

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

(\$ thousands)	Note	March 31 2023	December 31 2022	March 31 2022
<b>Assets</b>				
Current assets				
Cash and cash equivalents		\$ 675,440	\$ 927,780	\$ 795,731
Accounts receivable		549,060	579,682	480,555
Inventories		1,142,751	1,025,759	837,028
Income taxes recoverable		8,702	—	7,808
Derivative financial instruments	6	8,660	18,530	—
Other current assets		17,901	17,444	22,348
<b>Total current assets</b>		<b>2,402,514</b>	2,569,195	2,143,470
Property, plant and equipment	3	482,698	470,624	450,710
Rental equipment	3	653,525	616,289	529,287
Other assets		56,464	52,527	28,412
Deferred tax assets		899	925	177
Goodwill and intangible assets		471,946	472,565	474,423
<b>Total assets</b>		<b>\$ 4,068,046</b>	\$ 4,182,125	\$ 3,626,479
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities		\$ 579,970	\$ 691,084	\$ 566,242
Provisions		27,471	27,653	25,005
Deferred revenue and contract liabilities		269,757	309,349	235,634
Derivative financial instruments	6	12	—	12,796
Income taxes payable		1,838	28,653	236
<b>Total current liabilities</b>		<b>879,048</b>	1,056,739	839,913
Deferred revenue and contract liabilities		20,258	23,276	24,651
Long-term lease liabilities		18,612	16,160	16,277
Long-term debt	4, 6	647,241	647,060	646,518
Post-employment obligations	10	31,067	30,592	50,902
Deferred tax liabilities		82,663	82,939	49,960
<b>Total liabilities</b>		<b>1,678,889</b>	1,856,766	1,628,221
<b>Shareholders' equity</b>				
Share capital	5	564,021	561,078	543,904
Contributed surplus		22,230	19,262	17,164
Retained earnings		1,792,377	1,731,661	1,443,624
Accumulated other comprehensive income (loss)		10,529	13,358	(6,434)
<b>Total shareholders' equity</b>		<b>2,389,157</b>	2,325,359	1,998,258
<b>Total liabilities and shareholders' equity</b>		<b>\$ 4,068,046</b>	\$ 4,182,125	\$ 3,626,479

See accompanying notes

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

(\$ thousands, except share amounts)	Note	Three months ended March 31	
		2023	2022
<b>Revenue</b>	12	\$ 1,061,265	\$ 860,143
Cost of goods sold		796,249	646,636
Gross profit		265,016	213,507
Selling and administrative expenses		137,503	127,384
<b>Operating income</b>		<b>127,513</b>	86,123
Interest expense	7	6,906	6,686
Interest and investment income	7	(10,493)	(2,617)
Income before income taxes		131,100	82,054
Income taxes		35,096	22,522
<b>Net earnings</b>		<b>\$ 96,004</b>	\$ 59,532
<b>Earnings per share</b>			
Basic	8	\$ 1.17	\$ 0.72
Diluted	8	\$ 1.16	\$ 0.72
<b>Weighted average number of shares outstanding</b>			
Basic	8	82,333,111	82,466,525
Diluted	8	83,008,699	83,257,204

See accompanying notes

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

(\$ thousands)	Three months ended March 31	
	2023	2022
<b>Net earnings</b>	<b>\$ 96,004</b>	<b>\$ 59,532</b>
<b>Other comprehensive (loss) income, net of income taxes:</b>		
<i>Items that may be reclassified subsequently to net earnings:</i>		
Foreign currency translation adjustments	(24)	(209)
Unrealized gains (losses) on derivatives designated as cash flow hedges	2,899	(13,281)
Income tax (expense) recovery	(754)	3,453
Unrealized gains (losses) on cash flow hedges, net of income taxes	2,145	(9,828)
Realized gains on derivatives designated as cash flow hedges	(6,689)	(1,549)
Income tax expense	1,739	403
Realized gains on cash flow hedges, net of income taxes	(4,950)	(1,146)
<i>Items that will not be reclassified subsequently to net earnings:</i>		
Remeasurement gain on defined benefit plans	171	32,253
Income tax expense	(46)	(8,548)
Remeasurement gain on defined benefit plans, net of income taxes	125	23,705
<b>Other comprehensive (loss) income</b>	<b>(2,704)</b>	<b>12,522</b>
<b>Total comprehensive income</b>	<b>\$ 93,300</b>	<b>\$ 72,054</b>

