

TOROMONT

For immediate release

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

Toronto, Ontario (November 4, 2024) – Toromont Industries Ltd. (TSX: TIH) today reported its financial results for the third quarter ended September 30, 2024.

(\$ millions, except per share amounts)	Three months ended September 30			Nine months ended September 30		
	2024	2023	% change	2024	2023	% change
Revenue	\$ 1,338.0	\$ 1,174.0	14 %	\$ 3,714.2	\$ 3,395.4	9 %
Operating income	\$ 174.9	\$ 193.1	(9)%	\$ 459.0	\$ 499.7	(8)%
Net earnings	\$ 131.0	\$ 145.6	(10)%	\$ 350.2	\$ 380.7	(8)%
Basic earnings per share ("EPS")	\$ 1.60	\$ 1.77	(10)%	\$ 4.27	\$ 4.63	(8)%
Continuing operations:						
Net earnings	\$ 131.0	\$ 145.6	(10)%	\$ 350.2	\$ 375.1	(7)%
Basic earnings per share ("EPS")	\$ 1.60	\$ 1.77	(10)%	\$ 4.27	\$ 4.56	(6)%

"Results for the third quarter of 2024 reflect good activity levels across most markets as well as continued execution against a strong order backlog. Bottom line results have been dampened as expected against a strong comparator reflective of market dynamics in play last year," stated Michael S. McMillan, President and Chief Executive Officer of Toromont Industries Ltd. "The Equipment Group executed well with solid new equipment deliveries. Rental markets, specifically light equipment, picked up in the quarter. CIMCO revenue and bottom line improved on good activity and execution. Our financial position remained strong as we continued to invest in the business through working capital and a business acquisition. Although residential related activities are experiencing a slower part of the business cycle, this is partially offset by the completion of deliveries in mining related to mine development and expansion in our territory. As we look out over the next cycle, we anticipate a more balanced revenue mix with a focus on Product Support as recent equipment deliveries are utilized. Our team remains focused on our long-term investment strategies and our operating disciplines, driving our after-market strategies and delivering customer solutions."

HIGHLIGHTS:

Consolidated Results

- Revenue increased \$163.9 million or 14% in the third quarter compared to the similar period last year, with higher revenue in both groups with Equipment Group up 14% and CIMCO up 17%. Higher revenue in the Equipment Group resulted from solid new equipment deliveries against order backlog. Product support revenue was healthy while rental revenue recovered slightly against easing market conditions, with improved activity for light equipment. CIMCO's growth reflects good package revenue, dampened slightly by lower product support activity levels in the US.
- Revenue increased \$318.8 million (up 9%) to \$3.7 billion for the year-to-date period. Revenue increased in the Equipment Group 9% and increased at CIMCO 14% compared to the third quarter of 2023.

- Gross profit margins⁽¹⁾ decreased to 24.5% in the quarter and 24.4% for the year-to-date. This represents a 410 bps and 260 bps reduction respectively. Sales mix was unfavourable, with a lower proportion of product support revenue to total, accounting for 140 bps and 90 bps of the reduction respectively. Equipment Group gross profit margin on prime equipment sales and rentals were lower reflecting market dynamics in play.
- Operating income⁽¹⁾ decreased 9% in the quarter, as the higher revenue was more than offset by lower gross margins and higher expenses. Operating income as a percentage of sales decreased to 13.1% from 16.4% in the prior year, reflecting lower gross margins in the current period.
- Operating income decreased 8% in the year-to-date period, and was 12.4% of revenue compared to 14.7% in the similar period last year. The decrease in operating income reflects the higher revenue, more than offset by lower gross margins and higher expenses primarily related to growth initiatives.
- Net earnings from continuing operations decreased \$14.7 million or 10% in the quarter versus a year ago to \$131.0 million. EPS was \$1.60 (basic) and \$1.59 (fully diluted), lower by 10% compared to the third quarter last year.
- For the year-to-date period, net earnings from continuing operations decreased \$24.8 million or 7% to \$350.2 million compared to the similar period last year. EPS was \$4.27 (basic) and \$4.23 (fully diluted), lower 6% compared to last year.
- Bookings⁽¹⁾ for the third quarter increased 4% compared to last year with higher bookings in the Equipment Group being offset by lower bookings at CIMCO against a strong comparator. On a year-to-date basis, bookings increased 11% with both groups reporting higher bookings: Equipment Group up 12% and CIMCO up 1%, on a strong comparator.
- Backlog⁽¹⁾ of \$1.1 billion as at September 30, 2024, was down slightly from \$1.2 billion as at September 30, 2023. Backlog remains healthy, reflecting continued good order intake, offsetting deliveries and progress on construction and delivery schedules.

Equipment Group

- Revenue was up \$145.2 million or 14% to \$1.2 billion for the quarter. New equipment sales increased 36%, with good activity and deliveries in the mining and construction markets. Rental revenue demonstrated a marginal recovery from earlier this year with improved light equipment activity. Product support activity was good, with a healthy increase in service, reflecting continued growth of our technician workforce, which was slightly offset by a modest decline in parts revenue.
- Revenue was up \$278.4 million or 9% to \$3.4 billion for the year-to-date period. New equipment sales and product support activity were higher across most markets and product groups, partially offset by lower used equipment and rental revenue.
- Operating income decreased \$20.9 million or 12% in the third quarter, as the higher revenue was more than offset by lower gross margins and higher expenses, primarily related to growth initiatives. Lower gross margins reflect an unfavourable sales mix as well as market dynamics in play.

- Operating income decreased \$48.8 million or 10% to \$423.5 million in the year-to-date period, due to similar reasons as noted for the quarter. Operating income margin decreased to 12.6% versus 15.3% in the comparable period last year, primarily reflecting lower gross margins.
- Bookings in the third quarter were \$367.5 million, a increase of 14%, with strong bookings in construction, power systems and material handling being partially offset with lower mining orders. Year-to-date bookings were \$1.5 billion, an increase of 12% from the similar period last year. Construction bookings increased 22%, reflecting good market activity. Mining was also strong with good orders received through the first half of the year. Power systems order activity was lower, in part reflecting a large project received last year. Both mining and power systems orders have more variability over time due to the nature of orders.
- Backlog of \$803.7 million at the end of September 2024 was down \$167.4 million or 17% from the end of September 2023, reflecting deliveries against opening backlog offset by new bookings.

CIMCO

- Revenue increased \$18.7 million or 17% compared to the third quarter last year. Package revenue was higher, up 41%, with good execution on package project construction. Product support revenue was down 2%, reflecting good market activity in Canada supported by the increased technician workforce, offset by lower US activity.
- Revenue increased \$40.4 million or 14% to \$339.6 million for the year-to-date period as package revenue was up 21% on good execution on package project construction, in both the recreational and industrial markets. Product support activity was up 6%, with increases in both Canada and the US.
- Operating income increased \$2.7 million or 21% for the quarter, as higher revenue was partly offset by lower gross margins and higher relative expenses in support of the increased activity.
- Operating income was up \$8.1 million or 30% to \$35.5 million for the year-to-date period, reflecting higher revenue and gross margins, partially offset by higher expenses. Operating income margin increased to 10.4% (2023 – 9.1%) reflecting higher gross margins on good execution.
- Bookings decreased 34% in the third quarter, against a strong comparative to \$56.8 million, however were 1% higher for the year-to-date period at \$192.5 million. For the first nine months of the year, higher bookings in the US, up 95%, were largely offset by lower bookings in Canada, down 23%. Recreational bookings were 109% higher while industrial bookings were 42% lower. Booking activity can be variable over time based on customer decision making and construction schedules.
- Backlog of \$275.8 million at September 30, 2024 was up \$30.5 million or 12% from last year, with an increase in both Canada and the US. Industrial backlog decreased slightly down 2%, with a decrease in Canada, largely offset by an increase in the US. Recreational backlog was up 32%, predominately reflecting a strong increase in Canada and a modest decrease in the US.

Financial Position

- On September 9, 2024, the Company completed the acquisition of the business and net operating assets of Tri-City Equipment Rentals ("Tri-City") for a total purchase price of \$77.5 million. Tri-City is an industry leader in heavy equipment rentals, with operations in Southwestern Ontario. The acquisition expands Toromont Cat's heavy rents business to better serve our customer base.

- Toromont's share price of \$132.02 at the end of September 2024, translated to both a market capitalization⁽¹⁾ and total enterprise value⁽¹⁾ of \$10.8 billion.
- The Company maintained a strong financial position. Leverage as represented by the net debt to total capitalization⁽¹⁾ ratio was -1% at the end of September 2024, compared to -17% at the end of December 2023 and -7% at the end of September 2023. The change in ratio from this time last year reflects cash used in working capital and capital expenditures, including the acquisition of Tri-City, supported by continuing cash inflow from operations.
- The Company purchased and cancelled 673,000 common shares (\$82.7 million) under the Normal Course Issuer Bid program in the nine-months ended September 30, 2024. For the similar period last year, the Company purchased and cancelled 238,000 common shares (\$25.0 million).
- The Board of Directors approved the regular quarterly dividend of \$0.48 cents per share, payable on January 6, 2025 to shareholders on record on December 6, 2024.
- The Company's return on equity⁽¹⁾ was 19.4% at the end of September 2024, on a trailing twelve-month basis, compared to 23.1% at the end of December 2023 and 24.7% at the end of September 2023. Trailing twelve-month pre-tax return on capital employed⁽¹⁾ was 26.3% at the end of September 2024, compared to 30.4% at the end of December 2023 and 31.6% at the end of September 2023.

"Although rental markets have been challenged this year in some areas, we remain highly committed to this market for the longer term, as evidenced by our acquisition of Tri-City. This acquisition expands our Toromont Cat heavy rents business to better serve existing and new customers and provides a rental hub in the Southwestern Ontario region," stated John M. Doolittle, Executive Vice President and Chief Financial Officer of Toromont Industries Ltd. "While market dynamics and better equipment availability within the Equipment Group mean returns are lower than last year, new bookings and equipment deliveries have been healthy. We will maintain our focus on operating and financial disciplines to manage our cost structure, while we invest in capacity and capabilities to provide exceptional service to our customers today and in the future. CIMCO is positioned to continue to perform well, with a strong order backlog and improved operating disciplines. This along with our strong financial position and order backlog position us well for the future."

CORPORATE DEVELOPMENT

The Board of Directors is pleased to announce that it has appointed two new independent directors, effective November 6, 2024.

"We are extremely pleased to have Ave Lethbridge and Paramita Das joining the Board of Directors," said Richard Roy, Chair, Toromont. "Ave and Paramita bring substantial business acumen and expertise in their respective fields and are important additions that expand the depth and breadth of our team."

Ms. Lethbridge has more than 30 years' experience in the energy industry, including over 19 years as a senior executive officer for Toronto Hydro Corporation, most recently as Executive Vice-President and Chief Human Resources and Safety Officer from 2013 until her retirement in 2021. She currently serves as a corporate director for Kinross Gold Corporation and Algoma Steel Inc. She holds a Master of Science degree in Organizational Development from Pepperdine University, is a graduate of the Institute of Corporate Directors program, ICD.D, and holds a designation in Climate and Biodiversity from Competent Boards.

