695)	—	(980)
Share-based compensation expense	20	—	3,297	—	—	3,297
Dividends declared	19	—	—	(30,431)	—	(30,431)
December 31, 2024		\$ 211,453	\$ 7,511	\$ 289,993	\$ 3,326	\$ 512,283

For the year ended December 31, 2023 (in thousands of Canadian dollars)	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
					Cash flow hedges	
December 31, 2022		\$ 207,555	\$ 8,963	\$ 228,145	\$ 5,107	\$ 449,770
Net earnings		—	—	80,990	—	80,990
Other comprehensive loss		—	—	(321)	(4,537)	(4,858)
Total comprehensive income		—	—	80,669	(4,537)	76,132
Shares issued to settle share-based compensation awards	19	2,574	(2,574)	—	—	—
Shares released from trust to settle share-based compensation awards	19, 20	680	(1,635)	(1,074)	—	(2,029)
Purchased for future settlement of certain share-based compensation awards	19	(805)	—	(1,195)	—	(2,000)
Share-based compensation expense	20	—	2,809	—	—	2,809
Dividends declared	19	—	—	(28,445)	—	(28,445)
December 31, 2023		\$ 210,004	\$ 7,563	\$ 278,100	\$ 570	\$ 496,237

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 (in thousands of Canadian dollars)

	Note	2024	2023
Operating Activities			
Net earnings		\$ 42,793	\$ 80,990
Items not affecting cash flow:			
Depreciation and amortization:			
Rental equipment	9	13,721	14,304
Property, plant and equipment	9	8,825	8,271
Right-of-use assets	10	32,592	29,548
Intangible assets	11	7,032	6,448
Loss (gain) on disposal of property, plant & equipment		150	(198)
Gain on disposal of right-of-use assets		(68)	(29)
Share-based compensation expense	20	6,833	9,448
Change in fair value of contingent consideration	18	2,263	330
Non-cash income from finance leases		(2,531)	(600)
Employee benefits expense, net of employer contributions		(468)	(67)
Loss (gain) on foreign exchange forwards and total return swaps	18	1,408	(2,876)
Finance costs	24	38,182	27,104
Income tax expense	25	15,520	28,654
		166,252	201,327
Changes in non-cash operating working capital	26	(12,672)	(197,023)
Rental equipment additions	9	(25,402)	(20,936)
Other non-current liabilities		(2,202)	(179)
Cash received on settlement of total return swaps	18	1,896	1,396
Finance costs paid on debts		(23,045)	(16,155)
Finance costs paid on lease liabilities	14, 24	(10,580)	(8,871)
Interest collected on lease receivables	24	1,031	630
Income taxes paid		(25,323)	(49,194)
Cash generated from (used in) operating activities		69,955	(89,005)
Investing Activities			
Property, plant and equipment additions	9	(8,874)	(8,970)
Proceeds on disposal of property, plant and equipment		528	1,104
Intangible asset additions	11	(271)	(876)
Collection of lease receivables		7,861	5,242
Business acquisitions, net of cash acquired		912	(21,000)
Cash generated from (used in) investing activities		156	(24,500)
Financing Activities			
Net increase in bank debt	17	15,188	183,606
Purchase of shares held in trust		(980)	(2,000)
Transaction costs on debts	17	(472)	—
Payment of lease liabilities	14	(39,230)	(35,450)
Payment of contingent consideration	18	(3,793)	(127)
Payment of tax withholding for share-based compensation		(2,123)	(2,029)
Dividends paid		(29,953)	(26,662)
Cash (used in) generated from financing activities		(61,363)	117,338
Change in cash		8,748	3,833
Bank indebtedness – beginning of period		(1,397)	(5,230)
Cash (bank indebtedness) – end of period		\$ 7,351	\$ (1,397)

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 (amounts in thousands of Canadian dollars, except share and per share data)

1. Company Profile

Wajax Corporation (the “Corporation”) is incorporated in Canada. The address of the Corporation’s registered head office is 10 Diesel Drive, Toronto, Ontario, Canada. The Corporation operates an integrated distribution system, providing sales, parts and services to a broad range of customers in diversified sectors of the Canadian economy, including: construction, forestry, mining, industrial and commercial, oil sands, transportation, metal processing, government and utilities, and oil and gas.

2. Basis of Preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2025.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis except for derivative financial instruments, contingent consideration and share-based payment arrangements that have been measured at fair value. The defined benefit liability is recognized as the net total of the fair value of the plan assets and the present value of the defined benefit obligation.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise stated and except share and per share data.

Judgements and estimation uncertainty

The preparation of these 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 and disclosures made in these consolidated financial statements. Actual results could differ from those judgements, estimates and assumptions. The Corporation bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next fiscal year are as follows:

Allowance for credit losses

The Corporation is exposed to credit risk with respect to its trade and other receivables. However, this is partially mitigated by the Corporation’s diversified customer base who operate in many business sectors across Canada. In addition, the Corporation’s customer base spans large public companies, small independent contractors, original equipment manufacturers and various levels of government. The Corporation follows a program of credit evaluations of customers and

limits the amount of credit extended when deemed necessary. The Corporation maintains an allowance for possible credit losses, and any such losses to date have been within management’s expectations. The allowance for credit losses is determined by estimating the lifetime expected credit losses, taking into account the Corporation’s past experience of collecting payments as well as observable changes in and forecasts of future economic conditions that correlate with default on receivables. At the point when the Corporation is satisfied that no recovery of the amount owing is possible, the amount is considered not recoverable and the financial asset is written off.

Inventory obsolescence

The value of the Corporation’s new and used equipment and high value parts is evaluated by management throughout the year, on a unit-by-unit basis considering projected customer demand, future market conditions, and other considerations evaluated by management. Specifically, equipment inventory and high value parts aged greater than one year carry a higher risk of obsolescence with equipment inventory generally having higher per-unit costs. When required, provisions are recorded to ensure that equipment and parts are valued at the lower of cost and estimated net realizable value. The Corporation performs an aging analysis to identify slow moving or obsolete lower value parts inventory and estimates appropriate obsolescence provisions related thereto. The Corporation takes advantage of supplier programs that allow for the return of eligible parts for credit within specified time periods.

Acquisition accounting, goodwill and intangible assets

For acquisition accounting purposes, all identifiable assets and liabilities acquired in a business acquisition are recognized at fair value at the date of acquisition. Estimates and assumptions are used to calculate the fair value of these assets and liabilities. Changes to assumptions could significantly impact the fair values of certain assets, such as intangible assets like customer relationships and brands. The Corporation’s significant assumptions used in determining the acquisition date fair value of intangible assets include projected revenues and cash flows attributable to acquired intangible assets, customer attrition rates, discount rates, royalty rates, and estimations of useful life.

Contingent consideration, as part of acquisitions, is valued based on estimated future performance of the acquired businesses. The valuation is based on management’s best assessment of the related inputs used in the valuation models, such as future cash flows, discount rates, and volatility. Future performance results that differ from management’s estimates could result in changes to the liabilities, which are recorded as they arise in net earnings.

For impairment testing purposes, the value in use of goodwill and intangible assets has been estimated using the forecasts prepared by management for the next five years. The key assumptions for the estimate are those regarding revenue growth, earnings before interest, taxes, depreciation and amortization (“EBITDA”) margin, tax rates, discount rates and the level of working capital required to support the business. These estimates are based on past experience and management’s expectations of future changes in the market and forecasted growth initiatives.

Lease term of contracts with renewal options

The lease term is defined as the non-cancellable term of the lease, including any periods covered by a renewal option to extend the lease if it is reasonably certain that the renewal option will be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain that the termination option will not be exercised.

Judgement is used when evaluating whether the Corporation is reasonably certain that the lease renewal option will be exercised, including examining any factors that may provide an economic advantage for renewal.

3. Material Accounting Policies

Principles of consolidation

These consolidated financial statements include the accounts of Wajax Corporation and its subsidiary entities, which are all wholly-owned. Intercompany balances and transactions are eliminated on consolidation.

Revenue recognition

Revenue from contracts with customers is recognized for each performance obligation as control is transferred to the customer. The following is a description of principal activities from which the Corporation generates its revenue, and the associated timing of revenue recognition.

Revenue type	Nature and timing of satisfaction of performance obligations
Equipment sales	
Retail sales	Retail sales include the sale of new and used equipment. The Corporation recognizes revenue when control of the equipment passes to the customer based on shipment terms.
Sales of power and energy systems	Sales of complex power and energy systems involve design, installation, and assembly. As a result of control transferring over time as the asset is constructed, revenue is recognized on a percentage of completion basis proportionate to the work that has been completed and is based on associated costs incurred.
Industrial parts	
	The Corporation recognizes revenue when control of the parts passes to the customer based on shipment terms.
Product support	
Service	Revenue from sales of parts and labour when servicing equipment is recognized based on the extent of progress towards completion of the performance obligation. The customer controls the asset as it is being serviced, so revenue is recognized on a basis proportionate to the service work that has been performed based on associated costs incurred. The Corporation's service arrangements are generally short-term in nature with predictable pricing and costs.
Parts	The Corporation recognizes revenue when control of the parts passes to the customer based on shipment terms or upon customer pickup.
Engineered repair services ("ERS")	Revenue from engineered repair services is recognized based on the extent of progress towards completion of the performance obligation. Revenue is recognized on a basis proportionate to the service work that has been performed based on associated costs incurred, because it best reflects the transfer of control of the work-in-progress to the customer as the asset is being constructed, repaired, or modified.

Equipment rental	Revenue from equipment rentals where the Corporation acts as lessor is presented as equipment rental revenue, and is recognized on a straight-line basis over the term of the lease.
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The transaction price is generally the amount stated in the contract. Certain contracts are subject to discounts which are estimated and included in the transaction price. Provisions are made for expected returns and warranty costs based on historical data.

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date that control is transferred to the Corporation. In assessing control, the Corporation takes into consideration potential voting rights that are currently exercisable.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of any previously held equity interest in the acquiree over the net of the acquisition date fair value of the identifiable assets acquired and the liabilities assumed. If the excess is negative, a bargain purchase gain is recognized immediately in earnings. Transaction costs, other than those associated with the issuance of debt or equity, are recognized in earnings as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in earnings.

When the initial accounting for a business combination has not been finalized by the end of the reporting period in which the combination occurs, the Corporation reports provisional amounts for the items for which the accounting has not been finalized. These provisional amounts are adjusted during the measurement period, which does not exceed one year from the acquisition date, to reflect new information obtained about facts and circumstances that existed at the acquisition date.

Trade and other receivables

Trade accounts receivable are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other accounts receivable are generally from suppliers for warranty and rebates. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade accounts receivable are recognized initially at amounts due, net of impairment for estimated expected credit losses. The expense relating to expected credit losses is included within selling and administrative expenses in the consolidated statements of earnings.

Contract assets and contract liabilities

Contract assets relate to the Corporation's rights to consideration for work completed but not billed at the reporting date, primarily on product support and ERS revenue. The contract assets are transferred to receivables when billed upon completion of significant milestones. Contract liabilities relate to the advance billing or advance consideration received from customers, primarily on equipment sales, industrial parts sales, and ERS revenue, for which revenue is recognized when control transfers to the customer.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method except where the items are not ordinarily interchangeable, in which case the specific identification method is used. Cost of equipment and parts includes purchase cost, conversion cost, if applicable, and the cost incurred in bringing inventory to its present location and condition. Cost of

work-in-process and cost of conversion includes cost of direct labour, direct materials and a portion of direct and indirect overheads, allocated based on normal capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell.

Rental equipment

Rental equipment is recorded at cost less accumulated depreciation. Cost includes all expenditures directly attributable to the acquisition of the asset. Rental equipment is depreciated over its estimated useful life of 5 years to its estimated residual value on a straight-line basis.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes all expenditures directly attributable to the acquisition of the asset. Assets are depreciated over their estimated useful lives based on the following methods and annual rates:

Asset	Method	Rate
Buildings	declining balance	5% – 10%
Equipment and vehicles	declining balance	20% – 30%
Computer hardware	straight-line	3 – 5 years
Furniture and fixtures	declining balance	10% – 20%
Leasehold improvements	straight-line	over the remaining terms of the leases

Leases

As a lessee

The Corporation leases properties for its branch network, certain vehicles, machinery and IT equipment. At the commencement of the lease, the Corporation recognizes a right-of-use asset and a corresponding lease liability.

