

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

(\$ thousands)	Note	June 30 2022	December 31 2021	June 30 2021
Assets				
Current assets				
Cash		\$ 778,800	\$ 916,830	\$ 660,771
Accounts receivable		569,803	451,944	531,530
Inventories		916,845	720,421	712,868
Income taxes recoverable		-	-	8,715
Derivative financial instruments	5	12,639	5,252	-
Other current assets		19,684	13,994	13,637
Total current assets		2,297,771	2,108,441	1,927,521
Property, plant and equipment				
Property, plant and equipment	2	460,348	450,825	434,309
Rental equipment	2	563,840	525,521	546,861
Other assets		28,615	23,735	27,972
Deferred tax assets		270	231	494
Goodwill and intangible assets		473,804	475,043	476,448
Total assets		\$ 3,824,648	\$ 3,583,796	\$ 3,413,605
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		\$ 650,601	\$ 573,363	\$ 545,222
Provisions		26,795	25,404	26,724
Deferred revenues and contract liabilities		308,303	199,696	172,516
Derivative financial instruments	5	-	-	633
Income taxes payable		3,186	15,239	99
Total current liabilities		988,885	813,702	745,194
Deferred revenues and contract liabilities				
Deferred revenues and contract liabilities		18,514	27,254	32,200
Long-term lease liabilities				
Long-term lease liabilities		16,900	11,780	14,382
Long-term debt				
Long-term debt	3, 5	646,699	646,337	646,867
Post-employment obligations				
Post-employment obligations	9	24,371	82,712	94,543
Deferred tax liabilities				
Deferred tax liabilities		61,512	48,682	46,779
Total liabilities		1,756,881	1,630,467	1,579,965
Shareholders' equity				
Share capital				
Share capital	4	544,134	539,677	526,025
Contributed surplus				
Contributed surplus		18,112	16,352	15,562
Retained earnings				
Retained earnings		1,496,408	1,392,551	1,290,128
Accumulated other comprehensive income				
Accumulated other comprehensive income		9,113	4,749	1,925
Total shareholders' equity		2,067,767	1,953,329	1,833,640
Total liabilities and shareholders' equity		\$ 3,824,648	\$ 3,583,796	\$ 3,413,605

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONSOLIDATED INCOME STATEMENTS
(Unaudited)

(\$ thousands, except share amounts)	Note	Three months ended June 30		Six months ended June 30	
		2022	2021	2022	2021
Revenues	11	\$ 1,080,897	\$ 1,127,066	\$ 1,941,040	\$ 1,933,304
Cost of goods sold		793,886	872,360	1,440,522	1,491,220
Gross profit		287,011	254,706	500,518	442,084
Selling and administrative expenses		130,528	132,198	257,912	249,360
Operating income		156,483	122,508	242,606	192,724
Interest expense	6	6,857	7,002	13,543	14,179
Interest and investment income	6	(3,888)	(2,260)	(6,505)	(4,264)
Income before income taxes		153,514	117,766	235,568	182,809
Income taxes		41,833	32,366	64,355	49,453
Net earnings		\$ 111,681	\$ 85,400	\$ 171,213	\$ 133,356
Earnings per share					
Basic	7	\$ 1.35	\$ 1.03	\$ 2.08	\$ 1.62
Diluted	7	\$ 1.34	\$ 1.02	\$ 2.06	\$ 1.60
Weighted average number of shares outstanding					
Basic	7	82,433,458	82,586,778	82,449,900	82,542,927
Diluted	7	83,194,100	83,462,230	83,214,434	83,332,327

See accompanying notes

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

(\$ thousands)	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Net earnings	\$ 111,681	\$ 85,400	\$ 171,213	\$ 133,356
Other comprehensive income (loss), net of income taxes:				
<i>Items that may be reclassified subsequently to net earnings:</i>				
Foreign currency translation adjustments	465	(168)	255	(312)
Unrealized gains (losses) on derivatives designated as cash flow hedges	25,499	(5,182)	12,218	(9,289)
Income tax (expense) recovery	(6,629)	1,350	(3,176)	2,417
Unrealized gains (losses) on cash flow hedges, net of income taxes	18,870	(3,832)	9,042	(6,872)
Realized (gains) losses on derivatives designated as cash flow hedges	(5,117)	9,987	(6,666)	14,233
Income tax expense (recovery)	1,330	(2,599)	1,733	(3,703)
Realized (gains) losses on cash flow hedges, net of income taxes	(3,787)	7,388	(4,933)	10,530
<i>Items that will not be reclassified subsequently to net earnings:</i>				
Actuarial and other gains	27,246	10,617	59,499	57,210
Income tax expense	(7,218)	(2,814)	(15,766)	(15,161)
Actuarial and other gains, net of income taxes	20,028	7,803	43,733	42,049
Other comprehensive income	35,576	11,191	48,097	45,395
Total comprehensive income	\$ 147,257	\$ 96,591	\$ 219,310	\$ 178,751