See accompanying notes

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

(\$ thousands, except share amounts)	Share capital			Accumulated other comprehensive income (loss)				Total shareholders' equity
	Number	Amount	Contributed surplus	Retained earnings	Foreign currency translation adjustments	Cash flow hedges	Total	
<b>At January 1, 2023</b>	<b>82,318,159</b>	<b>\$ 561,078</b>	<b>\$ 19,262</b>	<b>\$ 1,731,661</b>	<b>\$ 2,992</b>	<b>\$ 10,366</b>	<b>\$ 13,358</b>	<b>\$ 2,325,359</b>
Net earnings	—	—	—	96,004	—	—	—	96,004
Comprehensive loss	—	—	—	125	(24)	(2,805)	(2,829)	(2,704)
Total comprehensive earnings	—	—	—	96,129	(24)	(2,805)	(2,829)	93,300
Exercise of share options	42,072	2,943	(476)	—	—	—	—	2,467
Share-based compensation plans	—	—	3,444	—	—	—	—	3,444
Effect of share compensation plans	42,072	2,943	2,968	—	—	—	—	5,911
Dividends declared	—	—	—	(35,413)	—	—	—	(35,413)
<b>At March 31, 2023</b>	<b>82,360,231</b>	<b>\$ 564,021</b>	<b>\$ 22,230</b>	<b>\$ 1,792,377</b>	<b>\$ 2,968</b>	<b>\$ 7,561</b>	<b>\$ 10,529</b>	<b>\$ 2,389,157</b>
<b>At January 1, 2022</b>	<b>82,443,968</b>	<b>\$ 539,677</b>	<b>\$ 16,352</b>	<b>\$ 1,392,551</b>	<b>\$ 1,868</b>	<b>\$ 2,881</b>	<b>\$ 4,749</b>	<b>\$ 1,953,329</b>
Net earnings	—	—	—	59,532	—	—	—	59,532
Other comprehensive income	—	—	—	23,705	(209)	(10,974)	(11,183)	12,522
Total comprehensive income	—	—	—	83,237	(209)	(10,974)	(11,183)	72,054
Exercise of share options	78,255	4,227	(709)	—	—	—	—	3,518
Share-based compensation plans	—	—	1,521	—	—	—	—	1,521
Effect of share compensation plans	78,255	4,227	812	—	—	—	—	5,039
Dividends declared	—	—	—	(32,164)	—	—	—	(32,164)
<b>At March 31, 2022</b>	<b>82,522,223</b>	<b>\$ 543,904</b>	<b>\$ 17,164</b>	<b>\$ 1,443,624</b>	<b>\$ 1,659</b>	<b>\$ (8,093)</b>	<b>\$ (6,434)</b>	<b>\$ 1,998,258</b>

See accompanying notes

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

(\$ thousands)	Note	Three months ended March 31	
		2023	2022
<b>Operating activities</b>			
Net earnings		\$ 96,004	\$ 59,532
Items not requiring cash:			
Depreciation and amortization		42,196	39,234
Share-based compensation		2,288	1,521
Post-employment obligations		(880)	443
Deferred income taxes		690	(3,360)
Gain on sale of rental equipment and property, plant and equipment		(11,843)	(6,349)
		<b>128,455</b>	91,021
Net change in non-cash working capital and other	11	(272,345)	(150,907)
Additions to rental equipment	3	(73,858)	(36,068)
Proceeds on disposal of rental equipment		16,597	13,707
<b>Cash used in operating activities</b>		<b>(201,151)</b>	<b>(82,247)</b>
<b>Investing activities</b>			
Additions to property, plant and equipment	3	(27,220)	(11,207)
Proceeds on disposal of property, plant and equipment		7,772	230
Increase in other assets		(41)	(45)
<b>Cash used in investing activities</b>		<b>(19,489)</b>	<b>(11,022)</b>
<b>Financing activities</b>			
Dividends paid	5	(32,104)	(28,851)
Cash received on exercise of share options		2,467	3,518
Payment of lease liabilities		(2,057)	(2,398)
<b>Cash used in financing activities</b>		<b>(31,694)</b>	<b>(27,731)</b>
Effect of currency translation on cash balances		(6)	(99)
Decrease in cash and cash equivalents during the period		(252,340)	(121,099)
Cash and cash equivalents, at beginning of the period		927,780	916,830
<b>Cash and cash equivalents, at end of the period</b>		<b>\$ 675,440</b>	<b>\$ 795,731</b>

**Supplemental cash flow information (note 11)**

See accompanying notes

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2023

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

## 1. DESCRIPTION OF BUSINESS

### Corporate Information

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

The Company operates through two business segments: the Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory, spanning the Canadian provinces of Newfoundland and Labrador, Nova Scotia, New Brunswick, Prince Edward Island, Québec, Ontario and Manitoba, in addition to most of the territory of Nunavut. The Equipment Group includes industry-leading rental operations, 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 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, 2022.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on April 27, 2023.