Lease liabilities are initially measured at the present value of the remaining lease payments discounted using the implicit interest rate in the lease or, if that rate is not readily determinable, the Corporation's incremental borrowing rate. Lease payments over the estimated lease term included in the measurement of the lease liability comprise of: fixed payments, adjusted for any lease incentives receivable, variable payments that are based on an index or a rate, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early. Not included in the balance of lease liabilities are short-term leases (defined as leases with a lease term of 12 months or less), leases of low-value assets and variable lease payments not linked to an index, which are all expensed as incurred in the consolidated statements of earnings. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets at inception include the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is recorded in selling and administrative expenses. Depreciation is recorded on a straight-line basis over the lease term, unless the lease transfers ownership of the underlying asset to the Corporation by the end of the lease term, in which case depreciation is recorded from the commencement date to the end of the useful life of the underlying asset.

The Corporation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) if there is a change in the future lease payments, a change in the Corporation's estimate of the amounts expected to be payable or if the Corporation changes its assessments of whether it will exercise a purchase, renewal, or termination option.

As a lessor

When the Corporation acts as lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Corporation makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Operating leases

The Corporation rents equipment to customers under rental agreements with terms of up to 5 years. The rentals have been assessed and classified as operating leases. Revenue is presented as equipment rental revenue and recognized evenly over the term of the rental agreement.

Finance leases

The Corporation subleases certain equipment to customers. The Corporation assesses and classifies its subleases as finance leases, and therefore derecognizes the right-of-use assets relating to the respective head leases, recognizes lease receivables equal to the net investment in the subleases, and retains the previously recognized lease liabilities in its capacity as lessee.

Goodwill and intangible assets

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill and indefinite life intangible assets are subsequently measured at cost less accumulated impairment losses. Goodwill and indefinite life intangible assets are allocated to cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition.

Product distribution rights and brands represent the fair value attributed to these rights and brands at the time of acquisition and are classified as indefinite life intangible assets because the Corporation is generally able to renew these rights and brands with minimal cost of renewal.

Customer relationships and vendor relationships are amortized on a straight-line basis over their useful lives which range from 4 to 12 years. Computer application software is classified as an intangible asset and is amortized on a straight-line basis over the useful life ranging from 1 to 15 years.

Impairment

Property, plant and equipment, rental equipment, right-of-use assets and definite life intangible assets are reviewed at the end of each period to determine if any indicators of impairment exist. If an indicator of impairment is identified, an impairment test is performed comparing its recoverable amounts to its carrying value. An impairment loss would be recognized as the amount by which the asset's carrying amount exceeds its recoverable amount. Where the asset does not generate cash flows that are independent of other assets, impairment is considered for the CGU or group of CGUs to which the asset belongs.

Goodwill and indefinite life intangible assets are tested for impairment at least annually or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. To test for impairment, the Corporation compares the carrying values of its goodwill and indefinite life intangibles to their recoverable amounts.

Recoverable amount is the higher of value in use or fair value less costs of disposal. The value in use is the present value of future cash flows using a pre-tax discount rate that reflects the time value of money and the risk specific to the assets. The fair value less costs of disposal is determined either by an adjusted net asset-based approach or by the present value of future cash flows from a market participant perspective. Any impairment of goodwill or indefinite life intangible assets would be recorded as a charge against earnings.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the purpose of goodwill impairment testing the CGUs are grouped at the level at which it is monitored, which is at the consolidated Corporation level. As a result, goodwill has been tested for impairment using the cash flows generated by the consolidated operations of the Corporation.

Financial assets measured at amortized cost are assessed for impairment at the end of each reporting period and a loss allowance is measured by estimating the lifetime expected credit losses ("ECL"). The Corporation uses the simplified approach to determine ECL on trade and other receivables, using a provision matrix based on historical credit loss experiences adjusted to reflect information about current economic conditions and forecasts of future economic conditions to estimate lifetime ECL. The ECL models applied to other financial assets and contract assets also require judgement, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. Impairment losses are recorded in selling and administrative expenses with the carrying amount of the financial asset reduced through the use of impairment allowance accounts.

Cash and bank indebtedness

Cash and bank indebtedness includes cash on hand, demand deposits, bank overdrafts and outstanding cheques. The Corporation considers bank indebtedness to be an integral part of the Corporation's cash management. Cash and bank indebtedness are offset and the net amount presented in the consolidated statements of financial position to the extent that there is a right to set off and a practice of net settlement.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized, until those assets are substantially ready for their intended use. Qualifying assets are those that take a substantial period of time to prepare for their intended use. All other borrowing costs are recognized in finance costs in the period in which they are incurred.

Finance costs

Finance costs are comprised of interest on the Corporation's long-term debt and debentures, interest on lease liabilities, interest income on lease receivables, and any unrealized gain or loss on interest rate swaps. Finance costs are net of any borrowing costs that have been capitalized. Transaction costs directly attributable to the acquisition or amendment of long-term debt or debentures are deferred and amortized to finance costs over the term of the related long-term debt or debentures using the effective interest rate method. Deferred financing costs reduce the carrying amount of the related long-term debt or debentures.

Derivative financial instruments and hedge accounting

The Corporation uses derivative financial instruments in the management of: a) its foreign currency exposures related to certain inventory purchases and customer sales commitments, b) its interest rate risk related to its variable rate debt, and c) its equity price risk related to certain share-based compensation plans. The Corporation's policy is to not utilize derivative financial instruments for trading

or speculative purposes. Where the Corporation intends to apply hedge accounting it formally documents the relationship between the derivative and the risk being hedged, as well as the risk management objective and strategy for undertaking the hedge transaction. The documentation links the derivative to a specific asset or liability or to specific firm commitments or forecasted transactions. The Corporation also assesses, at the hedge's inception and at least quarterly whether the hedge is effective in offsetting changes in fair values or cash flows of the risk being hedged. Should a hedge become ineffective, hedge accounting will be discontinued prospectively. All derivative instruments are recorded in the consolidated statements of financial position at fair value. All changes in fair value are recorded in earnings unless hedge accounting is applied, in which case the effective portion of changes in fair value of the hedging instrument are recorded in other comprehensive income. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognized, the associated gain or loss on the derivative that had previously been recognized in other comprehensive income are included in the initial measurement of the asset or liability.

Share-based compensation plans

The fair value of share-based compensation plan rights is based on the trading price of a Wajax Corporation common share on the Toronto Stock Exchange ("TSX") or a Monte Carlo simulation. Compensation expense for share-settled plans is based upon the fair value of the rights at the date of grant and is charged to selling and administrative expenses on a straight-line basis over the vesting period, with an offsetting adjustment to contributed surplus. Compensation expense for cash-settled plans varies with the price of the Corporation's shares and is charged to selling and administrative expenses, recognized over the vesting period with an offset to accounts payable and accrued liabilities.

Employee benefits

The Corporation has defined contribution pension plans for most of its employees. The cost of the defined contribution plans is recognized in earnings based on the contributions required to be made each year.

The Corporation also has defined benefit plans closed to new members, covering certain of its former employees, and with only inactive members remaining. The benefits are based on years of service and pensionable earnings. Defined benefit plan obligations were accrued as the members rendered the services necessary to earn the pension benefits. The Corporation has adopted the following policies:

- The cost of pension benefits earned by plan members is actuarially determined using the projected unit credit method for defined benefit plans and management's best estimate of retirement ages of deferred vested pensioners.
- For purposes of calculating expected return on plan assets, those assets are valued at fair value.
- The charge to earnings for the defined benefit plans is split between an operating cost and a finance charge. The finance charge represents the net interest cost on the defined benefit obligation net of the expected return on plan assets and is included in selling and administrative expenses.
- Actuarial gain and loss are recognized in full in other comprehensive income in the year in which they occur.

Income taxes

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in earnings except to the extent that they relate to a business combination or to items recognized directly in equity or in other comprehensive income.

Current tax is the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Corporation has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Corporation has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

4. Change in Accounting Policies

During the year, the Corporation did not adopt any new accounting standards or amendments that had an impact on the Corporation's consolidated financial statements.

Accounting standards and amendments issued but not yet adopted

- In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements*. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies: improved comparability in the statement of earnings by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit; enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the statement of earnings; and enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management is currently assessing the impact of adopting IFRS 18 on its consolidated financial statements presentation and disclosure.

5. Business Acquisitions

Beta Fluid Power Ltd. and Beta Industrial Ltd. ("Beta")

On September 1, 2023, the Corporation acquired all of the issued and outstanding shares of Sault Ste. Marie, Ontario-based Beta, a supplier of hydraulic and pneumatic equipment for use in the industrial, mining and construction sectors, and a provider of related maintenance, repair and replacement services. After insignificant final working capital adjustments during the year ended December 31, 2024, the shares of Beta were acquired for total cash consideration of \$8,439, subject to the result of a three-year performance-based earnout, and tangible net assets acquired and goodwill recognized upon acquisition were \$2,055 and \$6,384, respectively.

Polyphase Engineered Controls (1977) Ltd. ("Polyphase")

On July 4, 2023, the Corporation acquired all of the issued and outstanding shares of Calgary, Alberta-based Polyphase. Polyphase specializes in producing custom electrical and instrumentation

equipment. The acquisition of Polyphase expanded the Corporation's electrical solutions portfolio. There were no changes to the purchase price allocation for Polyphase during the year ended December 31, 2024. The shares of Polyphase were acquired for total cash consideration of \$23,240, subject to the result of a three-year performance-based earnout. Tangible net assets acquired, intangible assets acquired, and goodwill recognized upon acquisition were \$4,484, \$12,524, and \$6,232, respectively.

6. Trade and Other Receivables

The Corporation's trade and other receivables consist of trade accounts receivable from customers and other accounts receivable, generally from suppliers for warranty and rebates. Trade and other receivables are comprised of the following:

	December 31	
	2024	2023
Trade accounts receivable	\$ 277,884	\$ 278,394
Less: allowance for credit losses	(2,271)	(3,639)
Net trade accounts receivable	\$ 275,613	\$ 274,755
Other receivables	27,924	34,324
Total trade and other receivables	\$ 303,537	\$ 309,079

The Corporation has an agreement with a financial institution to sell 100% of selected trade accounts receivable on a recurring, non-recourse basis. Under the agreement, up to \$20,000 of accounts receivable may be sold to the financial institution and can remain outstanding at any point in time. After the sale, the Corporation does not retain any interests in the accounts receivable and removes them from its consolidated statement of financial position, however the Corporation continues to service and collect the outstanding accounts receivable on behalf of the financial institution. As at December 31, 2024, the Corporation continues to service and collect \$8,363 in accounts receivable on behalf of this financial institution (December 31, 2023 – \$6,060). Net proceeds from this program are classified in operating activities in the consolidated statements of cash flows.

The Corporation's exposure to credit and currency risks related to trade and other receivables is disclosed in Note 18.

7. Contract Assets and Liabilities

The following table provides information about contract assets and contract liabilities from contracts with customers:

	December 31	
	2024	2023
Contract assets	\$ 55,588	\$ 69,520
Contract liabilities	\$ 23,182	\$ 21,891

The contract assets relate to the Corporation's rights to consideration for work completed but not billed at the reporting date, primarily on product support and engineered repair services ("ERS") revenue. The contract assets are transferred to receivables when billed upon completion of significant milestones. The contract liabilities relate to the advance billing or advance consideration received from customers, primarily on equipment sales, industrial parts sales, and ERS revenue, for which revenue is recognized when control transfers to the customer.

Revenue recognized in 2024 that was included in the contract liability balance at the beginning of the year was \$17,890 (2023 – \$16,421).