See accompanying notes

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

(\$ thousands)	Note	Three months ended June 30		Six months ended June 30	
		2022	2021	2022	2021
Operating activities					
Net earnings		\$ 111,681	\$ 85,400	\$ 171,213	\$ 133,356
Items not requiring cash:					
Depreciation and amortization		39,649	39,620	78,883	78,691
Stock-based compensation		1,522	1,410	3,043	2,876
Post-employment obligations		715	357	1,158	2,302
Deferred income taxes		(1,060)	1,506	(4,420)	5,117
Gain on sale of rental equipment and property, plant and equipment		(4,167)	(4,923)	(10,516)	(12,628)
		148,340	123,370	239,361	209,714
Net change in non-cash working capital and other	10	(19,699)	15,022	(170,606)	(14,375)
Additions to rental equipment	2	(64,716)	(54,701)	(100,784)	(78,341)
Proceeds on disposal of rental equipment		8,529	14,529	22,236	32,105
Cash provided by (used in) operating activities		72,454	98,220	(9,793)	149,103
Investing activities					
Additions to property, plant and equipment	2	(20,875)	(28,297)	(32,082)	(32,902)
Proceeds on disposal of property, plant and equipment		644	143	874	1,936
Increase in other assets		(40)	(44)	(85)	(88)
Cash used in investing activities		(20,271)	(28,198)	(31,293)	(31,054)
Financing activities					
Dividends paid	4	(32,164)	(25,587)	(61,015)	(51,147)
Cash received on exercise of stock options		2,856	4,939	6,374	7,877
Shares purchased for cancellation	4	(37,688)	-	(37,688)	-
Payment of lease liabilities		(2,333)	(2,506)	(4,731)	(5,059)
Cash used in financing activities		(69,329)	(23,154)	(97,060)	(48,329)
Effect of currency translation on cash balances		215	(39)	116	(77)
(Decrease) increase in cash during the period		(16,931)	46,829	(138,030)	69,643
Cash, at beginning of the period		795,731	613,942	916,830	591,128
Cash, at end of the period		\$ 778,800	\$ 660,771	\$ 778,800	\$ 660,771

Supplemental cash flow information (note 10)

See accompanying notes

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

	Share capital		Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)			Total shareholders' equity
	Number	Amount			Foreign currency translation adjustments	Cash flow hedges	Total	
(\$ thousands, except share numbers)								
At January 1, 2022	82,443,968	\$ 539,677	\$ 16,352	\$ 1,392,551	\$ 1,868	\$ 2,881	\$ 4,749	\$ 1,953,329
Net earnings	-	-	-	171,213	-	-	-	171,213
Other comprehensive income	-	-	-	43,733	255	4,109	4,364	48,097
Total comprehensive income	-	-	-	214,946	255	4,109	4,364	219,310
Exercise of stock options	123,055	7,657	(1,283)	-	-	-	-	6,374
Stock-based compensation expense	-	-	3,043	-	-	-	-	3,043
Effect of stock compensation plans	123,055	7,657	1,760	-	-	-	-	9,417
Shares purchased for cancellation	(362,000)	(2,386)	-	(35,302)	-	-	-	(37,688)
Share repurchase commitment under NCIB	-	(814)	-	(11,498)	-	-	-	(12,312)
Dividends declared	-	-	-	(64,289)	-	-	-	(64,289)
At June 30, 2022	82,205,023	\$ 544,134	\$ 18,112	\$ 1,496,408	\$ 2,123	\$ 6,990	\$ 9,113	\$ 2,067,767
At January 1, 2021	82,474,658	\$ 516,591	\$ 14,243	\$ 1,169,239	\$ 1,880	\$ (3,301)	\$ (1,421)	\$ 1,698,652
Net earnings	-	-	-	133,356	-	-	-	133,356
Other comprehensive income	-	-	-	42,049	(312)	3,658	3,346	45,395
Total comprehensive income	-	-	-	175,405	(312)	3,658	3,346	178,751
Exercise of stock options	180,405	9,434	(1,557)	-	-	-	-	7,877
Stock-based compensation expense	-	-	2,876	-	-	-	-	2,876
Effect of stock compensation plans	180,405	9,434	1,319	-	-	-	-	10,753
Dividends declared	-	-	-	(54,516)	-	-	-	(54,516)
At June 30, 2021	82,655,063	\$ 526,025	\$ 15,562	\$ 1,290,128	\$ 1,568	\$ 357	\$ 1,925	\$ 1,833,640

See accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the three and six months ended June 30, 2022
(Unaudited)

(\$ thousands, except where otherwise indicated)

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

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

The Company operates through two business segments: the Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory, spanning the Canadian provinces of Newfoundland and Labrador, Nova Scotia, New Brunswick, Prince Edward Island, Québec, Ontario and Manitoba, in addition to most of the territory of Nunavut. The Equipment Group includes industry-leading rental operations, a complementary material handling business and an agricultural equipment business. CIMCO is a market leader in the design, engineering, fabrication and installation of industrial and recreational refrigeration systems. Both segments offer comprehensive product support capabilities.

Basis of Preparation

a) Statement of Compliance

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*. Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2021.

These interim condensed consolidated financial statements were authorized for issue by the Board of the Directors on July 26, 2022.

b) Basis of Presentation

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

c) Accounting Policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s audited annual consolidated financial statements for the year ended December 31, 2021.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

d) Use of Estimates and Judgements

The preparation of financial statements in accordance with International Financial Reporting Standards (“IFRS”) requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Significant estimates and judgements used in the preparation of these interim condensed consolidated financial statements are described in the Company’s audited annual consolidated financial statements for the year ended December 31, 2021. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

For the three and six months ended June 30, 2022, the Company assessed the impact of the uncertainties around the COVID-19 pandemic on its interim consolidated balance sheet carrying amounts. The Company will continue to monitor the impact of the development of the COVID-19 pandemic in future reporting periods.

2. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

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

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Additions				
Rental equipment	\$ 64,716	\$ 54,701	\$ 100,784	\$ 78,341
Property, plant and equipment	20,875	28,297	32,082	32,902
Total additions	\$ 85,591	\$ 82,998	\$ 132,866	\$ 111,243
Disposals – Net book value ("NBV")				
Rental equipment	\$ 4,757	\$ 9,735	\$ 12,319	\$ 20,850
Property, plant and equipment	251	14	276	563
Total disposals – NBV	\$ 5,008	\$ 9,749	\$ 12,595	\$ 21,413
Depreciation				
Cost of goods sold	\$ 32,068	\$ 31,550	\$ 63,533	\$ 62,614
Selling and administrative expenses	4,445	4,415	8,960	8,639
Total depreciation	\$ 36,513	\$ 35,965	\$ 72,493	\$ 71,253

3. LONG-TERM DEBT

	June 30 2022	December 31 2021	June 30 2021
Senior debentures:			
3.71%, \$150.0 million, due September 30, 2025 ⁽¹⁾	\$ 150,000	\$ 150,000	\$ 150,000
3.84%, \$500.0 million, due October 27, 2027 ⁽¹⁾	500,000	500,000	500,000
	650,000	650,000	650,000
Debt issuance costs, net of amortization	(3,301)	(3,663)	(3,133)
Total long-term debt	\$ 646,699	\$ 646,337	\$ 646,867

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

The Company maintains a \$500.0 million committed revolving credit facility that matures in November 2026. Debt under this facility is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. Interest is based on a floating rate, primarily bankers' acceptances and prime, plus applicable margins and fees based on the terms of the credit facility.

No amounts were drawn on the revolving credit facilities as at: June 30, 2022, December 31 and June 30, 2021.

Standby letters of credit issued utilized \$34.3 million of the facility as at June 30, 2022 (December 31, 2021 – \$28.8 million and June 30, 2021 – \$30.0 million).

4. SHARE CAPITAL

Normal Course Issuer Bid (“NCIB”)

The Company purchased and cancelled 362,000 common shares for \$37.7 million (average cost of \$104.11 per share, including transaction costs) under the NCIB program during the six months ended June 30, 2022.