#### 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, 2022.

Several amendments apply for the first time in 2023, 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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**As at and for the three months ended March 31, 2023**

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

### d) Use of Estimates and Judgements

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures. Significant estimates and judgements used in the preparation of these interim condensed consolidated financial statements are described in the Company's audited annual consolidated financial statements for the year ended December 31, 2022. 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.

### 3. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

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

	Three months ended March 31	
	2023	2022
Additions		
Rental equipment	\$ 73,858	\$ 36,068
Property, plant and equipment	27,220	11,207
<b>Total additions</b>	<b>\$ 101,078</b>	<b>\$ 47,275</b>
Disposals – Net book value ("NBV")		
Rental equipment	\$ 8,795	\$ 7,562
Property, plant and equipment	3,731	25
<b>Total disposals - NBV</b>	<b>\$ 12,526</b>	<b>\$ 7,587</b>
Depreciation		
Cost of goods sold	\$ 35,043	\$ 31,465
Selling and administrative expenses	4,193	4,515
<b>Total depreciation</b>	<b>\$ 39,236</b>	<b>\$ 35,980</b>

### 4. LONG-TERM DEBT

	March 31 2023	December 31 2022	March 31 2022
Senior Debentures			
3.71%, \$150.0 million, due September 30, 2025 <sup>(1)</sup>	\$ 150,000	\$ 150,000	\$ 150,000
3.84%, \$500.0 million, due October 27, 2027 <sup>(1)</sup>	500,000	500,000	500,000
	<b>650,000</b>	650,000	650,000
Debt issuance costs, net of amortization	(2,759)	(2,940)	(3,482)
<b>Total long-term debt</b>	<b>\$ 647,241</b>	<b>\$ 647,060</b>	<b>\$ 646,518</b>

<sup>(1)</sup> Interest payable semi-annually, principal due on maturity.

The Company has a \$500.0 million committed revolving credit facility, maturing in November 2026, with a syndicate of financial institutions. Debt under this facility is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. Interest is based on a floating rate, primarily bankers'

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**As at and for the three months ended March 31, 2023**

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

acceptances and prime, plus applicable margins and fees based on the terms of the credit facility.

No amounts were drawn on the revolving credit facility as at March 31, 2023, December 31, 2022 and March 31, 2022.

Standby letters of credit issued utilized \$30.4 million of the facility as at March 31, 2023 (December 31, 2022 – \$28.9 million and March 31, 2022 – \$32.7 million).

### 5. SHARE CAPITAL

#### Dividends Declared

Dividend	2023				2022			
	Record Date	Dividend Amount Per Share	Payment Date	Total Dividends Declared (\$ millions)	Record Date	Dividend Amount Per Share	Payment Date	Total Dividends Declared (\$ millions)
Quarter 1	Mar. 9, 2023	\$ 0.43	Apr. 4, 2023	\$ 35.4	Mar. 9, 2022	\$ 0.39	Apr. 4, 2022	\$ 32.2

On April 27, 2023, the Board of Directors declared a quarterly dividend of \$0.43 per common share, payable on July 5, 2023, to shareholders on record on June 9, 2023.

### 6. FINANCIAL INSTRUMENTS

#### Financial Assets and Liabilities – Classification and Measurement

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

	March 31 2023	December 31 2022	March 31 2022
<b>Other financial liabilities:</b>			
Long-term debt	\$ 647,241	\$ 647,060	\$ 646,518
<b>Derivative financial instruments assets, net:</b>			
Foreign exchange forward contracts	\$ 8,648	\$ 18,530	(12,796)

#### 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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**As at and for the three months ended March 31, 2023**

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

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

	March 31 2023	December 31 2022	March 31 2022
<b>Long-term debt:</b>			
Fair value	\$ 631,739	\$ 626,585	\$ 649,596
Carrying value	\$ 650,000	\$ 650,000	\$ 650,000

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

During the three months ended March 31, 2023 and 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 March 31, 2023, the Company was committed to: (i) US dollar purchase contracts with a notional amount of \$554.3 million at an average exchange rate of \$1.3353, maturing between April 2023 and April 2024; and (ii) US dollar sale contracts with a notional amount of \$45.0 million at an average exchange rate of \$1.3537, maturing between April 2023 and November 2023.