8. Inventory

The Corporation's inventory balance consists of the following:

	December 31	
	2024	2023
Equipment	\$ 377,205	\$ 329,010
Parts	257,623	272,073
Work-in-process	38,248	29,848
Total inventory	\$ 673,076	\$ 630,931

All amounts shown are net of obsolescence provisions of \$30,814 (December 31, 2023 – \$28,271).

For the year ended December 31, 2024, \$7,625 (2023 – \$4,463) was recorded in cost of sales for the write-down of inventory to estimated net realizable value.

For the year ended December 31, 2024, the Corporation recognized \$1,337,740 (2023 – \$1,395,296) of inventory as an expense which is included in cost of sales.

As at December 31, 2024, the Corporation has included \$28,484 (December 31, 2023 – \$51,658) in equipment inventory related to short-term rental contracts, the majority of which is expected to convert to equipment sales within a six to twelve month period.

Substantially all of the Corporation's inventory is pledged as security for the bank credit facility (Note 17).

9. Property, Plant and Equipment and Rental Equipment

	Land and buildings	Equipment and vehicles	Computer hardware	Furniture and fixtures	Leasehold improvements	Property, plant and equipment	Rental equipment
Cost							
December 31, 2023	\$ 23,125	\$ 78,981	\$ 4,117	\$ 9,638	\$ 14,719	\$ 130,580	\$ 105,476
Additions	105	5,024	93	1,091	2,561	8,874	25,402
Transfer from leased to owned at end of lease	—	8,703	—	—	—	8,703	—
Transfer to inventory	—	—	—	—	—	—	(28,730)
Other transfers	—	121	—	—	—	121	(121)
Disposals	—	(6,288)	(1,195)	(1,230)	(417)	(9,130)	—
December 31, 2024	\$ 23,230	\$ 86,541	\$ 3,015	\$ 9,499	\$ 16,863	\$ 139,148	\$ 102,027
Accumulated depreciation							
December 31, 2023	\$ 12,526	\$ 53,230	\$ 3,670	\$ 7,319	\$ 9,006	\$ 85,751	\$ 62,986
Charge for the year	274	6,277	198	527	1,549	8,825	13,721
Transfer from leased to owned at end of lease	—	7,263	—	—	—	7,263	—
Transfer to inventory	—	—	—	—	—	—	(24,632)
Other transfers	—	92	—	—	—	92	(92)
Disposals	—	(5,716)	(1,195)	(1,128)	(413)	(8,452)	—
December 31, 2024	\$ 12,800	\$ 61,146	\$ 2,673	\$ 6,718	\$ 10,142	\$ 93,479	\$ 51,983
Carrying amount							
December 31, 2024	\$ 10,430	\$ 25,395	\$ 342	\$ 2,781	\$ 6,721	\$ 45,669	\$ 50,044
Cost							
December 31, 2022	\$ 23,329	\$ 76,687	\$ 5,311	\$ 10,705	\$ 13,794	\$ 129,826	\$ 99,646
Additions	176	6,725	64	314	1,691	8,970	20,936
Transfer from leased to owned at end of lease	—	3,261	—	—	—	3,261	—
Transfer to inventory	—	—	—	—	—	—	(15,106)
Other transfers	—	(749)	—	—	749	—	—
Disposals	(380)	(7,338)	(1,263)	(1,404)	(1,517)	(11,902)	—
Business acquisitions	—	395	5	23	2	425	—
December 31, 2023	\$ 23,125	\$ 78,981	\$ 4,117	\$ 9,638	\$ 14,719	\$ 130,580	\$ 105,476
Accumulated depreciation							
December 31, 2022	\$ 12,486	\$ 51,347	\$ 4,420	\$ 8,045	\$ 9,424	\$ 85,722	\$ 60,246
Charge for the year	299	5,936	512	539	985	8,271	14,304
Transfer from leased to owned at end of lease	—	2,754	—	—	—	2,754	—
Transfer to inventory	—	—	—	—	—	—	(11,564)
Other transfers	—	8	—	—	(8)	—	—
Disposals	(259)	(6,815)	(1,262)	(1,265)	(1,395)	(10,996)	—
December 31, 2023	\$ 12,526	\$ 53,230	\$ 3,670	\$ 7,319	\$ 9,006	\$ 85,751	\$ 62,986
Carrying amount							
December 31, 2023	\$ 10,599	\$ 25,751	\$ 447	\$ 2,319	\$ 5,713	\$ 44,829	\$ 42,490

For the year ended December 31, 2024, the Corporation transferred rental equipment to inventory with a net book value of \$4,098 (2023 – \$3,542).

All property, plant and equipment except land and buildings have been pledged as security for bank debt (Note 17).

10. Right-of-Use Assets

	Properties	Vehicles	Computer hardware	Equipment	Total
Cost					
December 31, 2023	\$ 208,150	\$ 36,694	\$ 10,668	\$ —	\$ 255,512
Additions	50,413	6,326	1,840	15,328	73,907
Disposals	(7,423)	(753)	—	—	(8,176)
Disposal to lease receivables upon sublease	—	—	—	(15,328)	(15,328)
Transfer from leased to owned at end of lease	—	(8,703)	—	—	(8,703)
December 31, 2024	\$ 251,140	\$ 33,564	\$ 12,508	\$ —	\$ 297,212
Accumulated depreciation					
December 31, 2023	\$ 96,217	\$ 19,719	\$ 3,744	\$ —	\$ 119,680
Charge for the year	24,564	5,705	2,323	—	32,592
Disposals	(5,764)	(506)	—	—	(6,270)
Transfer from leased to owned at end of lease	—	(7,263)	—	—	(7,263)
December 31, 2024	\$ 115,017	\$ 17,655	\$ 6,067	\$ —	\$ 138,739
Carrying amount					
December 31, 2024	\$ 136,123	\$ 15,909	\$ 6,441	\$ —	\$ 158,473
Cost					
December 31, 2022	\$ 179,100	\$ 32,169	\$ 5,806	\$ 33	\$ 217,108
Additions	26,317	8,451	4,862	9,012	48,642
Disposals	(1,393)	(665)	—	(33)	(2,091)
Disposal to lease receivables upon sublease	—	—	—	(9,012)	(9,012)
Transfer from leased to owned at end of lease	—	(3,261)	—	—	(3,261)
Business acquisitions	4,126	—	—	—	4,126
December 31, 2023	\$ 208,150	\$ 36,694	\$ 10,668	\$ —	\$ 255,512
Accumulated depreciation					
December 31, 2022	\$ 74,993	\$ 17,461	\$ 1,914	\$ 20	\$ 94,388
Charge for the year	22,252	5,453	1,830	13	29,548
Disposals	(1,028)	(441)	—	(33)	(1,502)
Transfer from leased to owned at end of lease	—	(2,754)	—	—	(2,754)
December 31, 2023	\$ 96,217	\$ 19,719	\$ 3,744	\$ —	\$ 119,680
Carrying amount					
December 31, 2023	\$ 111,933	\$ 16,975	\$ 6,924	\$ —	\$ 135,832

11. Goodwill And Intangible Assets

The Corporation performed its annual impairment test of its goodwill and indefinite life intangibles as at December 31, 2024. Similar key assumptions were used for both the goodwill impairment test and the indefinite life intangibles impairment test. The recoverable amount of the CGU group was estimated based on the present value of the future cash flows expected to be derived from the CGU group (value in use). This approach requires assumptions about revenue growth rates, EBITDA margins, tax rates, discount rates and the level of working capital required to support the business. The after-tax cash flows from operations are based on historical results, the Corporation's projected 2025 operating budget and its long-term strategic plan. To prepare these calculations, the forecasts were extrapolated beyond the five year period at the estimated long-term inflation rate of 2% (2023 – 2%). The cash flow projections were discounted using the Corporation's after-tax weighted average cost of capital, which equates to a pre-tax discount rate of approximately 13.5% (2023 – 13.2%).

The tax rates applied to the cash flow projections were based on the expected effective tax rate of the Corporation of approximately 26.3% (2023 – 26.5%). Tax assumptions are sensitive to changes in tax laws as well as assumptions about the jurisdictions in which profits are earned. It is possible that actual tax rates could differ from those assumed.

The Corporation concluded as at December 31, 2024 that no impairment existed in either the goodwill or the intangible assets with an indefinite life, as the recoverable amount of the CGU group exceeded its carrying value.

The Corporation did not reverse any impairment losses for definite life intangible assets for the years ended December 31, 2024 and December 31, 2023.

	Goodwill	Product distribution rights/Brands	Customer relationships/Vendor relationships	Software	Total
Cost					
December 31, 2023	\$ 115,940	\$ 18,236	\$ 60,000	\$ 18,988	\$ 213,164
Additions	—	—	—	271	271
Disposals	—	—	—	(656)	(656)
Business acquisitions	5	—	—	—	5
December 31, 2024	\$ 115,945	\$ 18,236	\$ 60,000	\$ 18,603	\$ 212,784
Accumulated amortization					
December 31, 2023	\$ —	\$ —	\$ 18,823	\$ 4,065	\$ 22,888
Charge for the year	—	—	5,766	1,266	7,032
Disposals	—	—	—	(656)	(656)
December 31, 2024	\$ —	\$ —	\$ 24,589	\$ 4,675	\$ 29,264
Carrying amount					
December 31, 2024	\$ 115,945	\$ 18,236	\$ 35,411	\$ 13,928	\$ 183,520
Cost					
December 31, 2022	\$ 103,330	\$ 18,236	\$ 47,500	\$ 18,130	\$ 187,196
Additions	—	—	—	876	876
Disposals	—	—	—	(42)	(42)
Business acquisitions	12,610	—	12,500	24	25,134
December 31, 2023	\$ 115,940	\$ 18,236	\$ 60,000	\$ 18,988	\$ 213,164
Accumulated amortization					
December 31, 2022	\$ —	\$ —	\$ 13,577	\$ 2,905	\$ 16,482
Charge for the year	—	—	5,246	1,202	6,448
Disposals	—	—	—	(42)	(42)
December 31, 2023	\$ —	\$ —	\$ 18,823	\$ 4,065	\$ 22,888
Carrying amount					
December 31, 2023	\$ 115,940	\$ 18,236	\$ 41,177	\$ 14,923	\$ 190,276

Amortization of intangible assets is charged to selling and administrative expenses.

12. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following:

	December 31	
	2024	2023
Trade payables	\$ 333,314	\$ 280,336
Deferred rental income	680	918
Contingent consideration liability – current	3,280	2,997
Payroll, bonuses and incentives	35,842	52,657
Accrued liabilities	44,718	70,182
Accounts payable and accrued liabilities	\$ 417,834	\$ 407,090

The Corporation has supplier finance arrangements with three third-party financing companies, one of which became effective in the third quarter of 2024. Under these arrangements, the Corporation can purchase equipment from suppliers with interest-free payment terms ranging anywhere from approximately 45 days to 11 months, depending on the type of equipment and the financing company. After the interest-free period, the financing becomes interest bearing if the Corporation does not repay the principal borrowed. If the Corporation sells the equipment before payment is due, payment must then be remitted to the financing company. Comparable trade payables that are not part of a supplier finance arrangement usually have payment terms of approximately 30 days. As at December 31, 2024, supplier finance liabilities were \$166,887 (December 31, 2023 – \$24,877) and are included in trade payables above. Under the terms of the Corporation's bank credit facility, the Corporation is permitted to have additional interest bearing equipment inventory financing of up to \$25,000. The interest bearing portion of the supplier finance liabilities was \$12,522 as at December 31, 2024 (December 31, 2023 – nil).

13. Provisions and Contingencies

	Restructuring	Warranties, Environmental, and Litigation	Total
Provisions, December 31, 2023	\$ 103	\$ 2,700	\$ 2,803
New provisions expensed	5,766	479	6,245
Utilized	(1,054)	(822)	(1,876)
Provisions, December 31, 2024	\$ 4,815	\$ 2,357	\$ 7,172
Current portion	\$ 4,815	\$ 2,357	\$ 7,172
Non-current portion	—	—	—
Total	\$ 4,815	\$ 2,357	\$ 7,172

See Note 23 for details on the restructuring charge recognized in the year.