The Company maintains an Automatic Share Purchase Plan (“ASPP”) with a broker that allows the purchase of common shares for cancellation under the NCIB during predetermined trading blackout periods. As at June 30, 2022, an obligation for the repurchase of shares of \$12.3 million was recognized under the ASPP.

No shares were purchased and cancelled, nor were any obligations raised, under the respective bids or ASPP's in place at the time, during the comparative period in 2021.

Dividends Declared

	2022				2021			
	Declared		Paid to		Declared		Paid to	
	Effective	Per Share	Shareholders	Total	Effective	Per Share	Shareholders	Total
Quarter 1 dividend	March 9, 2022	\$0.39	April 4, 2022	\$ 32.2	March 9, 2021	\$0.31	April 1, 2021	\$ 25.6
Quarter 2 dividend	June 9, 2022	\$0.39	July 5, 2022	\$ 32.1	June 9, 2021	\$0.35	July 5, 2021	\$ 28.9
				\$ 64.3		\$0.66		\$54.50

On July 26, 2022, the Board of Directors declared a quarterly dividend of \$0.39 per common share, payable on October 4, 2022, to shareholders of record on September 8, 2022.

5. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Classification and Measurement

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

	June 30 2022	December 31 2021	June 30 2021
Other financial liabilities:			
Long-term debt	\$ 646,699	\$ 646,337	\$ 646,867
Derivative financial instruments (liabilities) assets, net:			
Foreign exchange forward contracts	\$ 12,639	\$ 5,252	\$ (633)

Fair Value of Financial Instruments

The fair value of derivative financial instruments is measured using the discounted value of the difference between the contract's value at maturity based on the contracted foreign exchange rate and the contract's value at maturity based on the comparable foreign exchange rate as at period-end under the same conditions. The financial institution's credit risk is also taken into consideration in determining fair value. The valuation is determined using Level 2 inputs, which are observable inputs or inputs that can be corroborated by observable market data for substantially the full term of the asset or liability, most significantly foreign exchange spot and forward rates.

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

	June 30 2022	December 31 2021	June 30 2021
Long-term debt			
Fair value	\$ 628,469	\$ 695,285	\$ 705,971
Carrying value	\$ 650,000	\$ 650,000	\$ 650,000

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

During the six months ended June 30, 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Derivative Financial Instruments and Hedge Accounting

Foreign exchange contracts and options are transacted with financial institutions to hedge foreign currency-denominated obligations related to purchases of inventory and sales of products. As at June 30, 2022, the Company was committed to: (i) US dollar purchase contracts with a notional amount of \$739.8 million at an average exchange rate of \$1.2709, maturing between July 2022 and April 2024; and (ii) EUR purchase contracts with a notional amount of \$1.1 million at an average exchange rate of \$1.4632, maturing between July 2022 and August 2022.

Management estimates that a gain of \$12.6 million (December 31, 2021 – gain of \$5.3 million; June 30, 2021 – loss of \$0.4 million) would be realized if the contracts were terminated on June 30, 2022.

Certain of these forward contracts are designated as cash flow hedges, and accordingly, an unrealized gain of \$9.4 million (December 31, 2021 – \$3.9 million; June 30, 2021 – \$0.5 million) has been included in other comprehensive income. These gains are not expected to affect net income as the amounts will be reclassified to net income within the next 11 months and will offset losses recorded on the underlying hedged items, namely foreign-denominated accounts payable and accrued liabilities. Certain of those forward contracts are not designated as cash flow hedges, but are entered into for periods consistent with foreign currency exposure of the underlying transactions. A gain of \$3.2 million (December 31, 2021 – gain of \$1.4 million; June 30, 2021 – loss of \$0.9 million) on forward contracts not designated as hedges is included in net income, which offsets gains recorded on the foreign-denominated items, namely accounts payable and accrued liabilities.