Management estimates that a gain of \$8.6 million (December 31, 2022 – gain of \$18.5 million; March 31, 2022 – loss of \$12.8 million) would be realized if the contracts were terminated on March 31, 2023. Certain of these forward contracts are designated as cash flow hedges and, accordingly, an unrealized gain of \$6.6 million (December 31, 2022 – unrealized gain of \$13.3 million; March 31, 2022 – unrealized loss of \$11.0 million) has been included in other comprehensive income. These gains and losses are not expected to affect net earnings as the amounts will be reclassified to net earnings within the next 12 months and will offset losses recorded on the underlying hedged items, namely foreign-denominated accounts payable and accrued liabilities. Certain of these forward contracts are not designated as cash flow hedges but are entered into for periods consistent with foreign currency exposure of the underlying transactions. A gain of \$2.0 million (December 31, 2022 – gain of \$5.2 million; March 31, 2022 – loss of \$1.8 million) on forward contracts not designated as hedges is included in net earnings, which offsets gains recorded on the foreign-denominated items, namely accounts payable and accrued liabilities.

## 7. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended March 31	
	2023	2022
Credit facilities	\$ 450	\$ 334
Senior debentures	6,242	6,191
Interest on lease liabilities	214	161
	<b>\$ 6,906</b>	<b>\$ 6,686</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**As at and for the three months ended March 31, 2023**  
(\$ thousands, except where otherwise indicated) (Unaudited)

The components of interest and investment income were as follows:

	Three months ended March 31	
	2023	2022
Interest on conversion of rental equipment	\$ 351	\$ 759
Interest income	10,142	1,858
	<b>\$ 10,493</b>	<b>\$ 2,617</b>

## 8. EARNINGS PER SHARE

	Three months ended March 31	
	2023	2022
Net earnings available to common shareholders	\$ 96,004	\$ 59,532
Weighted average common shares outstanding	82,333,111	82,466,525
Effect of dilutive securities	675,588	790,679
Weighted average common shares outstanding – diluted	83,008,699	83,257,204
Earnings per share:		
Basic	\$ 1.17	\$ 0.72
Diluted	\$ 1.16	\$ 0.72

For the three months ended March 31, 2023, 168,545 outstanding share options with an average exercise price of \$112.48 were considered anti-dilutive (exercise price in excess of average market price) and were excluded from the calculation. There were no anti-dilutive options for the comparative period in 2022.

## 9. SHARE-BASED COMPENSATION

### Share Option Plan

A reconciliation of the outstanding options for the three months ended March 31, 2023 and March 31, 2022 was as follows:

	March 31, 2023		March 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, January 1	1,967,892	\$ 73.21	2,167,025	\$ 68.44
Granted	168,545	112.48	—	—
Exercised <sup>(1)</sup>	(42,072)	58.64	(78,255)	44.95
Forfeited	(200)	104.91	(1,930)	91.66
<b>Options outstanding, March 31</b>	<b>2,094,165</b>	<b>\$ 76.66</b>	<b>2,086,840</b>	<b>\$ 69.30</b>
<b>Options exercisable, March 31</b>	<b>882,114</b>	<b>\$ 59.45</b>	<b>759,432</b>	<b>\$ 53.56</b>

<sup>(1)</sup> The weighted average share price at the date of exercise for the three months ended March 31, 2023 was \$112.68 (2022 – \$114.75).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**As at and for the three months ended March 31, 2023**

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

The following table summarizes share options outstanding and exercisable as at March 31, 2023:

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 – \$25.52	4,000	0.3	\$ 23.40	4,000	\$ 23.40	
\$25.53 – \$66.35	948,904	4.8	56.16	674,464	52.20	
\$66.36 – \$72.95	446,072	7.4	72.95	132,171	72.95	
\$72.96 – \$112.48	695,189	8.9	107.33	71,479	104.91	
	<b>2,094,165</b>	<b>6.7</b>	<b>\$ 76.66</b>	<b>882,114</b>	<b>\$ 59.45</b>	

The fair values of the share options granted during 2023 and 2022 were determined at the time of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2023	2022
Fair value price per option	\$ 24.20	\$ 22.27
Share price	\$ 112.48	\$ 107.36
Expected life of options (years)	4.94	5.30
Expected share price volatility	22.0%	21.5%
Expected dividend yield	1.53%	1.45%
Risk-free interest rate	3.40%	2.77%