Contingencies

In the ordinary course of business, the Corporation is contingently liable for various amounts that could arise from warranties, litigation, environmental matters or other sources. The Corporation does not expect the resolution of these matters to have a materially adverse effect on its financial position or results of operations. Provisions have been made in these consolidated financial statements when the liability is expected to result in an outflow of economic resources, and where the obligation can be reliably estimated.

14. Lease Liabilities and Lease Receivables

As lessee

The Corporation leases properties for its branch network, certain vehicles, machinery and IT equipment.

The change in lease liabilities is as follows:

For the year ended December 31	Note	2024	2023
Balance at beginning of year		\$ 175,374	\$ 158,446
Changes from operating cash flows			
Finance costs paid on lease liabilities		(10,580)	(8,871)
Changes from financing cash flows			
Payment of lease liabilities		(39,230)	(35,450)
Other changes			
Business acquisitions		—	4,126
Interest expense	24	10,580	8,871
New leases, net of disposals		72,038	48,252
Balance at end of year		\$ 208,182	\$ 175,374
Current portion		\$ 40,151	\$ 34,407
Non-current portion		\$ 168,031	\$ 140,967

Not included in the balance of lease liabilities are short-term leases, leases of low-value assets and variable lease payments not linked to an index. Variable lease payments, lease payments associated with short-term leases and leases of low-value assets are expensed as incurred in the consolidated statements of earnings.

For the year ended December 31	Note	2024	2023
Expense related to short-term leases		\$ 298	\$ 109
Expense related to low value assets, excluding short-term leases of low value assets		453	386
Expense related to variable lease payments not included in the measurement of lease liabilities		4,803	3,815
Payment of lease liabilities		39,230	35,450
Interest paid on lease liabilities	24	10,580	8,871
Total outflow for leases		\$ 55,364	\$ 48,631

The maturity analysis of contractual undiscounted cash flows of lease obligations is as follows:

	December 31	
	2024	2023
Within one year	\$ 58,933	\$ 49,225
Between one and three years	97,310	80,996
Between three and five years	57,356	51,717
More than five years	90,303	56,570
Total undiscounted lease obligations	\$ 303,902	\$ 238,508

As lessor

Operating leases

The Corporation rents equipment to customers under rental agreements with terms of up to 5 years. The rentals have been assessed and classified as operating leases. Revenue is presented as equipment rental revenue and recognized evenly over the term of the rental agreement. The future minimum lease payments receivable under the agreements are as follows:

	December 31	
	2024	2023
Less than one year	\$ 6,091	\$ 9,221
Between one and five years	10,326	13,019
Future minimum lease payments receivable	\$ 16,417	\$ 22,240

Finance leases

The Corporation subleases certain equipment to customers. The Corporation assesses and classifies its subleases as finance leases, and therefore derecognizes the right-of-use assets relating to the respective head leases, recognizes lease receivables equal to the net investment in the subleases, and retains the previously recognized lease liabilities in its capacity as lessee. The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	December 31	
	2024	2023
Less than one year	\$ 10,092	\$ 6,547
Between one and five years	18,645	11,172
Total undiscounted lease payments receivable	\$ 28,737	\$ 17,719
Unearned finance income	(2,137)	(1,222)
Lease receivables	\$ 26,600	\$ 16,497
Current portion	\$ 9,062	\$ 5,896
Non-current portion	\$ 17,538	\$ 10,601

15. Employee Benefits

The Corporation sponsors four pension plans: Wajax Limited Defined Contribution Pension Plan (the “**Employees’ Plan**”) which is a defined contribution plan (“**DC**”), Simplified Pension Plan (the “**SP Plan**”) which is a defined contribution plan for employees in the province of Quebec, and two defined benefit plans: the Pension Plan for Executive Employees of Wajax Limited (the “**Executive Plan**”) and the Wajax Limited Supplemental Executive Retirement Plan (the “**SERP**”).

The Corporation also contributes to several union sponsored multi-employer pension plans for a small number of employees. Two of these are target benefit plans but they are accounted for as defined contribution plans since the Corporation has no involvement in the management of these plans and does not have sufficient information to account for the plans as defined benefit plans.

The Corporation uses actuarial reports prepared by independent actuaries for funding and accounting purposes and measures its defined benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. These actuarial assumptions include discount rates, mortality rates, and inflation. While management believes that the actuarial assumptions are appropriate, any significant changes to those used would affect the statements of financial position and statements of earnings.

The previous actuarial valuation for the Executive Plan for funding purposes was as at January 1, 2024. Subsequent to year end, on January 30, 2025, the Executive Plan purchased buyout annuities from a third-party insurance company for a cost of \$6,830. As a result of the annuity purchase, the third-party insurance company will become responsible for the payment of plan members’ pension benefits and the Corporation settled its defined benefit obligation in respect of all plan members. The defined benefit cost of the Executive Plan for the fiscal year ending December 31, 2025 will include a loss on settlement of \$458 due to the annuity purchase.

The following significant actuarial assumptions were used to determine the net defined benefit plan cost and the defined benefit plan obligations:

	December 31	
	2024	2023
Discount rate – at beginning of year (to determine plan expenses)	4.7%	5.3%
Discount rate – at end of year (to determine defined benefit obligation)	4.6%	4.7%
Increases in pensionable earnings	—%	—%
Rate of inflation	2.0%	2.0%

Assumptions regarding future mortality rates were based on 87% of the rates of the 2014 Public Sector Canadian Pensioner’s Mortality Table for the Executive Plan and SERP.

Plan assets for the defined contribution plans are invested according to the directions of the plan members. Plan assets for defined benefit plans are invested in the following major categories of plan assets as a percentage of total plan assets:

	Executive Plan December 31	
	2024	2023
Fixed Income	100.0%	39.8%
Foreign Equities	—%	60.2%
	100.0%	100.0%

The history of adjustments on the defined benefit plans recognized in other comprehensive income for the current and prior year are as follows:

	2024		2023	
Actuarial (gain) loss on defined benefit obligation arising from:				
Experience adjustments	\$ (36)	\$ —		
Financial assumption changes	19	677		
	\$ (17)	\$ 677		
Actuarial gain on asset return	(13)	(241)		
Total remeasurement (gain) loss recognized in OCI, pre-tax	\$ (30)	\$ 436		

Total cash payments

Total cash payments for employee future benefits for 2024, consisting of cash contributed by the Corporation to its funded pension plans, cash payments directly to beneficiaries for its unfunded pension plans, and cash contributed to its defined contribution plans was \$12,928 (2023 – \$11,596).

Subsequent to year end, in January 2025, the Corporation contributed \$2,902 to the Executive Plan to fully fund the plan before purchasing buyout annuities from a third-party insurance company to settle its defined benefit obligation in respect of all plan members. The Corporation estimates a contribution of \$5,457 to the SERP during the year ended December 31, 2025, which takes into account the possibility of the Corporation fully funding and settling the SERP benefit obligation near the end of 2025. The timing of settling the SERP is subject to change, and the market conditions affecting the level of required contributions to settle the SERP are also subject to change.

The plan expenses recognized in earnings are as follows:

	2024		2023	
Defined contribution plans				
Current service cost	\$ 12,092	\$ 11,178		
Defined benefit plans				
Administration expenses	50	9		
SERP line of credit fees	107	115		
Interest cost on defined benefit obligation	507	556		
Interest income on plan assets	(189)	(214)		
	\$ 475	\$ 466		
Total plan expense recognized in earnings	\$ 12,567	\$ 11,644		

Of the amounts recognized in earnings, \$4,819 (2023 – \$4,504) is included in cost of sales and \$7,748 (2023 – \$7,140) is included in selling and administrative expenses.

The amounts recognized in other comprehensive income are as follows:

	2024	2023
Actuarial (gain) loss	\$ (30)	\$ 436
Deferred tax expense (recovery)	8	(115)
Amount recognized in other comprehensive income	\$ (22)	\$ 321
Cumulative actuarial loss, net of tax	\$ 1,827	\$ 1,849

Information about the Corporation's defined benefit pension plans, in aggregate, is as follows:

Present value of benefit obligation	2024	2023
Present value of benefit obligation, beginning of year	\$ 11,325	\$ 10,935
Interest cost on defined benefit obligation	507	556
Actuarial (gain) loss	(17)	677
Benefits paid	(1,015)	(843)
Present value of benefit obligation, end of year	\$ 10,800	\$ 11,325

Fair value of plan assets	2024	2023
Fair value of plan assets, beginning of year	\$ 4,301	\$ 4,280
Interest income	189	214
Return on plan assets (excluding interest income)	109	276
Employer contributions	836	418
Benefits paid	(1,015)	(843)
Administration expenses	(146)	(44)
Fair value of plan assets, end of year	\$ 4,274	\$ 4,301

Funded Status	2024	2023
Fair value of plan assets, end of year	\$ 4,274	\$ 4,301
Present value of benefit obligation, end of year	(10,800)	(11,325)
Plan deficit	\$ (6,526)	\$ (7,024)

The accrued benefit liability is included in the Corporation's statement of financial position as follows:

	2024	2023
Employee benefits	\$ (6,526)	\$ (7,024)

The present value of the benefit obligation includes a benefit obligation of \$4,355 (2023 – \$4,855) related to the SERP that is not funded. This obligation is secured by a letter of credit of \$2,813 (2023 – \$3,574).

Sensitivity analysis

The following sensitivity analysis is hypothetical and should be used with caution. The sensitivities of the key assumption have been calculated independently of any changes in other assumptions. Actual experience may result in changes in a number of assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

A 1% increase in discount rate would result in a \$942 (2023 – \$984) decrease to the defined benefit obligation as at December 31, 2024. A 1% decrease in discount rate would result in a \$1,146 (2023 – \$1,178) increase to the defined benefit obligation.

16. Debentures

Senior Unsecured Debentures – 6%, due January 15, 2025

In December 2019, the Corporation issued \$57,000 in unsecured subordinated debentures with a term of five years due January 15, 2025. These debentures bear a fixed interest rate of 6.00% per annum, payable semi-annually on January 15 and July 15 of each year.

Prior to the maturity date of January 15, 2025, the debentures are redeemable at a price equal to their principal amount plus accrued and unpaid interest. As at December 31, 2024, the Corporation had not redeemed any of the debentures.

Subsequent to year end, on January 15, 2025, the Corporation repaid in full the \$57,000 in principal amount owed under its senior unsecured debentures, along with accrued interest up to the maturity date. The Corporation used borrowings under its bank credit facility to complete the repayment.

The debentures are classified as a financial liability and are initially recorded at fair value net of transaction costs. The debentures are measured subsequently at amortized cost using the effective interest method over the life of the debentures.

The following balances were outstanding:

	December 31	
	2024	2023
Debentures issued	\$ 57,000	\$ 57,000
Deferred financing costs, net of accumulated amortization	(27)	(660)
Total debentures	\$ 56,973	\$ 56,340
Current portion	\$ 56,973	\$ —
Non-current portion	\$ —	\$ 56,340

Movements in the debentures balance were as follows:

	2024		2023
For the year ended December 31	2024	2023	2023
Balance at beginning of period	\$ 56,340	\$ 55,762	55,762
Amortization of deferred financing costs	633	578	578
Balance at end of period	\$ 56,973	\$ 56,340	56,340

Finance costs on the debentures for the year ended December 31, 2024 were \$4,048 (2023 – \$3,999).

17. Long-Term Debt

On January 11, 2024, the Corporation amended its senior secured credit facility. The amendment increased the facility limit from \$400,000 to \$500,000. There was no change to the maturity date of the facility. As part of the bank credit facility amendment effective January 11, 2024, the Canadian dollar bankers' acceptances were replaced with the term Canadian Overnight Repo Rate Average loan (or "CORRA"). The \$472 cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility.