Ms. Das has more than 20 years' experience in the resources, mining and materials industry, including almost a decade with Rio Tinto. She served as the Global Head of Marketing, Development and ESG (Chief Marketing Officer) Metals and Minerals at Rio Tinto from 2022 to 2024. Previously, she held progressively senior positions at Rio Tinto in marketing, operations and strategic leadership functions. She currently serves as a corporate director for Coeur Mining Inc. and Genco Shipping & Trading Limited. Ms. Das received a bachelor's degree in Architectural Engineering, an MBA and additional post-graduate studies in Strategy and Finance. She is certified by the National Association of Corporate Directors.

With these additions, the Company's Board of Directors will consist of eleven members, of whom ten are independent.

FINANCIAL AND OPERATING RESULTS

All comparative figures in this press release are for the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023. All financial information presented in this press release has been prepared in accordance with International Financial Reporting Standards ("IFRS"), except as noted below, and are reported in Canadian dollars. This press release contains only selected financial and operational highlights and should be read in conjunction with Toromont's unaudited interim condensed consolidated financial statements and related notes and Management's Discussion and Analysis ("MD&A"), as at and for the three and nine months ended September 30, 2024, which are available on SEDAR at www.sedarplus.ca and on the Company's website at www.toromont.com.

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

QUARTERLY CONFERENCE CALL AND WEBCAST

Interested parties are invited to join the quarterly conference call with investment analysts, in listen-only mode, on Tuesday, November 5, 2024 at 8:00 a.m. (EDT). The call may be accessed by telephone at 1-888-669-1199 (North American toll free) or 416-945-7677 (Toronto area). A replay of the conference call will be available until Tuesday, November 12, 2024 by calling 1-888-660-6345 (North American toll free) or 289-819-1450 (Toronto area) and quoting passcode 11956. The live webcast can also be accessed at www.toromont.com.

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

The non-GAAP measures used by management do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these

measures should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with IFRS.

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

Gross Profit / Gross Profit Margin

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

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

Operating Income / Operating Income Margin

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

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

(\$ thousands)	Three months ended		Nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Net income from continuing operations	\$ 130,951	\$ 145,619	\$ 350,220	\$ 375,055
<i>plus:</i> Interest expense	7,202	7,053	21,240	20,976
<i>less:</i> Interest and investment income	(11,662)	(11,747)	(43,049)	(32,850)
<i>plus:</i> Income taxes	48,408	52,161	130,594	136,492
Operating income	\$ 174,899	\$ 193,086	\$ 459,005	\$ 499,673
Total revenue	\$ 1,337,992	\$ 1,174,045	\$ 3,714,210	\$ 3,395,364
Operating income margin	13.1%	16.4%	12.4%	14.7%

Net Debt to Total Capitalization/Equity

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

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

The calculations are as follows:

<i>(\$ thousands)</i>	September 30 2024	December 31 2023	September 30 2023
Long-term debt	\$ 498,237	\$ 647,784	\$ 647,603
Current portion of long-term debt	150,000	—	—
less: Cash and cash equivalents	670,727	1,040,757	807,418
Net debt	(22,490)	(392,973)	(159,815)
Shareholders' equity	2,899,540	2,683,852	2,610,765
Total capitalization	\$ 2,877,050	\$ 2,290,879	\$ 2,450,950
Net debt to total capitalization	(1)%	(17)%	(7)%
Net debt to equity	(0.01):1	(0.15):1	(0.06):1

Market Capitalization & Total Enterprise Value

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

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

The calculations are as follows:

<i>(\$ thousands, except for shares and share price)</i>	September 30 2024	December 31 2023	September 30 2023
Outstanding common shares	81,937,472	82,297,341	82,352,479
times: Ending share price	\$ 132.02	\$ 116.10	\$ 110.62
Market capitalization	\$ 10,817,385	\$ 9,554,721	\$ 9,109,831
Long-term debt	\$ 498,237	\$ 647,784	\$ 647,603
Current portion of long-term debt	150,000	—	—
less: Cash and cash equivalents	670,727	1,040,757	807,418
Net debt	\$ (22,490)	\$ (392,973)	\$ (159,815)
Total enterprise value	\$ 10,794,895	\$ 9,161,748	\$ 8,950,016

Order Bookings and Backlog

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

Return on Capital Employed ("ROCE")

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

(\$ thousands)	Trailing twelve months ended		
	September 30 2024	December 31 2023	September 30 2023
Net earnings	\$ 504,272	\$ 534,712	\$ 540,522
<i>plus:</i> Interest expense	28,362	28,101	27,766
<i>less:</i> Interest and investment income	(56,181)	(46,349)	(41,857)
<i>plus:</i> Interest income – rental conversions	3,614	3,348	3,591
<i>plus:</i> Income taxes	187,107	194,849	192,968
Adjusted net earnings	\$ 667,174	\$ 714,661	\$ 722,990
Average capital employed	\$ 2,538,075	\$ 2,347,864	\$ 2,284,437
Return on capital employed	26.3%	30.4%	31.6%

Return on Equity ("ROE")

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

(\$ thousands)	Trailing twelve months ended		
	September 30 2024	December 31 2023	September 30 2023
Net earnings	\$ 504,272	\$ 534,712	\$ 540,522
Opening shareholder's equity (net of adjustments)	\$ 2,596,115	\$ 2,317,906	\$ 2,191,616
Return on equity	19.4%	23.1%	24.7%

ADVISORY

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

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

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

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

ABOUT TOROMONT

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

For more information contact:

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FOOTNOTE

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

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

	Three months ended		Nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
<i>(\$ thousands, except share amount)</i>				
Revenue	\$ 1,337,992	\$ 1,174,045	\$ 3,714,210	\$ 3,395,364
Cost of goods sold	1,010,202	838,545	2,807,347	2,479,418
Gross profit	327,790	335,500	906,863	915,946
Selling and administrative expenses	152,891	142,414	447,858	416,273
Operating income	174,899	193,086	459,005	499,673
Interest expense	7,202	7,053	21,240	20,976
Interest and investment income	(11,662)	(11,747)	(43,049)	(32,850)
Income before income taxes	179,359	197,780	480,814	511,547
Income taxes	48,408	52,161	130,594	136,492
Income from continuing operations	130,951	145,619	350,220	375,055
Income from discontinued operations	—	—	—	5,605
Net earnings	\$ 130,951	\$ 145,619	\$ 350,220	\$ 380,660
Basic earnings per share				
Continuing operations	\$ 1.60	\$ 1.77	\$ 4.27	\$ 4.56
Discontinued operations	\$ —	\$ —	\$ —	\$ 0.07
	\$ 1.60	\$ 1.77	\$ 4.27	\$ 4.63
Diluted earnings per share				
Continuing operations	\$ 1.59	\$ 1.76	\$ 4.23	\$ 4.52
Discontinued operations	\$ —	\$ —	\$ —	\$ 0.07
	\$ 1.59	\$ 1.76	\$ 4.23	\$ 4.59
Weighted average number of shares outstanding				
Basic	81,930,534	82,281,891	82,109,395	82,302,881
Diluted	82,545,416	82,923,627	82,703,042	82,909,989

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") comments on the operations, performance and financial condition of Toromont Industries Ltd. ("Toromont" or the "Company") as at and for the three and nine months ended September 30, 2024, compared to the preceding year. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2024, the annual MD&A contained in the 2023 Annual Report and the audited annual consolidated financial statements for the year ended December 31, 2023.

The unaudited interim condensed consolidated financial statements reported herein have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*, and are reported in Canadian dollars. The information in this MD&A is current to November 4, 2024.

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

Use of Non-IFRS Financial Measures

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

Forward-Looking Information

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

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

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

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

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

BUSINESS COMBINATION

On September 9, 2024, the Company acquired the rental business and net operating assets of Tri-City Equipment Rentals ("Tri-City"), an industry leader in heavy equipment rentals with operations in Southwestern Ontario. The acquisition expands Toromont Cat's heavy rents business to better serve our customer base.

The acquisition was accounted for as a business combination and the results of Tri-City have been included in the Equipment Group from the date of acquisition. The revenue and net income for the 21-day period ended September 30, 2024 were not significant. We anticipate that the acquisition will have a positive, accretive impact on future results.

For further information, refer to note 3 "Business Combination" in the notes to the interim condensed consolidated financial statements.

CONSOLIDATED OPERATING RESULTS

	Three months ended September 30				Nine months ended September 30			
	2024	2023	\$ change	% change	2024	2023	\$ change	% change
<i>(\$ thousands, except per share amounts)</i>								
REVENUE	\$ 1,337,992	\$ 1,174,045	\$ 163,947	14 %	\$ 3,714,210	\$ 3,395,364	\$ 318,846	9 %
Cost of goods sold	1,010,202	838,545	171,657	20 %	2,807,347	2,479,418	327,929	13 %
Gross profit ⁽¹⁾	327,790	335,500	(7,710)	(2)%	906,863	915,946	(9,083)	(1)%
Selling and administrative expenses	152,891	142,414	10,477	7 %	447,858	416,273	31,585	8 %
OPERATING INCOME ⁽¹⁾	174,899	193,086	(18,187)	(9)%	459,005	499,673	(40,668)	(8)%
Interest expense	7,202	7,053	149	2 %	21,240	20,976	264	1 %
Interest and investment income	(11,662)	(11,747)	85	(1)%	(43,049)	(32,850)	(10,199)	31 %
Income before income taxes	179,359	197,780	(18,421)	(9)%	480,814	511,547	(30,733)	(6)%
Income taxes	48,408	52,161	(3,753)	(7)%	130,594	136,492	(5,898)	(4)%
Net income from continuing operations	\$ 130,951	\$ 145,619	\$ (14,668)	(10)%	\$ 350,220	\$ 375,055	\$ (24,835)	(7)%
Net income from discontinued operations	—	—	—	— %	—	5,605	(5,605)	nm
NET EARNINGS	\$ 130,951	\$ 145,619	\$ (14,668)	(10)%	\$ 350,220	\$ 380,660	\$ (30,440)	(8)%
BASIC EARNINGS PER SHARE								
Continuing operations	\$ 1.60	\$ 1.77	\$ (0.17)	(10)%	\$ 4.27	\$ 4.56	\$ (0.29)	(6)%
Discontinued operations	\$ —	—	—	— %	—	0.07	(0.07)	nm
	\$ 1.60	\$ 1.77	\$ (0.17)	(10)%	\$ 4.27	\$ 4.63	\$ (0.36)	(8)%
KEY RATIOS:								
Gross profit margin ⁽¹⁾	24.5%	28.6%			24.4%	27.0%		
Selling and administrative expenses as a % of revenue	11.4%	12.1%			12.1%	12.3%		
Operating income margin ⁽¹⁾	13.1%	16.4%			12.4%	14.7%		
Income taxes as a % of income before income taxes	27.0%	26.4%			27.2%	26.7%		

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

Results for the third quarter of 2024 reflected good growth in revenue, with new equipment deliveries and execution against order backlog and project schedules. Gross profit margins were lower compared to prior year, on sales mix, with a lower percentage of product support revenue to total, and against a tough comparator in the Equipment Group last year given market dynamics in play at that time. Operating income was down 9% compared to the strong results last year.

Revenue increased \$163.9 million or 14% for the quarter from the comparable period last year on higher activity in both the Equipment Group and CIMCO. Equipment Group revenue increased 14% in the quarter led by higher new equipment sales, coupled with higher product support and rental activity, slightly offset by lower used equipment and power systems revenue. CIMCO revenue increased 17% in the quarter on strong package revenue, partially dampened by lower product support activity levels.