6. INTEREST AND INVESTMENT INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Credit facilities	\$ 388	\$ 544	\$ 721	\$ 1,292
Senior debentures	6,313	6,289	12,505	12,532
Interest on lease liabilities	156	169	317	355
	\$ 6,857	\$ 7,002	\$ 13,543	\$ 14,179

The components of interest and investment income were as follows:

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Interest on conversion of rental equipment	\$ 1,163	\$ 536	\$ 1,922	\$ 1,306
Other	2,725	1,724	4,583	2,958
	\$ 3,888	\$ 2,260	\$ 6,505	\$ 4,264

7. EARNINGS PER SHARE

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Net earnings available to common shareholders	\$ 111,681	\$ 85,400	\$ 171,213	\$ 133,356
Weighted average common shares outstanding	82,433,458	82,586,778	82,449,900	82,542,927
Dilutive effect of stock option conversions	760,642	875,452	764,534	789,400
Diluted weighted average common shares outstanding	83,194,100	83,462,230	83,214,434	83,332,327
Earnings per share:				
Basic	\$ 1.35	\$ 1.03	\$ 2.08	\$ 1.62
Diluted	\$ 1.34	\$ 1.02	\$ 2.06	\$ 1.60

For the three and six months period ended June 30, 2022, there were no anti-dilutive options.

For the three and six months period ended June 30, 2021, 367,957 outstanding share options with an average exercise price of \$104.91 were considered anti-dilutive and were excluded from the calculation.

8. STOCK-BASED COMPENSATION

Share Option Plan

A reconciliation of the outstanding options was as follows:

	Six months ended June 30, 2022		Six months ended June 30, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, January 1	2,167,025	\$ 68.44	2,328,038	\$ 58.67
Granted	-	-	367,957	104.91
Exercised ⁽¹⁾	(123,055)	51.79	(180,405)	43.66
Forfeited	(13,342)	83.98	(86,400)	57.55
Options outstanding, June 30	2,030,628	\$ 69.34	2,429,190	\$ 66.83
Options exercisable, June 30	787,660	\$ 57.75	666,370	\$ 47.35

⁽¹⁾ The weighted average share price at date of exercise for the six months ended June 30, 2022 was \$111.41 (2021 – \$100.88).

The following table summarizes stock options outstanding and exercisable as at June 30, 2022:

Range of exercise prices	Options outstanding			Options exercisable	
	Number	Weighted average remaining life (years)	Weighted average exercise price	Number	Weighted average exercise price
\$23.40 – \$26.52	69,740	2.0	\$ 26.16	69,740	\$ 26.16
\$36.65 – \$39.79	210,200	3.6	\$ 38.35	210,200	\$ 38.35
\$53.88 – \$66.22	889,345	6.4	\$ 63.53	355,235	\$ 62.33
\$66.23 – \$72.95	498,772	8.1	\$ 72.95	79,457	\$ 72.95
\$104.91	362,571	8.9	\$ 104.91	72,481	\$ -
	2,030,628	6.8	\$ 69.34	787,113	\$ 57.71

Deferred Share Unit (“DSU”) Plan

A reconciliation of the DSU plan was as follows:

	Six months ended June 30, 2022		Six months ended June 30, 2021	
	Number of DSUs	Value	Number of DSUs	Value
Outstanding, January 1	202,969	\$ 23,074	394,154	\$ 35,555
Units taken or taken in lieu and dividends	18,703	2,071	18,191	1,721
Redemptions	-	-	(157,421)	(15,346)
Fair market value adjustment	-	(2,501)	-	5,261
Outstanding, June 30	221,672	\$ 22,644	254,924	\$ 27,191

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

Long-term Incentive Plan (“LTIP”)

On April 28, 2022, shareholders approved the adoption of certain changes to the Company’s long-term incentive plan. There was no change to the Company’s existing stock option and cash-settled DSU plans, both of which remain in place. Under the LTIP, the Company introduced performance share units (“PSU”), restricted share units (“RSU”), executive deferred share units (“EDSU”) and equity-settled DSUs. The Company has the ability to grant options and awards under all of these respective plans. However, the intention is that going forward, total incentive award grants will be based on historical stock option grant levels at approximately a 50/50 split between stock options and grants under the LTIP.

Details of each grant will be determined at the date of grant, including performance requirements, vesting and settlement method. PSUs and RSUs will settle upon vesting, while EDSUs and DSUs will settle upon cessation of service to the Company. PSU vesting will be based upon the achievement of performance objectives established at the time of grant by the Board of Directors. The maximum number of common shares reserved for issuance, in aggregate, under the LTIP, will be 750,000, representing 0.9% of the issued and outstanding shares at February 26, 2022.

No grants have been awarded under the LTIP as at June 30, 2022.