As at December 31, 2024, Wajax had a \$500,000 credit limit on its bank credit facility, composed of a \$50,000 non-revolving term facility and a \$450,000 revolving term facility, maturing on October 1, 2027.

As at December 31, 2024, borrowings under the bank credit facility bear floating rates of interest at margins over Canadian dollar term CORRA loan yields, U.S. dollar SOFR rates or prime. Margins on the facility depend on the Corporation's leverage ratio at the time of borrowing and range between 1.8% and 3.3% for Canadian dollar term CORRA loans and U.S. dollar SOFR borrowings, and between 0.8% and 2.3% for prime rate borrowings.

Borrowing capacity under the bank credit facility is dependent upon the level of the Corporation's inventory on hand and the outstanding trade accounts receivable. As at December 31, 2024, borrowing capacity under the bank credit facility was \$500,000 (December 31, 2023 – \$400,000), of which \$212,574 (December 31, 2023 – \$126,602) was accessible to the Corporation. In addition, the bank credit facility contains customary restrictive covenants, including limitations on paying cash dividends and acquiring businesses in the event the senior secured leverage ratio, as defined in the bank credit facility agreement, exceeds 4.0 times, and an interest coverage maintenance ratio, all of which were met as at December 31, 2024.

The following balances were outstanding:

	December 31	
	2024	2023
Bank credit facility		
Non-revolving term portion	\$ 50,000	\$ 50,000
Revolving term portion	233,749	218,561
	\$ 283,749	\$ 268,561
Deferred financing costs, net of accumulated amortization	(707)	(806)
Total long-term debt	\$ 283,042	\$ 267,755

The Corporation had \$3,677 (December 31, 2023 – \$4,837) letters of credit outstanding at the end of the year. Finance costs on long-term debt amounted to \$21,019 (2023 – \$13,627).

Movements in the long-term debt balance were as follows:

For the year ended December 31	2024	2023
Balance at beginning of period	\$ 267,755	\$ 83,602
Changes from financing cash flows		
Net proceeds of borrowings	15,188	183,606
Transaction costs related to borrowings	(472)	—
Other changes		
Amortization of deferred financing costs	571	547
Balance at end of period	\$ 283,042	\$ 267,755

18. Financial Instruments and Financial Risk Management

The Corporation uses the following fair value hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1** – unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2** – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3** – techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Corporation categorizes its financial instruments as follows:

	December 31	
	2024	2023
Financial assets measured at amortized cost:		
Cash	\$ 7,351	\$ —
Trade and other receivables	303,537	309,079
Contract assets	55,588	69,520
Lease receivables	26,600	16,497
Financial liabilities measured at amortized cost:		
Bank indebtedness	—	1,397
Accounts payable and accrued liabilities (excluding contingent consideration)	414,554	404,093
Provisions	7,172	2,803
Dividends payable	7,629	7,151
Other liabilities (excluding contingent consideration)	2,285	3,262
Debentures	56,973	56,340
Long-term debt	283,042	267,755
Financial assets measured at fair value:		
Derivative financial assets	11,471	11,308
Financial liabilities measured at fair value:		
Contingent consideration (in accounts payable and accrued liabilities)	3,280	2,997
Contingent consideration (in other liabilities)	4,619	6,432
Derivative financial liabilities	8,898	5,602

The Corporation measures financial assets and financial liabilities at amortized cost, except for derivative financial assets/liabilities and contingent consideration from acquisitions, which are measured at fair value. Changes in fair value are recognized in the consolidated statements of earnings except for changes in fair value related to derivative financial assets/liabilities that are effectively designated as hedging instruments which are recognized in other comprehensive income. The Corporation's derivative financial assets/liabilities are held with major Canadian chartered banks and are deemed to be Level 2 financial instruments. The Corporation's contingent consideration liabilities are Level 3 financial instruments, and are valued using either a discounted cash flow model or a Monte Carlo simulation model. The Monte Carlo simulation uses various assumptions including EBITDA forecast, discount rate, and volatility factor. The fair value of long-term debt approximates its recorded value due to its floating interest rate.

The fair value of lease receivables approximates its carrying value. The fair value of the debentures can be estimated based on the trading price of the debentures, which takes into account the Corporation's own credit risk. At December 31, 2024, the Corporation has estimated the fair value of its debentures to be \$57,000 (December 31, 2023 – \$56,516). The fair values of all other financial assets and liabilities approximate their recorded values due to the short-term maturities of these instruments.

Movements in the contingent consideration liability were as follows:

	December 31, 2024	
Contingent consideration liability – Opening	\$	9,429
Contingent consideration paid –		
QT Valve & Supply Limited (2021)	(113)	
Contingent consideration paid – Beta	(641)	
Contingent consideration paid – Polyphase	(3,039)	
Revaluation of contingent consideration – Polyphase	2,263	
Contingent consideration liability – Ending	\$	7,899
Current portion (in accounts payable and accrued liabilities)	\$	3,280
Non-current portion (in other liabilities)		4,619
Total	\$	7,899

The \$2,263 increase on revaluation of the contingent consideration liability was recorded to selling and administrative expenses.

The Corporation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk (consisting of currency risk, interest rate risk and equity price risk). The following analysis provides a measurement of these risks as at December 31, 2024 and 2023:

Credit risk

The Corporation is exposed to credit risk with respect to its trade and other receivables. This risk is mitigated by the Corporation's large customer base which covers many business sectors across Canada. The Corporation follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Corporation's trade and other receivables consist of trade accounts receivable from customers and other accounts receivable, generally from suppliers for warranty and rebates.

The aging of the trade accounts receivable is as follows:

	December 31	
	2024	2023
Current	\$ 153,700	\$ 130,124
Less than 60 days overdue	107,566	120,711
More than 60 days overdue	16,618	27,559
Total trade accounts receivable	\$ 277,884	\$ 278,394

Contractual obligations are as follows:

	Total	< 1 year	1 – 3 years	3 – 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 417,834	\$ 417,834	\$ —	\$ —	\$ —
Undiscounted lease obligations	303,902	58,933	97,310	57,356	90,303
Long-term debt	283,749	—	283,749	—	—
Debentures	57,000	57,000	—	—	—
Total	\$1,062,485	\$ 533,767	\$ 381,059	\$ 57,356	\$ 90,303

The carrying amounts of accounts receivable represent the maximum credit exposure.

The Corporation maintains an allowance for expected credit losses taking into account past experience of collecting payments as well as observable changes in and forecasts of future economic conditions that correlate with default on receivables. Any such losses to date have been within management's expectations. Movement of the allowance for credit losses is as follows:

For the year ended December 31	2024	2023
Opening balance	\$ 3,639	\$ 1,182
Charge (reversals), net	(183)	3,413
Utilization	(1,185)	(956)
Closing balance	\$ 2,271	\$ 3,639

The Corporation is also exposed to the risk of non-performance by counterparties to foreign exchange forwards, interest rate swaps and total return swaps. These counterparties are large financial institutions that maintain high short-term and long-term credit ratings. To date, no such counterparty has failed to meet its financial obligations to the Corporation. Management does not believe there is a significant risk of non-performance by these counterparties and will continue to monitor the credit risk of these counterparties.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities as they become due. At December 31, 2024, the Corporation had borrowed \$283,749 (2023 – \$268,561) from the bank credit facility that matures on October 1, 2027. The Corporation issued \$3,677 (2023 – \$4,837) of letters of credit for a total utilization of \$287,426 (2023 – \$273,398) of its \$500,000 (2023 – \$400,000) bank credit facility and utilized \$12,522 (2023 – nil) of its \$25,000 (2023 – \$25,000) interest bearing equipment financing facilities.

In December 2019, the Corporation issued \$57,000 in unsecured subordinated debentures with a term of five years due January 15, 2025. These debentures bear a fixed interest rate of 6.00% per annum, payable semi-annually on January 15 and July 15 of each year, commencing July 15, 2020. Subsequent to year end, on January 15, 2025, the Corporation repaid the unsecured subordinated debentures in full. See Note 16 Debentures for details of the repayment.

The Corporation's \$500,000 bank credit facility, of which \$212,574 was unutilized at the end of the year, along with the additional \$25,000 of equipment financing with third-party financing companies, of which \$12,478 was unutilized at the end of the year, is deemed to be sufficient to meet the Corporation's short-term normal course working capital and maintenance capital requirements and certain strategic investments. However, the Corporation may be required to access the equity or debt markets to fund significant acquisitions.

Market risk

Market risk is the risk from changes in market prices, such as changes in foreign exchange rates, interest rates, and the Corporation's share price which will affect the Corporation's earnings as well as the value of the financial instruments held and cash-settled share-based liabilities outstanding. The exposure to these risks is managed through the use of various derivative instruments.

a) Currency risk

Certain of the Corporation's sales to customers and purchases from vendors are exposed to fluctuations in the U.S. dollar ("USD") and the Euro ("EUR"). When considered appropriate, the Corporation purchases foreign exchange forwards for USD and EUR as a means of mitigating this risk. A change in foreign currency relative to the Canadian dollar would not have a material impact on the Corporation's unhedged foreign currency-denominated sales to customers along with the associated receivables, or on the Corporation's unhedged foreign currency-denominated purchases from vendors along with the associated payables. The Corporation will periodically institute price increases to offset the negative impact of foreign exchange rate increases and volatility on imported goods to ensure margins are not eroded. However, a sudden strengthening of the U.S. dollar relative to the Canadian dollar can have a negative impact mainly on parts margins in the short term prior to price increases taking effect.

The Corporation maintains a hedging policy whereby significant transactional currency risks are typically identified and hedged.

b) Interest rate risk

The Corporation's borrowing costs are impacted by changes in interest rates. The Corporation's tolerance to interest rate risk decreases as the Corporation's leverage ratio increases and interest coverage ratio decreases. To manage this risk prudently, guideline percentages of floating interest rate debt decrease as the Corporation's leverage ratio increases. The Corporation has entered into interest rate swap contracts primarily to minimize exposure to interest rate fluctuations on its variable rate debt.

A 1.00 percentage point change in interest rates on the unhedged average amount outstanding under the bank credit facility for 2024 would result in a change to earnings before income taxes of approximately \$1,833 for the year.

c) Equity price risk

The Corporation's total return swaps are exposed to fluctuations in its share price. A \$1.00 per share decrease in the share price would result in a decrease in earnings before income taxes of \$366 relating to the total return swaps. An increase of \$1.00 per share would result in an equal and opposite effect on earnings before income taxes.

Derivative financial instruments and hedges

The Corporation enters into interest rate swaps to hedge the risk associated with interest rate fluctuations on its variable rate debt. Interest rate swaps are initially recognized on the date the derivative contracts are entered into, and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative, net of taxes, is recognized in other comprehensive income while the ineffective portion is recognized within net earnings. Amounts in accumulated other comprehensive income are reclassified to net earnings in the periods when the hedged item affects profit or loss.

During the second quarter of 2023, the Corporation discontinued its application of hedge accounting relating to its interest rate swaps. The derivatives continue to be carried at fair value in the consolidated statements of financial position with changes in fair value recognized in finance costs in the consolidated statements of earnings. Amounts previously accumulated in accumulated other comprehensive income prior to discontinuance will be amortized to finance costs over the remaining term of the underlying forecasted interest payments. During the second quarter of 2024, the maturity on \$100,000 of interest rate swaps was extended from October 2026 to October 2027 to match the maturity date of the bank credit facility.

For the year ended December 31, 2024, the Corporation recognized a loss of \$3,566 (2023 – loss of \$1,237) in the consolidated statements of earnings associated with its interest rate swaps and a loss of \$708 (2023 – loss of \$678), net of tax in other comprehensive income.