Revenue for the year-to-date period increased 9% from the comparable period last year to \$3.7 billion. Equipment Group revenue increased 9% compared to last year on higher new equipment sales and strong product support activity. CIMCO revenue increased 14% versus last year, on higher package revenue and product support activity.

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Gross profit margin decreased 410 basis points ("bps") in the quarter to 24.5% and decreased 260 bps to 24.4% year-to-date versus the comparable periods last year. Equipment Group margins decreased in both the quarter and year-to-date, on an unfavourable sales mix with a lower proportion of product support revenue to total, coupled with lower equipment, rental and product support margins. CIMCO margins decreased in the quarter, mainly due to sales mix, and increased year-to-date, reflecting good execution in both packages and product support. The unfavourable sales mix accounted for 140 bps decrease in margin in the quarter and 90 bps decrease in the year-to-date. Equipment Group gross profit margin on prime equipment sales and rentals were lower reflecting market dynamics in play.

Selling and administrative expenses increased \$10.5 million or 7% in the quarter compared to last year. Compensation costs were approximately \$1.0 million higher year over year, reflective of regular salary increases largely offset by lower profit sharing accruals on the lower income. Salaried headcount is largely unchanged year over year. Sales-related expenses increased \$3.2 million year over year, reflecting the higher activity levels. All other expenses such as travel, training, occupancy and information technology costs have increased on continued investment for future growth and inflationary effects. Bad debt expense increased \$0.2 million compared to the similar period last year, with a focus on collections. Mark-to-market ("MTM") adjustments on deferred share units ("DSUs") resulted in a \$2.0 million increase in expense, as a result of the higher share price in the current period.

Selling and administrative expenses for the year-to-date period increased \$31.6 million or 8% compared to the similar period last year. Compensation costs increased approximately \$10.8 million, reflecting higher staffing levels, regular salary increases, partially offset by lower profit sharing accruals on the lower income. Sales related expenses increased \$8.0 million year over year, reflecting the higher activity levels. Other expenses such as travel, training, occupancy and information technology costs have increased on continued investment for future growth and inflationary effects. Bad debt expense increased \$1.1 million compared to the similar period last year, which was a tough comparable on good recoveries. MTM adjustments on DSUs resulted in a \$1.4 million increase in expense, as a result of the higher share price. In 2023, a property disposition reduced expenses by \$3.5 million. Selling and administrative expenses were 20 basis points lower as a percentage of revenue (12.1% versus 12.3% last year).

Operating income decreased \$18.2 million or 9% in the quarter to \$174.9 million and decreased \$40.7 million or 8% to \$459.0 million year-to-date, as the higher revenue was more than offset by lower gross margins and higher expenses. Operating income as a percentage of revenue decreased 230 bps in the year-to-date period (12.4% versus 14.7% last year), primarily on the lower gross margins.

Interest expense was largely unchanged at \$7.2 million in the quarter and \$21.2 million year-to-date.

Interest and investment income decreased \$0.1 million in the quarter and increased \$10.2 million year-to-date. Interest income includes interest earned on cash deposits and interest bearing investments.

The effective income tax rate was 27.0% in the quarter and 27.2% on a year-to-date basis, compared to 26.4% and 26.7% respectively in 2023.

Net earnings (excluding discontinued operations) decreased \$14.7 million or 10% to \$131.0 million for the quarter and decreased \$24.8 million or 7% to \$350.2 million year-to-date. Basic earnings per share ("EPS") (excluding discontinued operations) decreased 10% to \$1.60 for the quarter and decreased 6% to \$4.27 year-to-date, reflecting the change in net earnings.

The Company reported an other comprehensive loss of \$5.7 million in the third quarter of 2024. This included an actuarial loss on post-employment benefit plans of \$1.5 million after-tax for the quarter. This loss reflects

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changes in the actuarial valuation, as well as changes in the fair value of pension plan assets. Other comprehensive loss also included a unfavourable net change in the fair value of cash flow hedges of \$3.7 million after tax for the quarter. These changes reflect mark-to-market differences in the value of foreign exchange derivative contracts designated as cash flow hedges and reflect underlying USD/CAD exchange rates at period end compared to contract date.

In the third quarter of 2023, other comprehensive income was \$19.8 million, which included an actuarial gain of \$12.0 million and a favourable net change in the fair value of cash flow hedges of \$7.2 million.

BUSINESS SEGMENT OPERATING RESULTS

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

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

Equipment Group

(\$ thousands)	Three months ended September 30				Nine months ended September 30			
	2024	2023	\$ change	% change	2024	2023	\$ change	% change
Equipment sales and rentals								
New	\$ 535,468	\$ 394,799	\$ 140,669	36 %	\$ 1,424,614	\$ 1,167,201	\$ 257,413	22 %
Used	75,706	80,177	(4,471)	(6)%	228,123	233,090	(4,967)	(2)%
Rentals	142,835	138,925	3,910	3 %	349,210	353,832	(4,622)	(1)%
Total equipment sales and rentals	754,009	613,901	140,108	23 %	2,001,947	1,754,123	247,824	14 %
Product support	454,035	448,891	5,144	1 %	1,364,367	1,333,578	30,789	2 %
Power generation	2,777	2,823	(46)	(2)%	8,301	8,514	(213)	(3)%
Total revenue	\$ 1,210,821	\$ 1,065,615	\$ 145,206	14 %	\$ 3,374,615	\$ 3,096,215	\$ 278,400	9 %
Operating income	\$ 159,528	\$ 180,426	\$ (20,898)	(12)%	\$ 423,526	\$ 472,320	\$ (48,794)	(10)%
KEY RATIOS:								
Product support revenue as a % of total revenue	37.5%	42.1%			40.4%	43.1%		
Operating income margin	13.2%	16.9%			12.6%	15.3%		
Group total revenue as a % of consolidated revenue	90.5%	90.8%			90.9%	91.2%		

Revenue in the Equipment Group increased in the third quarter compared to last year, with solid equipment deliveries against order backlog. Rental revenue recovered slightly in the quarter with higher activity in light equipment, while used equipment sales declined on lower rental dispositions. Operating income declined versus the prior year, as expected, given a strong comparator which reflected market dynamics in play at that time, and an unfavourable sales mix in the current year.

Total equipment sales (new and used) increased \$136.2 million or 29% in the quarter and increased \$252.4 million or 18% year-to-date, reflecting inflow and delivery of equipment against order backlog. New equipment sales increased 36% in the quarter and 22% year-to-date, across all market segments, except for

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material handling, and in most regions. Used equipment sales decreased 6% in the quarter and decreased 2% year-to-date. Both rental fleet dispositions and sales of used equipment from trades and purchases have decreased, reflecting shifting supply and demand dynamics. Overall, the change in total equipment sales revenue by market segments were as follows for the quarter (year-to-date): construction markets up 2% (+6%), mining up 118% (+60%), power systems up 17% (+24%), and material handling down 9% (-20%).

Rental revenue increased \$3.9 million (+3%) in the quarter and decreased \$4.6 million (-1%) year-to-date. Except for the light equipment fleet, which saw some improvement for the quarter, most market sectors and regions were down for the quarter and on a year-to-date basis, generally reflecting persisting softer market conditions, principally in residential construction. Revenue changed quarter over quarter (year-to-date) in each market as follows: heavy equipment fleet was 12% lower (-10%), light equipment fleet was 9% higher (-1%); power rentals down 14% (-6%); and material handling rentals down 6% (-8%). Revenue from the RPO fleet (rent with a purchase option) were relatively unchanged in the quarter (up 24% year-to-date), reflecting a larger fleet of \$81.1 million at September 30, 2024 versus \$55.3 million at September 30, 2023.

Product support revenue increased \$5.1 million or 1% in the quarter and increased \$30.8 million or 2% year-to-date. Parts revenue decreased 1% in the quarter and was relatively unchanged year-to-date on market activity and product support sales mix. Service revenue increased in both the quarter (+8%) and year-to-date (+9%) on the higher technician workforce. Product support revenue change by market in the quarter (first nine months of the year) was as follows: construction markets down 4% (relatively unchanged), mining up 7% (+5%), power systems up 3% (+2%) and material handling down 3% (-1%).

Gross profit margins decreased 440 bps in the quarter and decreased 290 bps year-to-date compared to the same periods last year. Sales mix was unfavourable with a lower proportion of product support to total revenue in both the quarter and year-to-date, dampening margin 140 bps and 80 bps respectively. Equipment margins were down 190 bps in the quarter (down 80 bps year-to-date) as expected given market dynamics in play. Rental margins were down 120 bps in the quarter (down 110 bps year-to-date) on lower fleet utilization. Product support margins were up 10 bps in the quarter (down 20 bps year-to-date) reflecting nature of work and sales mix.

Selling and administrative expenses increased \$8.6 million or 7% in the quarter, and increased \$25.8 million or 7% for the first nine months of 2024, reflecting the higher revenue. Compensation costs were higher in both periods reflecting staffing levels and regular salary increases, partially offset by lower profit sharing accruals on the lower income. Other expenses such as training, travel and occupancy costs have increased in light of sales levels, planned investment and inflation. Selling and administrative expenses were 20 basis points lower as a percentage of revenue on a year-to-date basis (11.7% versus 11.9% last year).

Operating income decreased \$20.9 million or 12% to \$159.5 million in the quarter and decreased \$48.8 million or 10% to \$423.5 million for the year-to-date, reflecting the higher revenue, more than offset by lower gross margins and higher expenses. Operating income as a percentage of revenue was 12.6% on a year-to-date basis, reflecting the lower gross margins.

Bookings and Backlog

<i>(\$ millions)</i>	2024	2023	\$ change	% change
Bookings – three months ended September 30	\$ 367.5	\$ 322.8	\$ 44.7	14 %
Bookings – nine months ended September 30	\$ 1,499.1	\$ 1,339.4	\$ 159.7	12 %
Backlog – as at September 30	\$ 803.7	\$ 971.1	\$ (167.4)	(17)%

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New bookings increased \$44.7 million or 14% in the third quarter, across all markets, except mining. Construction markets were active, with bookings up 15%, reflecting a continuing evolution towards more normalized supply and demand dynamics. Power systems order activity was strong up 81% and material handling order intake was 55% higher in the quarter. Mining markets are lumpy due to the nature of the business and were down 26% from the third quarter last year which was a strong comparable.

Year-to-date bookings increased \$159.7 million or 12% to \$1.5 billion. Bookings were up in construction (+22%) and mining (+15%) reflecting good market activity. Power systems was down 27% year-to-date on a tough comparable last year, and reflecting tight supply chain availability of large engines. Material handling order intake was up 2 % on a year-to-date basis.

Backlog of \$803.7 million at September 30, 2024, was down \$167.4 million or 17%, compared to the same time last year, reflecting deliveries against customer orders from the opening backlog and solid new bookings. As at September 30, 2024, the composition of backlog by market was as follows: construction 26%; mining 35%; power systems 34%; and material handling 5%. Approximately 90% of the backlog is expected to be delivered over the next twelve months, however this is subject to timing of vendor supply and customer delivery schedules.