### Deferred Share Unit ("DSU") Plans

A reconciliation of the cash-settled DSU plan was as follows:

	Three months ended March 31, 2023		Three months ended March 31, 2022	
	Number of DSUs	Value	Number of DSUs	Value
Outstanding, January 1	190,128	\$ 18,528	202,969	\$ 23,074
Units taken or taken in lieu and dividends	757	74	14,263	1,577
Redemptions	(1,829)	(193)	—	—
Fair market value adjustments	—	1,999	—	790
Outstanding, March 31	<b>189,056</b>	<b>\$ 20,408</b>	217,232	\$ 25,441

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

During the quarter, 13,777 units were taken in lieu of cash payment for director fees and annual profit-sharing bonuses, valued at \$1.5 million, which is included in selling and administrative expenses with a credit to contributed surplus. The plan had a total of 21,311 units as at March 31, 2023, including dividend credits.

### Long-term Incentive Plan ("LTIP")

During the quarter, 7,153 restricted share units ("RSUs") and 29,714 performance share units ("PSUs") were granted under the LTIP. A total of 14,344 RSUs and 57,963 PSUs have been granted under the LTIP as at March 31, 2023, including reinvested dividends. LTIP expense of \$510 thousand was included in selling and administrative expenses with a credit to contributed surplus.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**As at and for the three months ended March 31, 2023**

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

### 10. EMPLOYEE FUTURE BENEFITS

Employee future benefits expense includes the following components:

	Three months ended March 31	
	2023	2022
Defined benefit plans	\$ 2,093	\$ 3,429
Defined contribution plans	4,696	4,266
401(k) matched saving plans	101	76
	<b>\$ 6,890</b>	<b>\$ 7,771</b>

### 11. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31	
	2023	2022
Net change in non-cash working capital and other		
Accounts receivable	\$ 30,622	\$ (28,611)
Inventories	(116,992)	(116,607)
Accounts payable and accrued liabilities	(113,332)	(10,800)
Provisions	(182)	(399)
Deferred revenue and contract liabilities	(42,610)	33,335
Income taxes	(35,517)	(22,811)
Derivative financial instruments	6,092	3,218
Other	(426)	(8,232)
	<b>\$ (272,345)</b>	<b>\$ (150,907)</b>
Cash paid during the period for:		
Interest	\$ 2,783	\$ 2,783
Income taxes	\$ 69,918	\$ 48,694
Cash received during the period for:		
Interest	\$ 9,399	\$ 2,541
Income taxes	\$ —	\$ —

### 12. SEGMENTED INFORMATION

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**As at and for the three months ended March 31, 2023**

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

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 months ended March 31, 2023 and March 31, 2022:

Three months ended March 31	Equipment Group		CIMCO		Consolidated	
	2023	2022	2023	2022	2023	2022
Equipment/package sales	\$ 448,966	\$ 337,107	\$ 39,446	\$ 30,543	\$ 488,412	\$ 367,650
Rentals	98,459	93,221	—	—	98,459	93,221
Product support	425,035	353,634	46,511	42,973	471,546	396,607
Power generation	2,848	2,665	—	—	2,848	2,665
<b>Total revenue</b>	<b>\$ 975,308</b>	<b>\$ 786,627</b>	<b>\$ 85,957</b>	<b>\$ 73,516</b>	<b>\$ 1,061,265</b>	<b>\$ 860,143</b>
<b>Operating income</b>	<b>\$ 122,657</b>	<b>\$ 84,966</b>	<b>\$ 4,856</b>	<b>\$ 1,157</b>	<b>\$ 127,513</b>	<b>\$ 86,123</b>
Interest expense					6,906	6,686
Interest and investment income					(10,493)	(2,617)
Income taxes					35,096	22,522
<b>Net earnings</b>					<b>\$ 96,004</b>	<b>\$ 59,532</b>

Operating income from rental operations for the three months ended March 31, 2023 was \$10.8 million (2022 – \$10.3 million).

### 13. BUSINESS SEASONALITY

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

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

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

## **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**As at and for the three months ended March 31, 2023**

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

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

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

### **14. SUBSEQUENT EVENTS**

On April 17, 2023, the Company announced it had entered into an agreement for the sale of AgWest Ltd., a wholly-owned subsidiary, effective May 1, 2023, in a share and asset transaction. Total proceeds will be paid in cash and are subject to customary post-closing adjustments. AgWest is reported in the Equipment Group.