The Corporation's interest rate swaps outstanding are summarized as follows:

	Notional Amount	Weighted Average Interest Rate	Maturity
As at December 31, 2024:	\$ 150,000	2.57%	October 2027
As at December 31, 2023:	\$ 150,000	2.32%	October 2026 to October 2027

The Corporation enters into short-term foreign exchange forwards to hedge the exchange risk associated with the cost of certain inbound inventory and certain foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. Foreign exchange forwards are initially recognized on the date the derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative, net of taxes, is recognized in other comprehensive income while the ineffective portion is recognized within net earnings. Amounts in accumulated other comprehensive income are reclassified to net earnings in the periods when the hedged item affects profit or loss. For the year ended December 31, 2024, the Corporation recognized a gain of \$1,983 (2023 – loss of \$1,304) associated with its foreign exchange forwards in the consolidated statements of earnings, and a gain of \$3,462 (2023 – loss of \$3,312), net of tax in other comprehensive income.

The Corporation's contracts to buy and sell foreign currencies are summarized as follows:

December 31, 2024	Notional Amount	Average Exchange Rate	Maturity
Purchase contracts	US\$ 164,165	1.3705	January 2025 to August 2026
	€ 756	1.5001	January 2025 to March 2025
	AUD 7,269	0.9078	January 2025 to December 2025
Sales contracts	US\$ 87,306	1.3507	January 2025 to May 2026
	€ 973	1.4774	January 2025 to November 2025

December 31, 2023	Notional Amount	Average Exchange Rate	Maturity
Purchase contracts	US\$ 195,235	1.3499	January 2024 to November 2025
	€ 7,257	1.4642	January 2024 to October 2024
Sales contracts	US\$ 77,866	1.3451	January 2024 to December 2025
	€ 1,648	1.4777	January 2024 to September 2024

The Corporation has certain total return swaps to hedge the exposure associated with increases in its share price on its outstanding restricted share units ("RSUs"). The Corporation does not apply hedge accounting to these relationships and as such, gain and loss arising from marking these derivatives to market are recognized in earnings in the period in which they arise. As at December 31, 2024, the Corporation's total return swaps cover 366,000 of the Corporation's underlying common shares (December 31, 2023 – 399,000), and expire between March 2025 and March 2027. During the year, the Corporation settled a total return swap contract for 147,000 shares (2023 – 143,000 shares), resulting in a cash receipt of \$1,896 (2023 – cash receipt of \$1,396). For the year ended December 31, 2024, the Corporation recognized a loss of \$3,391 (2023 – gain of \$4,180) associated with its total return swaps.

Derivative financial assets consist of:

	December 31	
	2024	2023
Interest rate swaps	\$ 1,676	\$ 6,203
Foreign exchange forwards	9,795	2,262
Total return swaps	—	2,843
Total derivative financial assets	\$ 11,471	\$ 11,308
Current portion	\$ 9,773	\$ 5,632
Non-current portion	\$ 1,698	\$ 5,676

Derivative financial liabilities consist of:

	December 31	
	2024	2023
Foreign exchange forwards	\$ 6,453	\$ 5,602
Total return swaps	2,445	—
Total derivative financial liabilities	\$ 8,898	\$ 5,602
Current portion	\$ 5,313	\$ 4,081
Non-current portion	\$ 3,585	\$ 1,521

Movements in the net derivative financial assets (liabilities) balance are as follows:

For the year ended December 31	2024	2023
Opening net derivative financial assets	\$ 5,706	\$ 10,876
(Loss) gain recognized in net earnings	(4,974)	1,639
Gain (loss) recognized in other comprehensive income – before tax	3,737	(5,413)
Cash received on settlement of total return swaps	(1,896)	(1,396)
Ending net derivative financial assets	\$ 2,573	\$ 5,706

The balance in accumulated other comprehensive income is comprised of the fair value of the Corporation's various foreign exchange forwards where hedge accounting is applied, and the remaining unamortized fair value of the Corporation's interest rate swaps where hedge accounting was applied, prior to discontinuance of hedge accounting. These accumulated amounts will be continuously released to the consolidated statements of earnings within gross profit and finance costs, respectively.

During the periods presented and cumulatively to date, changes in counterparty credit risk have not significantly contributed to the overall changes in the fair value of these derivative instruments.

19. Share Capital and Earnings Per Share

The Corporation is authorized to issue an unlimited number of no par value common shares and an unlimited number of no par value preferred shares. Each common share entitles the holder of record to one vote at all meetings of shareholders. All issued common shares are fully paid. There were no preferred shares outstanding as at December 31, 2024 (December 31, 2023 – nil). Each common share represents an equal beneficial interest in any distributions of the Corporation and in the net assets of the Corporation in the event of its termination or winding-up.

	Number of Common Shares	Amount
Issued and outstanding, December 31, 2023	21,810,411	\$ 211,337
Common shares issued to settle share-based compensation awards	98,278	1,189
Issued and outstanding, December 31, 2024	21,908,689	\$ 212,526
Shares held in trust, December 31, 2023	(140,865)	\$ (1,333)
Released for settlement of certain share-based compensation awards	57,511	545
Purchased for future settlement of certain share-based compensation awards	(29,419)	(285)
Shares held in trust, December 31, 2024	(112,773)	\$ (1,073)
Issued and outstanding, net of shares held in trust, December 31, 2024	21,795,916	\$ 211,453

	Number of Common Shares	Amount
Issued and outstanding, December 31, 2022	21,602,836	\$ 208,763
Common shares issued to settle share-based compensation awards	207,575	2,574
Issued and outstanding, December 31, 2023	21,810,411	\$ 211,337
Shares held in trust, December 31, 2022	(131,734)	\$ (1,208)
Released for settlement of certain share-based compensation awards	74,149	680
Purchased for future settlement of certain share-based compensation awards	(83,280)	(805)
Shares held in trust, December 31, 2023	(140,865)	\$ (1,333)
Issued and outstanding, net of shares held in trust, December 31, 2023	21,669,546	\$ 210,004

During the year, the Corporation purchased 29,419 (2023 – 83,280) common shares on the open market through Employee Benefit Plan Trusts for the future settlement of certain share-based compensation awards. The cash consideration paid for the purchase was \$980 (2023 – \$2,000), the reduction in share capital was \$285 (2023 – \$805) and the premium charged to retained earnings was \$695 (2023 – \$1,195).

Dividends declared

During the year, the Corporation declared cash dividends of \$1.40 per share or \$30,431 (2023 – dividends of \$1.32 per share or \$28,445). As at December 31, 2024, the Corporation had \$7,629 (December 31, 2023 – \$7,151) dividends outstanding which were paid on January 7, 2025.

Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

For the year ended December 31	2024	2023
Numerator for basic and diluted earnings per share:		
– net earnings	\$ 42,793	\$ 80,990
Denominator for basic earnings per share:		
– weighted average shares, net of shares held in trust	21,719,568	21,509,250
Denominator for diluted earnings per share:		
– weighted average shares, net of shares held in trust	21,719,568	21,509,250
– effect of dilutive share rights	469,060	762,378
Denominator for diluted earnings per share	22,188,628	22,271,628
Basic earnings per share	\$ 1.97	\$ 3.77
Diluted earnings per share	\$ 1.93	\$ 3.64

For the year, the calculation above excludes 38,667 anti-dilutive share rights (2023 – nil).

20. Share-Based Compensation Plans

The Corporation has four share-based compensation plans: the Wajax Share Ownership Plan (the “SOP”), the Directors’ Deferred Share Unit Plan (the “DDSUP”), the Mid-Term Incentive Plan for Senior Executives (the “MTIP”) and the Deferred Share Unit Plan (the “DSUP”). The following table provides the share-based compensation expense for awards under all plans:

For the year ended December 31	2024	2023
Treasury share rights plans		
SOP equity-settled	\$ 84	\$ 90
DDSUP equity-settled	1,026	1,037
Total treasury share rights plans expense	\$ 1,110	\$ 1,127
Market-purchased share rights plans		
MTIP equity-settled	\$ 2,097	\$ 1,677
DSUP equity-settled	90	5
Total market-purchased share rights plans expense	\$ 2,187	\$ 1,682
Cash-settled rights plans		
MTIP cash-settled	\$ 3,561	\$ 6,512
DSUP cash-settled	(25)	127
Total cash-settled rights plans expense	\$ 3,536	\$ 6,639
Total share-based compensation expense	\$ 6,833	\$ 9,448

a) Treasury share rights plans

Under the SOP and the DDSUP, rights are issued to the participants which are settled by issuing Wajax Corporation shares for no cash consideration. Rights under the SOP vest over three years, while rights under the DDSUP vest immediately. Vested rights are settled when the participant is no longer employed by the Corporation or one of its subsidiary entities or no longer sits on its Board. Whenever dividends are paid on the Corporation’s shares, additional rights (dividend equivalents) with a value equal to the dividends are credited to the participants’ accounts.

The following rights under these plans are outstanding:

	Number of Rights	Fair value at Time of Grant
Outstanding at December 31, 2023	399,288	\$ 5,818
Grants – new grants	40,026	1,025
– dividend equivalents	19,725	—
Settlements	(98,278)	(1,189)
Outstanding at December 31, 2024	360,761	\$ 5,654

At December 31, 2024, 347,420 share rights were vested (December 31, 2023 – 386,584 share rights were vested).

The outstanding aggregate number of shares issuable to satisfy entitlements under these plans is as follows:

	Number of Shares
Approved by shareholders	1,650,000
Exercised to date	(736,655)
Rights outstanding	(360,761)
Available for future grants at December 31, 2024	552,584

b) Market-purchased share rights plans

The MTIP plan consists of cash-settled restricted share units (“RSUs”) and equity-settled performance share units (“PSUs”), and the equity-settled DSUP plan consists of deferred share units (“DSUs”).

Market-purchased share rights plans consist of PSUs under the MTIP plan and DSUs, which vest over three years and are settled in common shares of the Corporation on a one-for-one basis. DSUs are only subject to time-vesting, whereas PSUs are also subject to performance vesting. PSUs are comprised of two types:

- **Total shareholder return (“TSR”) PSUs:** TSR PSUs vest dependent upon the attainment of a TSR market condition. Such performance vesting criteria result in a performance vesting factor that ranges from 0% to 200% depending on the Corporation’s TSR relative to a pre-selected group of peers.
- **Return on net assets (“RONA”) PSUs or Return on invested capital (“ROIC”) PSUs:** RONA PSUs are applicable for grants prior to 2022 and vest dependent upon the attainment of a target level of return on net assets. ROIC PSUs are applicable from 2022 onward and vest dependent upon the attainment of a target level of return on invested capital. Such performance vesting criteria results in a performance vesting factor that ranges from 0% to 150% depending on the level of RONA or ROIC attained. During the year, the last remaining RONA PSUs vested and were settled, leaving only ROIC PSUs outstanding as at December 31, 2024.

These plans are settled through shares purchased on the open market by the employee benefit plan trust, subject to the attainment of their vesting conditions. PSUs are settled at the end of the vesting period, and the number of shares remitted to the participant upon settlement is equal to the number of PSUs awarded multiplied by the performance vesting factor less shares withheld to satisfy the participant's withholding tax requirement. DSUs are settled when the participant is no longer employed by the Corporation or one of its subsidiary entities. Whenever dividends are paid on the Corporation's shares, additional rights with a value equal to the dividends are credited to the participants' accounts with the same vesting conditions as the original PSUs and DSUs.

The following rights under these plans are outstanding:

	Number of Rights	Fair value at Time of Grant
Outstanding at December 31, 2023	256,622	\$ 5,809
Grants – new grants	86,745	2,637
– dividend equivalents	15,647	—
Forfeitures	(3,707)	(98)
Settlements	(122,849)	(2,160)
Outstanding at December 31, 2024	232,458	\$ 6,188

At December 31, 2024, 20,902 outstanding rights were vested (December 31, 2023 – 33,796 rights were vested). All vested rights are DSUs.

c) Cash-settled rights plans

Cash-settled rights plans consist of MTIP RSUs and cash-settled DSUs. Compensation expense varies with the price of the Corporation's shares and is recognized over the three year vesting period. RSUs are settled at the end of the vesting period, whereas DSUs are settled when the participant is no longer employed by the Corporation or one of its subsidiary entities. Whenever dividends are paid on the Corporation's shares, additional rights with a value equal to the dividends are credited to the participants' accounts with the same vesting conditions as the original rights. The value of the payout is equal to the number of rights awarded including earned dividend equivalents, multiplied by the volume weighted average share price at the time of vesting. At December 31, 2024, the carrying amount of the liabilities for these plans was \$5,235 (December 31, 2023 – \$8,077).