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

CIMCO

(\$ thousands)	Three months ended September 30				Nine months ended September 30			
	2024	2023	\$ change	% change	2024	2023	\$ change	% change
Package sales	\$ 69,486	49,292	20,194	41 %	\$ 173,304	\$ 142,649	\$ 30,655	21 %
Product support	57,685	59,138	(1,453)	(2)%	166,291	156,500	9,791	6 %
Total revenue	\$ 127,171	\$ 108,430	\$ 18,741	17 %	\$ 339,595	\$ 299,149	\$ 40,446	14 %
Operating income	\$ 15,371	\$ 12,660	\$ 2,711	21 %	\$ 35,479	\$ 27,353	\$ 8,126	30 %
KEY RATIOS:								
Product support revenue as a % of total revenue	45.4%	54.5%			49.0%	52.3%		
Operating income margin	12.1%	11.7%			10.4%	9.1%		
Group total revenue as a % of consolidated revenue	9.5%	9.2%			9.1%	8.8%		

CIMCO continued to deliver solid results in the third quarter with good execution in both Canada and the US, coupled with healthy activity levels. Package revenue in the quarter reflects advancement of construction schedules in the execution of the strong order backlog. Product support activity continued to demonstrate strong growth in Canada, supported by the larger technician workforce and was slightly dampened by the US region. Operating income increased in both the quarter and year-to-date period on the higher revenue, partially offset by higher expense.

Package revenue was up \$20.2 million or 41% in the quarter, with increases in both the recreational market (up 57%) and industrial market (up 26%). Revenue in Canada was up 30%, with industrial up 72%, slightly offset by lower recreational revenue, down 13%. The US increased 66%, as stronger recreational revenue (up 216%)

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was partially offset by lower industrial revenue (down 75% against a tough comparative). Package revenue reflects the progress of project construction applying the percentage-of-completion method of accounting, and as such, introduces a degree of variability as the timing of construction schedules are largely influenced by third-party schedules (contractors and end-customers).

Year-to-date, package sales increased \$30.7 million or 21% compared to the similar period in the prior year, with increases in both the recreational market (up 59%) and industrial market (up 5%). Revenue in Canada was up 25%, with industrial revenue up 34% and recreational revenue up 5%. The US increased 14%, as stronger recreational revenue (up 166%) was partially offset by lower industrial revenue (down 59% against a tough comparative).

Product support revenue decreased slightly in the third quarter by \$1.5 million or 2% and increased by \$9.8 million or 6% year-to-date, with higher activity in Canada. Revenue in Canada increased 11% in the quarter and 13% year-to-date reflecting higher activity levels. In the US, revenue was down 34% for the quarter and down 12% year-to-date. The increased technician base continues to support activity levels.

Gross profit margins decreased 40 bps in the quarter and increased 110 bps year-to-date versus the comparable periods of 2023. For both the quarter and year-to-date, margins were dampened by an unfavourable sales mix, resulting in a 100 bps and 40 bps reduction in gross margin respectively, on a lower proportion of product support revenue to total revenue. Package margins improved on good execution and the nature of projects in process for both periods, driving a 60 bps increase in the quarter, and a 100 bps increase year-to-date. Product support margins were unchanged in the quarter and higher year-to-date, up 50 bps. Improving execution and efficiency continues to be a focus.

Selling and administrative expenses increased \$1.9 million or 11% in the quarter and increased \$5.8 million or 12% for the first nine months of the year. Compensation costs increased reflecting higher staffing levels, annual salary increases and higher profit sharing accruals on the higher earnings. Other expenditures such as travel, training and information technology expenses increased to support activity levels. As a percentage of revenue, selling and administrative expenses decreased to 15.6% in the first nine months of 2024 versus 15.8% for the similar period last year.

Operating income increased \$2.7 million or 21% for the quarter largely reflecting the higher revenue, slightly dampened by the lower gross margins and higher expenses. On a year-to-date basis, operating income increased \$8.1 million or 30%, on higher revenue and higher gross margins, partially offset by higher expenses. Operating income as a percentage of revenue improved to 10.4% on a year-to-date basis compared to 9.1% for the similar period last year.

Bookings and Backlog

<i>(\$ millions)</i>	2024	2023	\$ change	% change
Bookings – three months ended September 30	\$ 56.8	\$ 86.0	\$ (29.2)	(34)%
Bookings – nine months ended September 30	\$ 192.5	\$ 189.7	\$ 2.8	1 %
Backlog – as at September 30	\$ 275.8	\$ 245.3	\$ 30.5	12 %

Bookings decreased \$29.2 million or 34% to \$56.8 million in the quarter, against a strong comparator last year. Industrial market bookings (down 78%), were partially offset by stronger bookings in the recreational market (up 56%). Industrial bookings were lower in both Canada (-78%) and in the US (-122%) against tough comparatives. Recreational bookings were up in both Canada (+26%) and in the US (+84%). Generally activity is continuing, with good strategic capital investment levels, however order bookings can be lumpy reflective of timing of end-user schedules and timing of buying decisions.

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On a year-to-date basis, bookings increased \$2.8 million or 1% to \$192.5 million, with stronger bookings in the recreational market, largely offset by lower bookings in the industrial market. Industrial orders were down 42%, with a decrease in Canada (-58% on a tough comparable) partially by an increase in the US (+95% on a smaller base). Recreational orders increased 109%, with an increase in both Canada (+120%) and in the US (+96%).

Backlog of \$275.8 million increased \$30.5 million or 12% compared to the same time last year, with higher backlog in the recreational market, partially offset by lower industrial backlog. Industrial backlog decreased 2%, with a decrease in Canada (-22%), largely offset by a strong increase in the US on good order intake over the trailing 12 months. Recreational backlog was up 32%, reflecting a strong increase in Canada (+93%) and a modest decrease in the US (-6%). Approximately 75% of the backlog is expected to be realized as revenue over the next twelve months, however this is subject to construction schedules.

CONSOLIDATED FINANCIAL CONDITION

The Company maintained a strong financial position. At September 30, 2024, the ratio of net debt to total capitalization⁽¹⁾ was -1% (net cash position), compared to -17% at December 31, 2023, and -7% at September 30, 2023.

Non-cash Working Capital

The Company's investment in non-cash working capital was \$1.1 billion at September 30, 2024. The major components, along with the changes from prior periods, are identified in the following table.

(\$ thousands)	September 30	September 30	Change		December 31	Change	
	2024	2023	\$	%	2023	\$	%
Accounts receivable	\$ 688,029	\$ 637,633	\$ 50,396	8 %	\$ 627,243	\$ 60,786	10 %
Inventories	1,334,540	1,140,096	194,444	17 %	1,119,071	215,469	19 %
Other current assets	29,389	27,827	1,562	6 %	23,733	5,656	24 %
Accounts payable and accrued liabilities	(626,305)	(586,909)	(39,396)	7 %	(619,318)	(6,987)	1 %
Provisions	(29,526)	(29,289)	(237)	1 %	(30,269)	743	(2)%
Income tax recoverable (payable)	19,431	(9,019)	28,450	nm	(7,006)	26,437	nm
Derivative financial instruments	(4,355)	5,458	(9,813)	nm	(13,946)	9,591	(69)%
Dividends payable	(39,315)	(35,410)	(3,905)	11 %	(35,383)	(3,932)	11 %
Deferred revenue and contract liabilities	(276,003)	(302,282)	26,279	(9)%	(360,143)	84,140	(23)%
Total non-cash working capital	\$ 1,095,885	\$ 848,105	\$ 247,780	29 %	\$ 703,982	\$ 391,903	56 %

Accounts receivable increased 8% from September 30, 2023, in part reflecting the 14% increase in revenue in the quarter and good collection activity. Days sales outstanding ("DSOs") remained unchanged at 47 days overall, mainly reflecting an improvement by the Equipment Group (down 2 days), offset by an increase in CIMCO (up 4 days). Collection activity and credit metrics are being closely monitored, especially given the current economic environment. Accounts receivable of \$5.7 million were acquired as part of the Tri-City acquisition.

In comparison to December 31, 2023, accounts receivable increased 10%, reflecting 9% higher trailing revenue and slower collections. DSO was 42 days at December 31, 2023.

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Inventories at September 30, 2024 increased 17% compared to September 30, 2023, with increases in both Groups:

- Equipment Group inventories were up \$184.9 million or 17%, with increased equipment (up \$103.1 million or 15%), work-in-process (up \$31.2 million or 31%), and parts (up \$50.6 million or 15%). Inventory levels of equipment and parts increased in light of activity levels and reflect customer delivery schedules. Price increases and foreign exchange rates on US sourced supplies have also served to increase inventory. Work-in-process levels reflect higher activity levels.
- CIMCO inventories were up \$9.6 million or 24%, mainly as work-in-process levels increased \$8.7 million (up 26%), reflecting timing of project construction and product support schedules. Parts inventory increased 17%, reflecting higher product support activity levels.

Inventories at September 30, 2024 were 19% higher compared to December 31, 2023, with increases in both Groups:

- Equipment Group inventories were up \$207.9 million or 19% with increases in equipment (up \$135.9 million or 21%), work-in-process (up \$20.7 million or 19%), and parts inventories (up \$51.3 million or 16%). Inventory levels are typically lowest at the end of the year due to seasonality, with inventories building during the year in advance of the busier selling period.
- CIMCO inventories were up \$7.6 million or 18%, predominantly driven by higher work-in-process levels (up \$6.4 million or 18%), along with higher parts inventories (up \$1.2 million or 22%) reflecting the higher product support activity.

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

Accounts payable and accrued liabilities at September 30, 2024, were 7% higher than at September 30, 2023, largely reflecting higher activity levels and timing of purchase and payment for inventory and other suppliers. Accounts payable at September 30, 2024, also includes \$10 million deferred payment related to the acquisition of Tri-City.

In comparison to December 31, 2023, accounts payable and accrued liabilities were largely unchanged, as the timing of purchase and payment for inventory and other suppliers, was partially offset by the payment of annual performance bonuses.

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

Derivative financial instruments represent the fair value of foreign exchange contracts. Fluctuations in the value of the Canadian dollar have led to a cumulative net loss of \$4.4 million as at September 30, 2024. This is not expected to affect net earnings as the unrealized losses will offset future gains on the related hedged items, either current accounts payable or future transactions.

Dividends payable increased compared to September 30 and December 31, 2023, reflecting the higher dividend rate. The dividend rate was increased 11.6% effective with the first quarter of 2024, which represented the 35th year of consecutive dividend increases.

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

- In the Equipment Group, these balances arise due to: progress billings from the sale of power and energy systems; long-term product support maintenance contracts; and, customer deposits for equipment to be delivered in the future. As at September 30, 2024, these were down 14% versus September 30, 2023, on lower customer deposits and timing of progress billings versus revenue

recognition on contracts accounted for under percentage-of-completion method. Compared to December 31, 2023, deferred revenue were down 30% reflecting lower customer deposits.

- At CIMCO, these balances arise on progress billings from the sale of refrigeration packages and vary depending on timing of billings compared to customer's construction schedules. As at September 30, 2024, these were up 15% versus September 30, 2023, and up 19% versus December 31, 2023.

Legal and Other Contingencies

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

Normal Course Issuer Bid ("NCIB")

The Company's NCIB program was renewed in September 2024. The current issuer bid allows the Company to purchase up to 8.2 million common shares during the 12-month period ending September 20, 2025. All shares purchased under the bid will be cancelled.