9. EMPLOYEE FUTURE BENEFITS

Employee future benefits expense includes the following components:

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Defined benefit plans	\$ 3,565	\$ 4,586	\$ 6,994	\$ 9,497
Defined contribution plans	4,577	4,223	8,843	8,072
401(k) matched savings plans	77	62	153	130
	\$ 8,219	\$ 8,871	\$ 15,990	\$ 17,699

10. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Net change in non-cash working capital and other				
Accounts receivable	\$ (89,248)	\$ (48,686)	\$ (117,859)	\$ 10,050
Inventories	(79,817)	47,219	(196,424)	15,536
Accounts payable and accrued liabilities	72,532	3,815	61,732	(41,923)
Provisions	1,790	1,690	1,391	79
Deferred revenues and contract liabilities	66,532	5,179	99,867	39,224
Income taxes	10,758	4,167	(12,053)	(31,897)
Derivative financial instruments	(5,053)	(600)	(1,835)	(5,466)
Other	2,807	2,238	(5,425)	22
	\$ (19,699)	\$ 15,022	\$ (170,606)	\$ (14,375)
Cash paid during the period for:				
Interest	\$ 9,605	\$ 9,605	\$ 12,388	\$ 12,388
Income taxes	\$ 32,141	\$ 26,707	\$ 80,835	\$ 77,721
Cash received during the period for:				
Interest	\$ 3,862	\$ 2,213	\$ 6,403	\$ 4,142
Income taxes	\$ -	\$ -	\$ -	\$ 1,461

11. SEGMENTED INFORMATION

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

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

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

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

No reportable segment is reliant on any single external customer.

The following table sets forth information by segment for the three and six months ended June 30, 2022 and 2021:

Three months ended June 30	Equipment Group		CIMCO		Consolidated	
	2022	2021	2022	2021	2022	2021
Equipment/package sales	\$ 467,274	\$ 559,524	\$ 45,576	\$ 73,712	\$ 512,850	\$ 633,236
Rentals	108,860	91,463	-	-	108,860	91,463
Product support	414,445	362,859	42,107	36,809	456,552	399,668
Power generation	2,635	2,699	-	-	2,635	2,699
Total revenues	\$ 993,214	\$ 1,016,545	\$ 87,683	\$ 110,521	\$ 1,080,897	\$ 1,127,066
Operating income	\$ 151,412	\$ 116,447	\$ 5,071	\$ 6,061	\$ 156,483	\$ 122,508
Interest expense					6,857	7,002
Interest and investment income					(3,888)	(2,260)
Income taxes					41,833	32,366
Net earnings					\$ 111,681	\$ 85,400

Six months ended June 30	Equipment Group		CIMCO		Consolidated	
	2022	2021	2022	2021	2022	2021
Equipment/package sales	\$ 804,381	\$ 882,619	\$ 76,119	\$ 120,101	\$ 880,500	\$ 1,002,720
Rentals	202,081	163,761	-	-	202,081	163,761
Product support	768,079	692,083	85,080	69,275	853,159	761,358
Power generation	5,300	5,465	-	-	5,300	5,465
Total revenues	\$ 1,779,841	\$ 1,743,928	\$ 161,199	\$ 189,376	\$ 1,941,040	\$ 1,933,304
Operating income	\$ 236,378	\$ 186,260	\$ 6,228	\$ 6,464	\$ 242,606	\$ 192,724
Interest expense					13,543	14,179
Interest and investment income					(6,505)	(4,264)
Income taxes					64,355	49,453
Net earnings					\$ 171,213	\$ 133,356

Operating income from rental operations was \$22.5 million for the three months ended June 30, 2022 (2021 – \$12.5 million) and \$32.5 million for the six months ended June 30, 2022 (2021 – \$14.5 million).

12. BUSINESS SEASONALITY

Interim period revenues and earnings historically reflect seasonality. As such, the operating results for any interim period are not necessarily indicative of full-year performance.

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

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

In 2021, this pattern was interrupted, as demand was stronger through the first nine months of the year. The governmental and market response and reaction to the COVID-19 pandemic in 2020 dampened and delayed purchasing to 2021. In addition, in 2021, orders were accelerated in light of global supply chain disruptions.

The overall economic environment, reflecting the COVID-19 pandemic and other global economic factors, have affected and may continue to impact these trends. There can be no certainty that this historical seasonality pattern will recur in the current year or future years.