The following rights under these plans are outstanding:

	Number of Rights
Outstanding at December 31, 2023	479,146
Grants – new grants	109,529
– dividend equivalents	20,716
Forfeitures	(12,038)
Settlements	(194,923)
Outstanding at December 31, 2024	402,430

At December 31, 2024, 4,452 outstanding rights were vested (December 31, 2023 – 11,816 rights were vested).

21. Revenue

a) Disaggregation of revenue

In the following table, revenue is disaggregated by revenue type:

For the year ended December 31	2024	2023
Equipment sales	\$ 618,582	\$ 607,089
Product support	535,034	543,278
Industrial parts	572,001	605,072
Engineered repair services (ERS)	326,456	354,286
Revenue from contracts with customers	\$ 2,052,073	\$ 2,109,725
Equipment rental	45,522	44,953
Total	\$ 2,097,595	\$ 2,154,678

For the year ended December 31, 2024, the Corporation included \$20,437 (2023 – \$17,057) in equipment sales related to short-term rental contracts, the majority of which are expected to convert to equipment sales within a six to twelve month period.

b) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

	2025	2026	2027	Total
Equipment sales	\$ 10,006	\$ 52	\$ —	\$ 10,058
ERS	12,954	920	461	14,335
Total	\$ 22,960	\$ 972	\$ 461	\$ 24,393

The Corporation has applied the practical expedient which permits the Corporation to not disclose information about remaining performance obligations that have original expected durations of one year or less.

22. Employee Costs

Employee costs recorded in cost of sales and selling and administrative expenses for the Corporation during the year amounted to:

	Note	2024	2023
Wages and salaries, including bonuses		\$ 324,271	\$ 326,735
Other benefits		46,813	45,430
Pension costs – defined contribution plans	15	12,092	11,178
Pension costs – defined benefit plans	15	475	466
Share-based compensation expense	20	6,833	9,448
		\$ 390,484	\$ 393,257

23. Restructuring and Other Related Costs

In the fourth quarter of 2024, the Corporation implemented workforce reductions in response to economic conditions. A restructuring cost of \$5,766 was recognized in the fourth quarter relating primarily to severance costs.

See Note 13 for the restructuring provision balance and movement.

24. Finance Costs

Finance costs are comprised of the following:

For the year ended December 31	Note	2024	2023
Interest on long-term debt	17	\$ 21,019	\$ 13,627
Unrealized loss on interest rate swaps	18	3,566	1,237
Interest on debentures	16	4,048	3,999
Interest on lease liabilities	14	10,580	8,871
Interest income on lease receivables		(1,031)	(630)
Finance costs		\$ 38,182	\$ 27,104

25. Income Tax Expense

Income tax expense comprises current and deferred tax as follows:

For the year ended December 31	2024	2023
Current income tax expense	\$ 17,129	\$ 28,107
Deferred income tax (recovery) expense	(1,609)	547
Income tax expense	\$ 15,520	\$ 28,654

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.0% (2023 – 26.0%). Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax assets and liabilities have been measured using an

expected average combined statutory income tax rate of 26.0% based on the tax rates in years when the temporary differences are expected to reverse.

On June 20, 2024, legislation to implement the “Pillar Two” global minimum tax regime in Canada was enacted, effective January 1, 2024. The Corporation is subject to the global minimum tax. The global minimum top-up tax recognized in current income tax expense for the year ended December 31, 2024 is nil.

The Corporation has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The reconciliation of income taxes at Canadian statutory rates to the reported income tax expense is as follows:

For the year ended December 31	2024	2023
Combined statutory income tax rate	26.0%	26.0%
Expected income tax expense at statutory rates	\$ 15,161	\$ 28,507
Non-deductible expenses	1,394	896
Changes in estimates related to prior years	(610)	(559)
Other	(425)	(190)
Income tax expense	\$ 15,520	\$ 28,654

Recognized deferred tax assets and liabilities and the movement of temporary differences during the year are as follows:

	December 31, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in retained earnings	December 31, 2024
Property, plant and equipment	\$ (11,508)	\$ 403	\$ —	\$ —	\$ (11,105)
Finance leases	6,085	23	—	—	6,108
Intangible assets	(13,250)	1,340	—	—	(11,910)
Goodwill	(797)	(144)	—	—	(941)
Accrued liabilities	7,790	(1,676)	—	712	6,826
Provisions	743	(8)	—	—	735
Other Liabilities	63	—	—	—	63
Derivative instruments	(1,644)	1,463	(984)	—	(1,165)
Employee benefits	1,828	(123)	(8)	—	1,697
Deferred financing costs	(227)	226	—	—	(1)
Tax loss carryforwards	589	105	—	—	694
Net deferred tax liabilities	\$ (10,328)	\$ 1,609	\$ (992)	\$ 712	\$ (8,999)

	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Recognized on business acquisitions	December 31, 2023
Property, plant and equipment	\$ (10,447)	\$ (960)	\$ —	\$ (101)	\$ (11,508)
Finance leases	6,265	(180)	—	—	6,085
Intangible assets	(11,582)	1,207	—	(2,875)	(13,250)
Goodwill	(643)	(154)	—	—	(797)
Accrued liabilities	8,436	(646)	—	—	7,790
Provisions	822	(79)	—	—	743
Other Liabilities	—	63	—	—	63
Derivative instruments	(3,197)	(66)	1,619	—	(1,644)
Employee benefits	1,730	(17)	115	—	1,828
Deferred financing costs	(276)	49	—	—	(227)
Tax loss carryforwards	353	236	—	—	589
Net deferred tax liabilities	\$ (8,539)	\$ (547)	\$ 1,734	\$ (2,976)	\$ (10,328)

Deferred tax assets of \$1,035 (2023 – \$1,035) have not been recognized in respect of deductible temporary differences related to land because it is not probable that future taxable profit will be available against which the Corporation can use the benefits therefrom.

26. Changes in Non-Cash Operating Working Capital

The net change in non-cash operating working capital comprises the following:

For the year ended December 31	2024	2023
Trade and other receivables	\$ 7,476	\$ 3,699
Contract assets	13,932	(7,415)
Inventory	(38,047)	(162,481)
Deposits on inventory	(4,768)	(106)
Prepaid expenses	(1,409)	(2,713)
Accounts payable and accrued liabilities	4,408	(29,936)
Provisions	4,445	(451)
Contract liabilities	1,291	2,380
Total	\$ (12,672)	\$ (197,023)

For the year ended December 31, 2024, the change in inventory above excludes transfers of rental equipment to inventory of \$4,098 (2023 – \$3,542).

27. Capital Management

Objective

The Corporation defines its capital as the total of its shareholders' equity, long-term debt, and debentures ("**interest bearing debt**"). The Corporation's objective when managing capital is to have a capital structure and capacity to support the Corporation's operations and strategic objectives set by the Board of Directors.

Management of capital

As part of the Corporation's renewed long-term strategy, its capital structure will continue to be managed such that it maintains a prudent leverage ratio, defined below, in order to provide funds available to invest in strategic growth initiatives, provide liquidity in times of economic uncertainty and to allow for the payment of dividends. In addition, the Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. The Corporation's objective is to manage its working capital and normal-course capital investment programs within a leverage range of 1.5 to 2.0 times and to fund those programs through operating cash flow and its bank credit facilities as required. There may be instances whereby the Corporation is willing to maintain a leverage ratio outside of this range during changes in economic cycles. The Corporation may also maintain a leverage ratio above the stated range as a result of investment in significant acquisitions and may fund those acquisitions using its bank credit facilities and other debt instruments in accordance with the Corporation's expectations of total future cash flows, financing costs and other factors.

The leverage ratio at the end of a particular quarter is defined as debt divided by trailing 12-month pro-forma adjusted EBITDA. Debt includes bank indebtedness, debentures, total long-term debt, and letters of credit, net of cash. Pro-forma adjusted EBITDA used in calculating the leverage ratio under the bank credit agreement is calculated as earnings before any facility closure, restructuring, and other related costs, gains/losses recorded on the sale of properties, non-cash gains/losses on mark to market of derivative instruments, change in fair value of contingent consideration, finance costs, income tax expense and depreciation and amortization, 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 adjusted for payment of lease liabilities pursuant to the terms of the bank credit facility.

Although management currently believes the Corporation has adequate debt capacity, the Corporation may have to access the equity or debt markets, or temporarily reduce dividends to accommodate any shortfalls in the Corporation's credit facilities or significant growth capital requirements.

There were no significant changes in the Corporation's approach to capital management during the year.

Restrictions on capital

The interest bearing debt includes a \$500,000 bank credit facility which expires on October 1, 2027. The bank credit facility contains the following key covenants:

- Borrowing capacity is dependent upon the level of the Corporation's inventory on hand and the outstanding trade accounts receivable ("**borrowing base**").
- The Corporation will be restricted from declaring cash dividends or acquiring businesses in the event the Corporation's leverage ratio, as defined under the bank credit facility, exceeds 4.0 times.
- An interest coverage maintenance ratio.

At December 31, 2024, the Corporation was in compliance with all covenants and there were no restrictions on declaring quarterly cash dividends or acquiring businesses.

Under the terms of the \$500,000 bank credit facility, the Corporation is permitted to have additional interest bearing debt of \$25,000. As a result, the Corporation has up to \$25,000 of demand inventory equipment financing capacity with three third-party financing companies. At December 31, 2024, the Corporation had utilized \$12,522 of its interest bearing equipment financing facilities.

28. Related Party Transactions

Balances and transactions between the Corporation and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Corporation's related party transactions consist of the compensation of the Board of Directors and key management personnel which is set out in the following table:

	2024	2023
Salaries, bonus and other		
short-term employee benefits	\$ 5,333	\$ 5,778
Pension costs – defined contribution plans	315	280
Share-based compensation expense	3,005	3,514
Total compensation	\$ 8,653	\$ 9,572

29. Operating Segments

The Corporation's Chief Executive Officer, who is also the Chief Operating Decision Maker, regularly assesses the performance of, and makes resource allocation decisions based on, the Corporation as a whole. As a result, the Corporation has determined that it comprises a single operating segment and therefore a single reportable segment.

30. Comparative Information

A change in presentation during the year resulted in the reclassification of the unrealized gain or loss on interest rate swaps, from selling and administrative expenses to finance costs within the consolidated statements of earnings. Accordingly, certain comparative information has been reclassified to conform to the current year's presentation.

31. Subsequent Events

On March 4, 2025, the Corporation declared a first quarter 2025 dividend of \$0.35 per share.