The Company purchased and cancelled 673,000 common shares for \$82.7 million (average cost of \$122.96 per share, including transaction costs) during the nine months ended September 30, 2024.

The Company maintains an Automatic Share Purchase Plan ("ASPP") with a broker to enable the purchase of common shares under the NCIB during regular trading blackout periods. The volume of the purchases are determined by the broker based on share price and maximum volume parameters established by the Company prior to the commencement of each blackout period. As at September 30, 2024, there was no obligation for the repurchase of shares under the ASPP.

The Company purchased and cancelled 238,000 common shares for \$25.0 million (average cost of \$105.02 per share, including transaction costs) during the nine months ended September 30, 2023. As at September 30, 2023, there was no obligation for the repurchase of shares under the ASPP.

Long-term Incentive Plan ("LTIP")

A total of 27,879 restricted share units ("RSUs") and 73,153 performance share units ("PSUs") were outstanding under the LTIP as at September 30, 2024, including reinvested dividends.

For the nine months ended September 30, 2024, LTIP expense of \$4.0 million (2023 – \$1.9 million) was included in selling and administrative expenses with a credit to contributed surplus.

Outstanding Share Data

As at the date of this MD&A, the Company had 81,939,472 common shares and 1,472,742 share options outstanding.

Dividends

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

Record Date	Payment Date	Dividend Amount per Share	Dividends Paid in Total (\$ millions)
Dec. 8, 2022	Jan. 5, 2023	\$0.39	\$32.1
Mar. 9, 2023	Apr. 4, 2023	\$0.43	\$35.4
Jun. 9, 2023	Jul. 5, 2023	\$0.43	\$35.6
Sep. 8, 2023	Oct. 4, 2023	\$0.43	\$35.4
Dec. 8, 2023	Jan. 4, 2024	\$0.43	\$35.4
Mar. 8, 2024	Apr. 4, 2024	\$0.48	\$39.5
Jun. 7, 2024	Jul. 5, 2024	\$0.48	\$39.3
Sep. 6, 2024	Oct. 2, 2024	\$0.48	\$39.3

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

The next dividend is payable on January 6, 2025 to shareholders on record on December 6, 2024.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

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

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

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

No amounts were drawn on the revolving credit facility as at September 30, 2024, December 31, 2023 and September 30, 2023.

Standby letters of credit issued utilized \$39.0 million of the facility as at September 30, 2024 (December 31, 2023 – \$40.3 million; September 30, 2023 – \$39.6 million).

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

Principal Components of Cash Flow

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

(\$ thousands)	Three months ended		Nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Cash and cash equivalents, beginning of period	\$ 803,832	\$ 733,999	\$ 1,040,757	\$ 927,780
Cash, provided by (used in):				
Operating activities				
Operations	180,249	184,255	491,873	489,944
Change in non-cash working capital and other	(161,846)	(34,002)	(375,220)	(297,590)
Net rental fleet additions	(15,920)	(16,608)	(142,178)	(154,160)
	2,483	133,645	(25,525)	38,194
Investing activities	(91,328)	(32,218)	(159,917)	(69,252)
Financing activities	(44,016)	(28,090)	(184,807)	(118,034)
Effect of foreign exchange on cash and cash equivalents balances	(244)	82	219	(13)
(Decrease) increase in cash and cash equivalents during the period from continuing operations	\$ (133,105)	\$ 73,419	\$ (370,030)	\$ (149,105)
Discontinued operations	\$ —	\$ —	\$ —	\$ 28,743
Cash and cash equivalents, end of period	\$ 670,727	\$ 807,418	\$ 670,727	\$ 807,418

Cash Flows from Operating Activities

Operating activities provided cash in the third quarter of 2024 and 2023. On a year-to-date basis, operating activities used cash in 2024 and provided cash in 2023.

Cash generated from operations decreased 2% in the quarter and was similar to last year on a year-to-date basis.

Non-cash working capital used cash in the third quarter of 2024, as working capital levels increased on higher accounts receivable balances reflecting the higher revenue, along with increased inventory levels in the quarter held in part for future customer deliveries. Non-cash working capital utilized cash in the third quarter of 2023, as working capital levels increased on higher accounts receivable and inventories, reflecting seasonality and higher activity levels. Comparatively, non-cash working capital and other used more cash in the third quarter of 2024, than the similar period of the prior year due to timing of receipt and payment of inventory and higher activity levels.

On a year-to-date basis non-cash working capital used more cash in 2024 as compared to the similar period of 2023, as higher inventory levels and lower deferred revenue balances were offset by higher accounts payable, on the timing of payments to suppliers.

Cash used for net rental fleet additions (purchases less proceeds of dispositions) decreased by \$0.7 million in the third quarter of 2024 and decreased \$12.0 million for the first nine months of 2024 compared to the similar periods last year. The Company continued to invest in both the heavy and light equipment rental fleets across

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Eastern Canada reflective of long-term growth strategies, although at lower rates than in the comparative periods. Dispositions were lower in the third quarter compared to last year but were higher on year-to-date basis, as new equipment supply improved and aged units were rolled out.

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

Cash Flows from Investing Activities

During the quarter, the Company used cash of \$67.5 million for the acquisition of Tri-City. See note 3 to the interim condensed consolidated financial statements for further information on this transaction.

Investments in property, plant and equipment totalled \$24.4 million in the third quarter of 2024 (2023 – \$32.6 million) and related largely to:

- \$10.3 million additions for land, buildings and construction in process for new and upgraded facilities across the business (2023 – \$17.1 million);
- \$10.2 million for normal replacement of service and delivery vehicles (2023 – \$13.9 million); and,
- \$3.2 million for machinery and equipment replacements and upgrades (2023 – \$1.8 million).

For the year-to-date period, investments in property, plant and equipment totalled \$93.6 million (2023 – \$77.7 million). The Company sold an excess property in 2023 for gross proceeds of \$7.4 million resulting in a gain of \$3.5 million or \$3.1 million after-tax. Total disposition proceeds for the first nine months of 2024 were \$1.3 million (2023 – \$8.6 million).

Cash Flows from Financing Activities

During the third quarter of 2024, the Company used \$44.0 million (2023 – used \$28.1 million) in cash in financing activities. Major uses and sources of cash during the quarter included:

- Dividends paid to common shareholders of \$39.3 million or \$0.48 per share (2023 – \$35.6 million or \$0.43 per share);
- Cash received on exercise of share options of \$5.5 million (2023 – \$10.0 million);
- Purchase of shares under the NCIB program used \$7.8 million (2023 – \$0.0 million); and,
- Lease liability payments of \$2.4 million (2023 – \$2.5 million).

For the nine months ended September 30, 2024, financing activities used \$184.8 million (2023 – used \$118.0 million) in cash, major uses and sources of cash during the period included:

- Dividends paid to common shareholders of \$114.2 million or \$1.39 per share (2023 – \$103.2 million or \$1.25 per share);
- Cash received on exercise of share options of \$19.7 million (2023 – \$17.0 million);
- Purchase of shares under the NCIB program of \$82.8 million (2023 – \$25.0 million); and,
- Lease liability payments of \$7.4 million (2023 – \$6.9 million).

Cash Flows from Discontinued Operations

Net cash provided in 2023 from discontinued operations, AgWest Ltd., was \$28.7 million, including \$26.6 million in proceeds of disposition. See note 15 to the interim condensed consolidated financial statements for further information on this transaction.

OUTLOOK

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

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

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

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

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

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

QUARTERLY RESULTS

The following table summarizes quarterly consolidated financial data for the eight most recently completed quarters. This quarterly information is unaudited and has been prepared on the same basis as the 2023 annual audited consolidated financial statements. Data reflects results from discontinued operations unless otherwise noted.

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(\$ thousands, except per share amounts)	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
REVENUE								
Equipment Group	\$1,210,821	\$1,235,649	\$ 928,145	\$1,128,907	\$1,065,615	\$1,070,194	\$ 960,406	\$1,032,850
CIMCO	127,171	124,220	88,204	98,030	108,430	104,762	85,957	95,678
Revenue - continuing operations	\$1,337,992	\$1,359,869	\$1,016,349	\$1,226,937	\$1,174,045	\$1,174,956	\$1,046,363	\$1,128,528
NET EARNINGS	\$ 130,951	\$ 135,350	\$ 83,919	\$ 154,052	\$ 145,619	\$ 139,037	\$ 96,004	\$ 159,862
PER SHARE INFORMATION:								
Basic earnings per share	\$ 1.60	\$ 1.65	\$ 1.02	\$ 1.87	\$ 1.77	\$ 1.69	\$ 1.17	\$ 1.94
Diluted earnings per share	\$ 1.59	\$ 1.64	\$ 1.01	\$ 1.86	\$ 1.76	\$ 1.68	\$ 1.16	\$ 1.93
Dividends paid per share	\$ 0.48	\$ 0.48	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.39	\$ 0.39
Weighted average common shares outstanding – basic (in thousands)	81,931	82,090	82,309	82,315	82,282	82,294	82,333	82,279

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

The Equipment Group has historically had a distinct seasonal trend in activity levels. Lower revenue is recorded during the first quarter due to winter shutdowns in the construction industry. The fourth quarter 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 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.

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

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

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

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

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

RISKS AND RISK MANAGEMENT

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

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES

Accounting Policies

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

The Company applied for the first time certain amendments to standards, which are effective for annual periods beginning on or after January 1, 2024, including Amendments to IAS 1 – *Presentation of Financial Statements – Disclosure of Accounting Policies* ("IAS 1"); Amendments to International Financial Reporting Standards ("IFRS") 16 – *Lease Liability in a Sale and Leaseback*; and Amendments to IAS 7 – *Statement of Cash Flows* ("IAS 7") and IFRS 7 – *Supplier Finance Arrangements*. The amendments had no material impact on the unaudited interim condensed consolidated financial statements.

In April 2024, the International Accounting Standards Board issued IFRS 18 – *Presentation and Disclosure of Financial Statements* ("IFRS 18"), which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of income or loss, including specified totals and subtotals, disclosure of management-defined performance measures, and aggregation and disaggregation of financial information based on identified roles of the primary financial statements and the notes. In addition, narrow scope amendments have been made to IAS 7, which include changing the starting point for determining cash flows from operations under the indirect method and the removal of the optionality around the classification of cash flows from dividends and interest. Minor consequential amendments to other standards were also made. The amendments are effective for reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The Company is currently assessing the potential impact of these amendments and intends to adopt these when they become effective.

Estimates

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

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Internal Control over Financial Reporting

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

There have been no changes in the design of the Company's internal control over financial reporting during the three and nine months ended September 30, 2024, that would materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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

ADDITIONAL GAAP MEASURES

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

Gross Profit

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

Operating Income

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

(\$ thousands)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Net income from continuing operations	\$ 130,951	\$ 145,619	\$ 350,220	\$ 375,055
<i>plus:</i> Interest expense	7,202	7,053	21,240	20,976
<i>less:</i> Interest and investment income	(11,662)	(11,747)	(43,049)	(32,850)
<i>plus:</i> Income taxes	48,408	52,161	130,594	136,492
Operating income	\$ 174,899	\$ 193,086	\$ 459,005	\$ 499,673
Total revenue	\$ 1,337,992	\$ 1,174,045	\$ 3,714,210	\$ 3,395,364
Operating income margin	13.1%	16.4%	12.4%	14.7%

Net Debt to Total Capitalization/Equity

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

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

The calculations are as follows:

(\$ thousands)	September 30	December 31	September 30
	2024	2023	2023
Long-term debt	\$ 498,237	\$ 647,784	\$ 647,603
Current portion of long-term debt	150,000	—	—
<i>less:</i> Cash and cash equivalents	670,727	1,040,757	807,418
Net debt	(22,490)	(392,973)	(159,815)
Shareholders' equity	2,899,540	2,683,852	2,610,765
Total capitalization	\$ 2,877,050	2,290,879	2,450,950
Net debt to total capitalization	(1)%	(17)%	(7)%
Net debt to equity	(0.01):1	(0.15):1	(0.06):1

NON-GAAP MEASURES

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

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

Working Capital

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

<i>(\$ thousands)</i>	September 30 2024	December 31 2023	September 30 2023
Total current assets	\$ 2,742,611	\$ 2,810,804	\$ 2,618,432
less: Total current liabilities	1,125,999	1,066,065	962,909
Working capital	\$ 1,616,612	\$ 1,744,739	\$ 1,655,523

Non-Cash Working Capital

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

<i>(\$ thousands)</i>	September 30 2024	December 31 2023	September 30 2023
Total current assets	\$ 2,742,611	\$ 2,810,804	\$ 2,618,432
less: Cash and cash equivalents	670,727	1,040,757	807,418
	2,071,884	1,770,047	1,811,014
Total current liabilities	1,125,999	1,066,065	962,909
less: Current portion of long-term debt	150,000	0	—
	975,999	1,066,065	962,909
Non-cash working capital	\$ 1,095,885	\$ 703,982	\$ 848,105

Market Capitalization & Total Enterprise Value

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

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

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The calculations are as follows:

<i>(\$ thousands, except for shares and share price)</i>	September 30 2024	December 31 2023	September 30 2023
Outstanding common shares	81,937,472	82,297,341	82,352,479
<i>times: Ending share price</i>	\$ 132.02	\$ 116.10	\$ 110.62
Market capitalization	\$ 10,817,385	\$ 9,554,721	\$ 9,109,831
Long-term debt	\$ 498,237	\$ 647,784	\$ 647,603
Current portion of long-term debt	150,000	—	—
<i>less: Cash and cash equivalents</i>	670,727	1,040,757	807,418
Net debt	\$ (22,490)	\$ (392,973)	\$ (159,815)
Total enterprise value	\$ 10,794,895	\$ 9,161,748	\$ 8,950,016

KEY PERFORMANCE INDICATORS ("KPIs")

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

Gross Profit Margin

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

Operating Income Margin

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

Order Bookings and Backlog

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

Return on Capital Employed ("ROCE")

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

	Trailing twelve months ended		
	September 30 2024	December 31 2023	September 30 2023
<i>(\$ thousands)</i>			
Net earnings	\$ 504,272	\$ 534,712	\$ 540,522
<i>plus:</i> Interest expense	28,362	28,101	27,766
<i>less:</i> Interest and investment income	(56,181)	(46,349)	(41,857)
<i>plus:</i> Interest income – rental conversions	3,614	3,348	3,591
<i>plus:</i> Income taxes	187,107	194,849	192,968
Adjusted net earnings	\$ 667,174	\$ 714,661	\$ 722,990
Average capital employed	\$ 2,538,075	\$ 2,347,864	\$ 2,284,437
Return on capital employed	26.3%	30.4%	31.6%

Return on Equity ("ROE")

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

	Trailing twelve months ended		
	September 30 2024	December 31 2023	September 30 2023
<i>(\$ thousands)</i>			
Net earnings	\$ 504,272	\$ 534,712	\$ 540,522
Opening shareholder's equity (net of adjustments)	\$ 2,596,115	\$ 2,317,906	\$ 2,191,616
Return on equity	19.4%	23.1%	24.7%

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(Unaudited)

(\$ thousands)	Note	September 30 2024	December 31 2023	September 30 2023
Assets				
Current assets				
Cash and cash equivalents		\$ 670,727	\$ 1,040,757	\$ 807,418
Accounts receivable		688,029	627,243	637,633
Inventories		1,334,540	1,119,071	1,140,096
Income taxes recoverable		19,926	—	—
Derivative financial instruments	7	—	—	5,458
Other current assets		29,389	23,733	27,827
Total current assets		2,742,611	2,810,804	2,618,432
Property, plant and equipment	4	597,759	538,919	507,233
Rental equipment	4	808,334	682,369	702,420
Other assets		94,264	68,297	85,506
Deferred tax assets		1,384	1,370	873
Goodwill and intangible assets	3	469,743	470,088	470,707
Total assets		\$ 4,714,095	\$ 4,571,847	\$ 4,385,171
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	10	\$ 665,620	\$ 654,701	\$ 622,319
Provisions		29,526	30,269	29,289
Deferred revenue and contract liabilities		276,003	360,143	302,282
Current portion of long-term debt	5, 7	150,000	—	—
Derivative financial instruments	7	4,355	13,946	—
Income taxes payable		495	7,006	9,019
Total current liabilities		1,125,999	1,066,065	962,909
Deferred revenue and contract liabilities		24,143	22,479	21,141
Long-term lease liabilities		29,679	25,078	24,133
Long-term debt	5, 7	498,237	647,784	647,603
Post-employment obligations	11	28,612	28,703	27,602
Deferred tax liabilities		107,885	97,886	91,018
Total liabilities		1,814,555	1,887,995	1,774,406
Shareholders' equity				
Share capital	6	602,046	582,801	579,661
Contributed surplus		34,443	27,346	24,857
Retained earnings		2,262,802	2,079,914	2,000,484
Accumulated other comprehensive income (loss)		249	(6,209)	5,763
Total shareholders' equity		2,899,540	2,683,852	2,610,765
Total liabilities and shareholders' equity		\$ 4,714,095	\$ 4,571,847	\$ 4,385,171

See accompanying notes

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

(\$ thousands, except share amounts)	Note	Three months ended		Nine months ended	
		September 30		September 30	
		2024	2023	2024	2023
Revenue	13	\$ 1,337,992	\$ 1,174,045	\$ 3,714,210	\$ 3,395,364
Cost of goods sold	4	1,010,202	838,545	2,807,347	2,479,418
Gross profit		327,790	335,500	906,863	915,946
Selling and administrative expenses		152,891	142,414	447,858	416,273
Operating income		174,899	193,086	459,005	499,673
Interest expense	8	7,202	7,053	21,240	20,976
Interest and investment income	8	(11,662)	(11,747)	(43,049)	(32,850)
Income before income taxes		179,359	197,780	480,814	511,547
Income taxes		48,408	52,161	130,594	136,492
Income from continuing operations		130,951	145,619	350,220	375,055
Income from discontinued operations	15	—	—	—	5,605
Net earnings		\$ 130,951	\$ 145,619	\$ 350,220	\$ 380,660
Basic earnings per share					
Continuing operations		\$ 1.60	\$ 1.77	\$ 4.27	\$ 4.56
Discontinued operations		\$ —	\$ —	\$ —	\$ 0.07
	9	\$ 1.60	\$ 1.77	\$ 4.27	\$ 4.63
Diluted earnings per share					
Continuing operations		\$ 1.59	\$ 1.76	\$ 4.23	\$ 4.52
Discontinued operations		\$ —	\$ —	\$ —	\$ 0.07
	9	\$ 1.59	\$ 1.76	\$ 4.23	\$ 4.59
Weighted average number of shares outstanding					
Basic	9	81,930,534	82,281,891	82,109,395	82,302,881
Diluted	9	82,545,416	82,923,627	82,703,042	82,909,989

See accompanying notes

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

(\$ thousands)	Three months ended		Nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Net earnings	\$ 130,951	\$ 145,619	\$ 350,220	\$ 380,660
Other comprehensive (loss) income, net of income taxes:				
<i>Items that may be reclassified subsequently to net earnings:</i>				
Foreign currency translation adjustments	(438)	479	453	—
Unrealized (losses) gains on derivatives designated as cash flow hedges	(7,158)	14,069	11,149	1,778
Income tax recovery (expense)	1,861	(3,658)	(2,899)	(462)
Unrealized (losses) gains on cash flow hedges, net of income taxes	(5,297)	10,411	8,250	1,316
Realized losses (gains) on derivatives designated as cash flow hedges	2,184	(4,287)	(3,035)	(12,042)
Income tax (recovery) expense	(567)	1,115	790	3,131
Realized losses (gains) on cash flow hedges, net of income taxes	1,617	(3,172)	(2,245)	(8,911)
<i>Items that will not be reclassified subsequently to net earnings:</i>				
Remeasurement (loss) gain on defined benefit plans	(2,109)	16,379	23,267	24,474
Income tax recovery (expense)	560	(4,341)	(6,165)	(6,486)
Remeasurement (losses) gains on defined benefit plans, net of income taxes	(1,549)	12,038	17,102	17,988
Other comprehensive (loss) income	(5,667)	19,756	23,560	10,393
Total comprehensive income	\$ 125,284	\$ 165,375	\$ 373,780	\$ 391,053

See accompanying notes

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

(\$ thousands, except share amounts)	Share capital			Accumulated other comprehensive income (loss)				Total shareholders' equity
	Number	Amount	Contributed surplus	Retained earnings	Foreign currency translation adjustments	Cash flow hedges	Total	
At January 1, 2024	82,297,341	\$ 582,801	\$ 27,346	\$ 2,079,914	\$ 2,409	\$ (8,618)	\$ (6,209)	2,683,852
Net earnings	—	—	—	350,220	—	—	—	350,220
Other comprehensive income	—	—	—	17,102	453	6,005	6,458	23,560
Total comprehensive income	—	—	—	367,322	453	6,005	6,458	373,780
Exercise of share options	313,131	23,286	(3,600)	—	—	—	—	19,686
Share-based compensation plans	—	—	10,697	—	—	—	—	10,697
Effect of share compensation plans	313,131	23,286	7,097	—	—	—	—	30,383
Shares purchased for cancellation	(673,000)	(4,041)	—	(66,257)	—	—	—	(70,298)
Dividends declared	—	—	—	(118,177)	—	—	—	(118,177)
At September 30, 2024	81,937,472	\$ 602,046	\$ 34,443	\$ 2,262,802	\$ 2,862	\$ (2,613)	\$ 249	2,899,540
At January 1, 2023	82,318,159	\$ 561,078	\$ 19,262	\$ 1,731,661	\$ 2,992	\$ 10,366	\$ 13,358	2,325,359
Net earnings	—	—	—	380,660	—	—	—	380,660
Other comprehensive earnings	—	—	—	17,988	—	(7,595)	(7,595)	10,393
Total comprehensive earnings	—	—	—	398,648	—	(7,595)	(7,595)	391,053
Exercise of share options	272,320	20,215	(3,195)	—	—	—	—	17,020
Share-based compensation plans	—	—	8,790	—	—	—	—	8,790
Effect of share compensation plans	272,320	20,215	5,595	—	—	—	—	25,810
Shares purchased for cancellation	(238,000)	(1,632)	—	(23,364)	—	—	—	(24,996)
Dividends declared	—	—	—	(106,461)	—	—	—	(106,461)
At September 30, 2023	82,352,479	\$ 579,661	\$ 24,857	\$ 2,000,484	\$ 2,992	\$ 2,771	\$ 5,763	2,610,765