Summary of Quarterly Data – Unaudited

(in millions of dollars, except per share data)	2024				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	\$ 482.3	\$ 568.3	\$ 481.0	\$ 565.9	\$ 516.1	\$ 586.2	\$ 509.7	\$ 542.6
Net earnings (loss)	\$ 14.7	\$ 20.6	\$ 6.4	\$ 1.0	\$ 17.5	\$ 29.0	\$ 23.4	\$ 11.1
Earnings (loss) per share – Basic	\$ 0.68	\$ 0.95	\$ 0.29	\$ 0.05	\$ 0.81	\$ 1.35	\$ 1.09	\$ 0.52
Earnings (loss) per share – Diluted	\$ 0.66	\$ 0.93	\$ 0.29	\$ 0.05	\$ 0.79	\$ 1.31	\$ 1.05	\$ 0.50

Eleven Year Summary – Unaudited

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Results											
Revenue	\$ 2,097.6	\$ 2,154.7	\$ 1,962.8	\$ 1,637.3	\$ 1,422.6	\$ 1,553.0	\$ 1,481.6	\$ 1,318.7	\$ 1,221.9	\$ 1,273.3	\$ 1,451.3
Net earnings (loss)	42.8	81.0	72.4	53.2	31.7	39.5	35.9	27.4	11.0	(11.0)	41.2
Finance costs	38.2	25.9	17.3	19.1	21.0	19.7	8.8	15.2	11.2	12.2	13.0
Property, plant and equipment expenditures – net	8.2	8.1	8.3	0.6	2.7	2.5	4.2	1.7	6.5	4.1	5.4
Rental equipment expenditures	25.4	20.9	10.9	10.1	16.5	37.5	43.6	19.3	13.5	23.0	23.1
Depreciation and amortization	62.2	58.6	55.5	55.4	52.4	52.8	27.0	23.2	24.7	24.5	22.5
Per Share											
Net earnings (loss) – Basic	\$ 1.97	\$ 3.77	\$ 3.38	\$ 2.50	\$ 1.58	\$ 1.98	\$ 1.82	\$ 1.40	\$ 0.55	\$ (0.59)	\$ 2.46
Dividends declared	1.40	1.32	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.23	2.40
Equity	23.50	22.90	20.95	18.21	16.26	15.83	14.88	14.08	14.07	14.44	14.82
Financial Position											
Working capital	\$ 532.4	\$ 560.2	\$ 346.0	\$ 313.5	\$ 376.2	\$ 404.1	\$ 334.7	\$ 289.7	\$ 268.8	\$ 302.7	\$ 258.2
Rental equipment	50.0	42.5	39.4	45.8	56.9	77.0	73.7	60.4	58.1	64.1	59.4
Property, plant and equipment	45.7	44.8	44.1	39.6	41.4	42.1	59.0	43.6	45.7	46.2	48.7
Right-of-use assets	158.5	135.8	122.7	134.5	131.7	117.1	—	—	—	—	—
Lease liabilities excluding current portion	168.0	141.0	127.1	137.6	129.2	106.4	—	—	—	—	—
Debentures	—	56.3	55.8	55.2	54.6	54.1	—	—	—	—	—
Long-term debt excluding current portion	283.0	267.8	83.6	98.2	171.6	225.6	218.1	143.7	122.0	151.6	180.9
Shareholders' equity	512.3	496.2	449.8	389.9	325.6	316.8	297.0	274.7	278.9	288.5	248.5
Total assets	1,547.6	1,473.3	1,249.9	1,080.8	981.4	1,045.1	831.2	694.4	667.3	677.5	718.2
Other Information											
Number of employees	3,081	3,287	3,021	2,824	2,461	2,700	2,800	2,418	2,318	2,609	2,725
Shares outstanding (000s)	21,796	21,670	21,471	21,409	20,034	20,012	19,957	19,504	19,826	19,986	16,779
Price range of shares											
High	\$ 34.96	\$ 32.57	\$ 24.57	\$ 29.67	\$ 19.60	\$ 19.95	\$ 28.17	\$ 25.74	\$ 25.76	\$ 30.93	\$ 39.56
Low	20.32	19.16	17.25	16.24	4.90	13.98	15.43	18.49	13.34	14.81	28.75

Directors

Edward M. Barrett

Leslie Abi-karam ^{2,3}

Thomas M. Alford ^{1,2}

A. Jane Craighead ^{1,3}

Ignacy P. Domagalski

David G. Smith ^{1,3}

Elizabeth A. Summers ^{1,3}

Alexander S. Taylor ^{2,3}

Susan Uthayakumar ^{1,2}

¹ Member of the Audit Committee

² Member of the Governance Committee

³ Member of the Human Resources and Compensation Committee

Officers

Ignacy P. Domagalski

President and Chief Executive Officer

Tania S. Casadinho

Chief Financial Officer

Brian Deacon

Senior Vice President, Category Management

André Dubé

Senior Vice President, Sales and Operations

Mark Edgar

Chief People Officer

Andrew W. H. Tam

General Counsel and Corporate Secretary

Shareholder Information

Transfer Agent and Registrar

For information relating to shareholdings, dividends, lost certificates, changes of address or estate transfers, please contact our transfer agent:

Computershare Investor Services Inc.

100 University Avenue, 8th Floor

Toronto, ON M5J 2Y1

Telephone: 1-800-564-6253

Fax: 1-888-453-0330

Web: www.investorcentre.com/service

Auditors

KPMG LLP

Home Office

10 Diesel Drive

Toronto, ON M8W 2T8

Telephone: (905) 212-3300

Fax: (905) 212-3350

Exchange Listing

Toronto Stock Exchange

Symbol

WJX

Wajax Corporation

Share Trading Information

(January 1 – December 31, 2024)

Open	High	Low	Close	Vol. of Shares Traded
\$30.52	\$34.96	\$20.32	\$20.96	9,872,000

Quarterly Earnings Reports

Quarterly earnings for 2025 are anticipated to be announced after market close on May 5, August 7 and November 3, 2025 and March 2, 2026.

2025 Dividend Dates

Quarterly dividends are payable to shareholders of record on or about the 15th day of the last month in each quarter and will generally be paid in the first week of the following month.

Investor Information

Tania Casadinho, Chief Financial Officer

Telephone: (905) 212-3300

Fax: (905) 212-3350

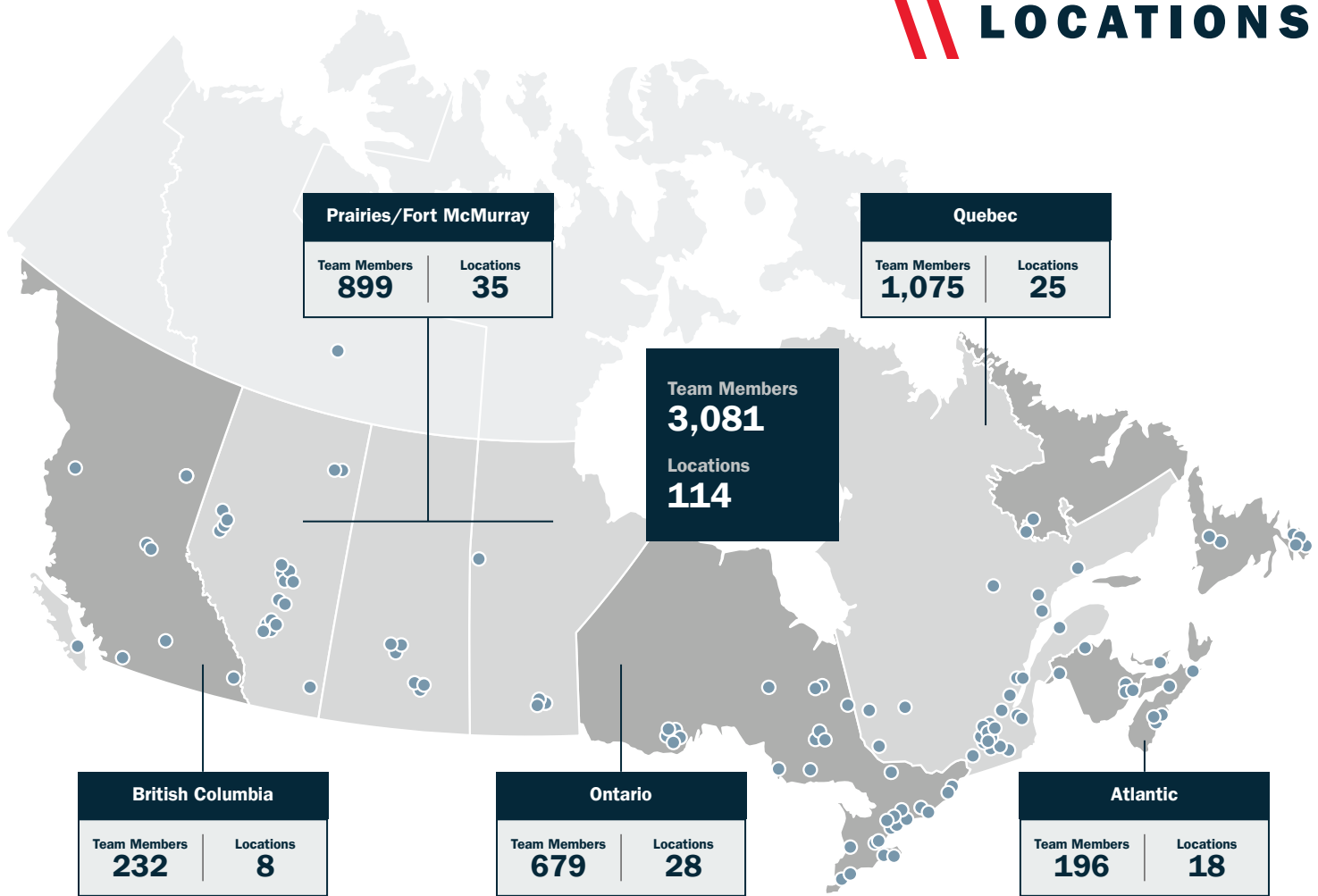
E-mail: ir@wajax.com

To obtain a delayed share quote, read news releases, listen to the latest analysts' conference call, and stay abreast of other Corporation news, visit our website at www.wajax.com.

Annual Meeting

Shareholders are invited to attend the Annual Meeting of Wajax Corporation, to be held at the Sheraton Gateway Hotel located at the Toronto International Airport, Ontario in the Gateway Ballroom Meeting Room, on Tuesday, May 6, 2025, at 11:00 a.m. EDT.

Vous pouvez obtenir la version française de ce rapport en écrivant au secrétaire, Corporation Wajax, 10 Diesel Drive, Toronto, ON M8W 2T8



Western Canada

- Fort St. John, BC (2)
- Kamloops, BC
- Langley, BC
- Nanaimo, BC
- Prince George, BC (2)
- Sparwood, BC
- Calgary, AB (5)
- Clairmont, AB
- Edmonton, AB (6)
- Edmonton (Acheson), AB
- Fort McMurray, AB (3)
- Grande Prairie, AB (3)
- Lethbridge, AB
- Lloydminster, AB
- Medicine Hat, AB
- Nisku, AB
- Red Deer, AB
- Rock View County, AB
- Regina, SK (2)
- Saskatoon, SK (3)
- Flin Flon, MB
- Winnipeg, MB (3)
- Yellowknife, NT

Ontario

- Belleville, ON (2)
- Guelph, ON
- Kapuskasing, ON
- Kirkland Lake, ON
- Kitchener, ON
- London, ON
- Mississauga, ON (2)
- Ottawa, ON
- Pembroke (Laurentian Valley), ON
- Sarnia, ON
- Sault Ste. Marie, ON (2)
- Stoney Creek, ON
- Sudbury, ON
- Sudbury (Lively), ON (2)
- Thunder Bay, ON (5)
- Timmins, ON (2)
- Toronto, ON
- Vaughan, ON
- Windsor, ON

Eastern Canada

- Chambly, QC
- Chicoutimi, QC
- Dorval, QC
- Fermont, QC
- Granby, QC
- Lachine, QC
- L'Ancienne-Lorette, QC
- Lasalle, QC
- Laval, QC
- Montreal, QC (2)
- Noranda, QC
- Pointe-aux-Trembles, QC (2)
- Québec City, QC
- Rimouski, QC
- Sept Iles, QC
- Sherbrooke, QC
- St-Felicien, QC
- St-Germain-de-Grantham, QC
- Temiscaming, QC
- Tracy (Sorel), QC
- Trois-Rivières, QC
- Val d'Or, QC
- Valleyfield, QC

- Bathurst, NB
- Edmundston, NB
- Moncton, NB (2)
- Moncton (Dieppe), NB
- Charlottetown, PEI
- Dartmouth, NS (3)
- Port Hawkesbury, NS
- Stellarton, NS
- Corner Brook, NL
- Mount Pearl, NL (3)
- Pasadena, NL
- St. John's, NL
- Wabush, NL





10 Diesel Drive
Toronto, ON M8W 2T8
Telephone: (905) 212-3300
Fax: (905) 212-3350



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