See accompanying notes

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

(\$ thousands)	Note	Three months ended September 30		Nine months ended September 30	
		2024	2023	2024	2023
Operating activities					
Income from continuing operations		\$ 130,951	\$ 145,619	\$ 350,220	\$ 375,055
Items not requiring cash:					
Depreciation and amortization		52,313	45,894	149,713	132,046
Share-based compensation		2,986	2,455	8,894	7,634
Post-employment obligations		1,516	40	1,570	(2,248)
Deferred income taxes		(2,193)	(347)	1,711	2,613
Gain on sale of rental equipment and property, plant and equipment		(5,324)	(9,406)	(20,235)	(25,156)
		180,249	184,255	491,873	489,944
Net change in non-cash working capital and other	12	(161,846)	(34,002)	(375,220)	(297,590)
Additions to rental equipment	4	(28,594)	(35,931)	(188,305)	(198,198)
Proceeds on disposal of rental equipment		12,674	19,323	46,127	44,038
Continuing operations		2,483	133,645	(25,525)	38,194
Discontinued operations		—	—	—	2,586
Cash provided by (used in) operating activities		2,483	133,645	(25,525)	40,780
Investing activities					
Additions to property, plant and equipment	4	(24,410)	(32,636)	(93,575)	(77,720)
Proceeds on disposal of property, plant and equipment		652	486	1,294	8,577
Business acquisition	3	(67,536)	—	(67,536)	—
Decrease in other assets		(34)	(68)	(100)	(109)
Continuing operations		(91,328)	(32,218)	(159,917)	(69,252)
Discontinued operations		—	—	—	(411)
Proceeds from sale of discontinued operations (net of cash)	15	—	—	—	26,606
Cash used in investing activities		(91,328)	(32,218)	(159,917)	(43,057)
Financing activities					
Financing fees		—	—	(103)	—
Dividends paid	6	(39,319)	(35,638)	(114,245)	(103,155)
Cash received on exercise of share options		5,504	10,022	19,686	17,020
Shares purchased for cancellation	6	(7,769)	—	(82,750)	(24,996)
Payment of lease liabilities		(2,432)	(2,474)	(7,395)	(6,903)
Continuing operations		(44,016)	(28,090)	(184,807)	(118,034)
Discontinued operations		—	—	—	(38)
Cash used in financing activities		(44,016)	(28,090)	(184,807)	(118,072)
Effect of currency translation on cash balances		(244)	82	219	(13)
(Decrease) increase in cash and cash equivalents during the period					
Continuing operations		(133,105)	73,419	(370,030)	(149,105)
Discontinued operations		—	—	—	28,743
Cash and cash equivalents, at beginning of the period		803,832	733,999	1,040,757	927,780
Cash and cash equivalents, at end of the period		\$ 670,727	\$ 807,418	\$ 670,727	\$ 807,418

Supplemental cash flow information (note 12)

See accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024

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

1. DESCRIPTION OF BUSINESS

Corporate Information

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

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

2. MATERIAL ACCOUNTING POLICIES

Basis of Preparation

a) Statement of Compliance

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*. Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2023.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 4, 2024.

b) Basis of Presentation

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

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

c) Material Accounting Policies

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024

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

Statements – Disclosure of Accounting Policies ("IAS 1"); Amendments to International Financial Reporting Standards ("IFRS") 16 – *Lease Liability in a Sale and Leaseback*; and Amendments to IAS 7 – *Statement of Cash Flows* ("IAS 7") and IFRS 7 – *Supplier Finance Arrangements*. The amendments had no material impact on the unaudited interim condensed consolidated financial statements.

In April 2024, the International Accounting Standards Board issued IFRS 18 – *Presentation and Disclosure of Financial Statements* ("IFRS 18"), which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of income or loss, including specified totals and subtotals, disclosure of management-defined performance measures, and aggregation and disaggregation of financial information based on identified roles of the primary financial statements and the notes. In addition, narrow scope amendments have been made to IAS 7, which include changing the starting point for determining cash flows from operations under the indirect method and the removal of the optionality around the classification of cash flows from dividends and interest. Minor consequential amendments to other standards were also made. The amendments are effective for reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The Company is currently assessing the potential impact of these amendments and intends to adopt these when they become effective.

d) Use of Significant Accounting Estimates and Judgements

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

e) Discontinued Operations

The results of discontinued operations are excluded from both continuing operations and business segment information in the interim condensed consolidated financial statements and the notes to the interim condensed consolidated financial statements, unless otherwise noted, and are presented net of tax in the interim condensed consolidated statements of income for the current and comparative periods. Refer to note 15, "Discontinued Operations" for further information.

3. BUSINESS COMBINATION

On September 9, 2024, the Company acquired the rental business and net operating assets of Tri-City Equipment Rentals ("Tri-City"), an industry leader in heavy equipment rentals with operations in Southwestern Ontario. The acquisition expands Toromont Cat's heavy rents business to better serve our customer base.

The Company acquired the business and net operating assets of Tri-City in exchange for consideration of \$77.5 million, comprised of cash in the amount of \$67.5 million, and a balance of purchase price payable in the amount of \$10.0 million, to be paid at various dates over the next two years. Toromont funded the transaction with cash on hand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the three and nine months ended September 30, 2024
(\$ thousands, except where otherwise indicated) (Unaudited)

The acquisition was accounted for as a business combination and the results of Tri-City have been included in the interim condensed consolidated statements of income and statements of comprehensive income since the date of acquisition, and is included in the Equipment Group. The revenue and net income for the 21-day period ended September 30, 2024 were insignificant.

The purchase price allocation is preliminary and subject to adjustment on completion of the valuation process. The Company determined the preliminary fair values based on market information, independent valuations and management's estimates.

Accounts receivable	\$	5,668
Inventories		944
Property, plant and equipment		6,772
Rental equipment		62,650
Net identifiable assets		76,034
Residual purchase price allocated to goodwill		1,514
Total	\$	77,548

Accounts receivable represents gross contractual amounts receivable and reflects the best estimate at the acquisition date of the contractual cash flows expected to be collected.

Goodwill is attributed to the existing Tri-City business, the assembled workforce and the combined strategic value to the Company's growth plan. The amount assigned to goodwill is expected to be deductible for tax purposes.

Acquisition-related costs were expensed and are included in selling and administrative expenses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024

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

4. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

	Property, Plant and Equipment					Rental Equipment
	Land	Buildings	Equipment	Power Generation	Total	
Cost						
January 1, 2024	\$ 182,938	\$ 370,334	\$ 361,697	\$ 40,138	\$ 955,107	\$ 1,263,079
Additions	10,984	31,750	50,815	26	93,575	188,305
Business combination	2,800	2,800	1,172	—	6,772	62,650
Disposals	(87)	(409)	(11,127)	—	(11,623)	(86,751)
Foreign currency translation adjustments	3	67	175	—	245	—
September 30, 2024	\$ 196,638	\$ 404,542	\$ 402,732	\$ 40,164	\$ 1,044,076	\$ 1,427,283
Accumulated depreciation						
January 1, 2024	\$ —	\$ 148,538	\$ 229,309	\$ 38,341	\$ 416,188	\$ 580,710
Depreciation expense	—	11,662	28,606	826	41,094	98,321
Depreciation of disposals	—	(127)	(10,980)	—	(11,107)	(60,082)
Foreign currency translation adjustments	—	16	126	—	142	—
September 30, 2024	\$ —	\$ 160,089	\$ 247,061	\$ 39,167	\$ 446,317	\$ 618,949
Net book value – September 30, 2024	\$ 196,638	\$ 244,453	\$ 155,671	\$ 997	\$ 597,759	\$ 808,334

	Property, Plant and Equipment					Rental Equipment
	Land	Buildings	Equipment	Power Generation	Total	
Cost						
January 1, 2023	\$ 177,099	\$ 327,067	\$ 314,214	\$ 40,094	\$ 858,474	\$ 1,133,080
Additions	5,122	31,055	41,909	44	78,130	198,198
Disposals	(3,643)	—	(9,446)	—	(13,089)	(67,745)
Business disposition	(135)	(4,313)	(5,463)	—	(9,911)	—
Foreign currency translation adjustments	—	(5)	(16)	—	(21)	—
September 30, 2023	\$ 178,443	\$ 353,804	\$ 341,198	\$ 40,138	\$ 913,583	\$ 1,263,533
Accumulated depreciation						
January 1, 2023	\$ —	\$ 138,322	\$ 212,345	\$ 37,183	\$ 387,850	\$ 516,791
Depreciation expense	—	10,250	23,054	883	34,187	88,439
Depreciation of disposals	—	—	(9,258)	—	(9,258)	(44,117)
Business disposition	—	(3,178)	(3,237)	—	(6,415)	—
Foreign currency translation adjustments	—	(1)	(13)	—	(14)	—
September 30, 2023	\$ —	\$ 145,393	\$ 222,891	\$ 38,066	\$ 406,350	\$ 561,113
Net book value – September 30, 2023	\$ 178,443	\$ 208,411	\$ 118,307	\$ 2,072	\$ 507,233	\$ 702,420

During the nine months ended September 30, 2024, depreciation expense of \$125.0 million was charged to cost of goods sold (2023 – \$110.1 million), and \$14.4 million was charged to selling and administrative expenses (2023 – \$12.5 million).

As at September 30, 2024, the balance of assets under construction and not subject to depreciation was \$4.5 million (2023 – \$26.8 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024

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

5. LONG-TERM DEBT

	September 30 2024	December 31 2023	September 30 2023
Senior debentures			
3.71%, \$150.0 million, due September 30, 2025 ⁽¹⁾	\$ 150,000	\$ 150,000	\$ 150,000
3.84%, \$500.0 million, due October 27, 2027 ⁽¹⁾	500,000	500,000	500,000
	650,000	650,000	650,000
Debt issuance costs, net of amortization	(1,763)	(2,216)	(2,397)
Total long-term debt	\$ 648,237	\$ 647,784	\$ 647,603
Less: current portion of long-term debt	(150,000)	—	—
Non-current portion of long-term debt	\$ 498,237	\$ 647,784	\$ 647,603

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

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

No amounts were drawn on the revolving credit facility as at September 30, 2024, December 31, 2023 and September 30, 2023.

Standby letters of credit issued utilized \$39.0 million of the facility as at September 30, 2024 (December 31, 2023 – \$40.3 million; September 30, 2023 – \$39.6 million).

6. SHARE CAPITAL

Normal Course Issuer Bid ("NCIB")

The Company's NCIB program was renewed in September 2024. The current issuer bid allows the Company to purchase up to 8.2 million common shares during the 12-month period ending September 20, 2025. All shares purchased under the bid will be cancelled.

The Company purchased and cancelled 673,000 common shares for \$82.7 million (average cost of \$122.96 per share, including transaction costs) during the nine months ended September 30, 2024.

The Company maintains an Automatic Share Purchase Plan ("ASPP") with a broker to enable the purchase of common shares under the NCIB during regular trading blackout periods. The volume of the purchases are determined by the broker based on share price and maximum volume parameters established by the Company prior to the commencement of each blackout period. As at September 30, 2024, there was no obligation for the repurchase of shares under the ASPP.

The Company purchased and cancelled 238,000 common shares for \$25.0 million (average cost of \$105.02 per share, including transaction costs) during the nine months ended September 30, 2023. As at September 30, 2023, there was no obligation for the repurchase of shares under the ASPP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024

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

Dividends Declared

Dividend	2024				2023			
	Record date	Dividend amount per Share	Payment date	Total dividends declared (\$ millions)	Record date	Dividend amount per share	Payment date	Total dividends declared (\$ millions)
Quarter 1	Mar. 8, 2024	\$ 0.48	Apr. 4, 2024	\$ 39.5	Mar. 9, 2023	\$ 0.43	Apr. 4, 2023	\$ 35.4
Quarter 2	Jun. 7, 2024	0.48	Jul. 5, 2024	39.4	Jun. 9, 2023	0.43	Jul. 5, 2023	35.6
Quarter 3	Sep. 6, 2024	0.48	Oct. 4, 2024	39.3	Sep. 8, 2023	0.43	Oct. 4, 2023	35.4
		\$ 1.44		\$ 118.2		\$ 1.29		\$ 106.4

On November 4, 2024, the Board of Directors declared a quarterly dividend of \$0.48 per common share, payable on January 6, 2025, to shareholders on record on December 6, 2024.

7. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Classification and Measurement

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

	September 30 2024	December 31 2023	September 30 2023
Other financial liabilities:			
Current portion of long-term debt	\$ 150,000	\$ —	\$ —
Long-term debt	498,237	647,784	647,603
Derivative financial instruments (liabilities) assets, net:			
Foreign exchange forward contracts	\$ (4,355)	(13,946)	\$ 5,458

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:

	September 30 2024	December 31 2023	September 30 2023
Total Long-term debt:			
Fair value	\$ 653,256	\$ 637,808	\$ 612,552
Carrying value	\$ 650,000	\$ 650,000	\$ 650,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024

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

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 nine months ended September 30, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

Derivative Financial Instruments and Hedge Accounting

Foreign exchange contracts and options are transacted with financial institutions to hedge foreign currency-denominated obligations related to purchases of inventory and sales of products. As at September 30, 2024, the Company was committed to: (i) US dollar purchase contracts with a notional amount of \$443.8 million at an average exchange rate of \$1.3567, maturing between October 2024 and September 2025; and (ii) US dollar sale contracts with a notional amount of \$37.4 million at an average exchange rate of \$1.3467, maturing between October 2024 and September 2025.

Management estimates that a loss of \$4.4 million (December 31, 2023 – loss of \$13.9 million; September 30, 2023 – gain of \$5.5 million) would be realized if the contracts were terminated on September 30, 2024. Certain of these forward contracts are designated as cash flow hedges and, accordingly, an unrealized loss of \$3.3 million (December 31, 2023 – unrealized loss of \$11.6 million; September 30, 2023 – unrealized gain of \$3.4 million) has been included in other comprehensive income (loss). These gains and losses are not expected to affect net earnings as the amounts will be reclassified to net earnings within the next 12 months and will offset losses recorded on the underlying hedged items, namely foreign-denominated accounts payable and accrued liabilities. Certain of these forward contracts are not designated as cash flow hedges but are entered into for periods consistent with foreign currency exposure of the underlying transactions. A loss of \$1.1 million (December 31, 2023 – loss of \$2.3 million; September 30, 2023 – gain of \$2.1 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.

8. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended		Nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Credit facilities	\$ 414	\$ 425	\$ 1,235	\$ 1,301
Senior debentures	6,363	6,332	18,783	18,888
Interest on lease liabilities	425	296	1,222	787
	\$ 7,202	\$ 7,053	\$ 21,240	\$ 20,976

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The components of interest and investment income were as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Interest on conversion of rental equipment	\$ 575	\$ 804	\$ 2,552	\$ 2,286
Interest income	11,087	10,943	40,497	30,564
	\$ 11,662	\$ 11,747	\$ 43,049	\$ 32,850

9. EARNINGS PER SHARE

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Income from continuing operations	\$ 130,951	\$ 145,619	\$ 350,220	\$ 375,055
Income from discontinued operations	—	—	—	5,605
Net earnings available to common shareholders	\$ 130,951	\$ 145,619	\$ 350,220	\$ 380,660
Weighted average common shares outstanding	81,930,534	82,281,891	82,109,395	82,302,881
Effect of dilutive securities	614,882	641,736	593,647	607,108
Weighted average common shares outstanding – diluted	82,545,416	82,923,627	82,703,042	82,909,989
Basic earnings per share				
Continuing operations	\$ 1.60	\$ 1.77	\$ 4.27	\$ 4.56
Discontinued operations	—	—	—	0.07
	\$ 1.60	\$ 1.77	\$ 4.27	\$ 4.63
Diluted earnings per share				
Continuing operations	\$ 1.59	\$ 1.76	\$ 4.23	\$ 4.52
Discontinued operations	—	—	—	0.07
	\$ 1.59	\$ 1.76	\$ 4.23	\$ 4.59

For both the three and nine months ended September 30, 2024, 158,089 outstanding share options with an average exercise price of \$125.11 were considered anti-dilutive and were excluded from the calculations. For the comparative periods in 2023, 164,307 outstanding share options with an average exercise price of \$112.48 were considered anti-dilutive and were excluded from the calculations.

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10. SHARE-BASED COMPENSATION

Share Option Plan

A reconciliation of the outstanding options for the nine months ended September 30, 2024 and 2023 was as follows:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, January 1	1,783,993	\$ 78.50	1,967,892	\$ 73.21
Granted	160,960	125.11	168,545	112.48
Exercised ⁽¹⁾	(313,131)	62.87	(272,320)	62.50
Forfeited	(159,080)	92.86	(11,826)	104.85
Options outstanding, September 30	1,472,742	\$ 85.36	1,852,291	\$ 78.16
Options exercisable, September 30	930,011	\$ 72.25	1,041,906	\$ 65.73

⁽¹⁾ The weighted average share price at the date of exercise for the nine months ended September 30, 2024 was \$122.97 (2023 – \$111.99).

The following table summarizes share options outstanding and exercisable as at September 30, 2024:

Range of exercise prices	Options outstanding			Options exercisable	
	Number	Weighted average remaining life (years)	Weighted average exercise price	Number	Weighted average exercise price
\$36.65 – \$39.79	124,100	1.4	\$ 38.57	124,100	\$ 38.57
\$53.88 – \$65.72	251,660	4.2	61.71	251,660	61.71
\$66.22 – \$72.95	418,380	5.3	70.95	336,294	70.46
\$104.91 – \$125.11	678,602	7.9	111.58	217,957	106.35
	1,472,742	6.0	\$ 85.36	930,011	\$ 72.25

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

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

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Deferred Share Unit ("DSU") Plans

A reconciliation of the cash-settled DSU plan for the nine months ended September 30, 2024 and 2023 was as follows:

	2024		2023	
	Number of DSUs	Value	Number of DSUs	Value
Outstanding, January 1	191,320	\$ 22,133	190,128	\$ 18,528
Dividend credits	2,060	251	2,273	237
Redemptions	(16,321)	(2,039)	(1,829)	(193)
Fair market value adjustments	—	2,888	—	1,644
Outstanding, September 30	177,059	\$ 23,233	190,572	\$ 20,216

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

A reconciliation of the outstanding units of the equity-settled DSU plan for the nine months ended September 30, 2024 and 2023 was as follows:

	2024	2023
	Number of DSUs	Number of DSUs
Outstanding, January 1	33,360	7,534
Units taken or taken in lieu and dividends	25,092	21,845
Outstanding, September 30	58,452	29,379

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

Long-term Incentive Plan ("LTIP")

A reconciliation of the outstanding units of Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") for the nine months ended September 30, 2024 and 2023 was as follows:

	2024		2023	
	RSUs	PSUs	RSUs	PSUs
Units outstanding, January 1	14,396	56,784	7,163	28,137
Granted	13,575	28,494	7,153	29,714
Forfeited	(310)	(12,899)	(118)	(1,856)
Reinvested dividends	218	774	142	568
Units outstanding, September 30	27,879	73,153	14,340	56,563

For the nine months ended September 30, 2024, LTIP expense of \$4.0 million (2023 – \$1.9 million) was included in selling and administrative expenses with a credit to contributed surplus.

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11. EMPLOYEE FUTURE BENEFITS

Employee future benefits expense includes the following components:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Defined benefit plans	\$ 2,178	\$ 1,781	\$ 5,983	\$ 5,378
Defined contribution plans	5,107	4,504	14,962	13,927
401(k) matched saving plans	102	114	304	328
	\$ 7,387	\$ 6,399	\$ 21,249	\$ 19,633

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Net change in non-cash working capital and other:				
Accounts receivable	\$ (16,529)	\$ (56,320)	\$ (55,118)	\$ (60,145)
Inventories	(34,868)	(24,926)	(214,525)	(136,218)
Accounts payable and accrued liabilities	(52,997)	14,747	12,066	(70,184)
Provisions	(1,279)	1,594	(743)	2,203
Deferred revenue and contract liabilities	(49,534)	28,866	(82,476)	(6,667)
Income taxes	3,183	11,655	(26,437)	(18,790)
Derivative financial instruments	2,319	(4,151)	(1,478)	2,816
Other	(12,141)	(5,467)	(6,509)	(10,605)
	\$ (161,846)	\$ (34,002)	\$ (375,220)	\$ (297,590)
Cash paid during the period for:				
Interest	\$ —	\$ —	\$ 12,388	\$ 12,388
Income taxes	\$ 48,670	\$ 42,048	\$ 156,611	\$ 156,069
Cash received during the period for:				
Interest	\$ 11,360	\$ 7,604	\$ 40,787	\$ 25,166
Income taxes	\$ 1,107	\$ 1,203	\$ 1,107	\$ 1,203

13. SEGMENTED INFORMATION

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

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

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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 tables set forth information by segment for the three and nine months ended September 30, 2024 and 2023:

Three months ended September 30	Equipment Group		CIMCO		Consolidated	
	2024	2023	2024	2023	2024	2023
Equipment/package sales	\$ 611,174	\$ 474,976	\$ 69,486	\$ 49,292	\$ 680,660	\$ 524,268
Rentals	142,835	138,925	—	—	142,835	138,925
Product support	454,035	448,891	57,685	59,138	511,720	508,029
Power generation	2,777	2,823	—	—	2,777	2,823
Total revenue	\$ 1,210,821	\$ 1,065,615	\$ 127,171	\$ 108,430	\$ 1,337,992	\$ 1,174,045
Operating income	\$ 159,528	\$ 180,426	\$ 15,371	\$ 12,660	\$ 174,899	\$ 193,086
Interest expense					7,202	7,053
Interest and investment income					(11,662)	(11,747)
Income taxes					48,408	52,161
Income from continuing operations					\$ 130,951	\$ 145,619

Nine months ended September 30	Equipment Group		CIMCO		Consolidated	
	2024	2023	2024	2023	2024	2023
Equipment/package sales	\$ 1,652,737	\$ 1,400,291	\$ 173,304	\$ 142,649	\$ 1,826,041	\$ 1,542,940
Rentals	349,210	353,832	—	—	349,210	353,832
Product support	1,364,367	1,333,578	166,291	156,500	1,530,658	1,490,078
Power generation	8,301	8,514	—	—	8,301	8,514
Total revenue	\$ 3,374,615	\$ 3,096,215	\$ 339,595	\$ 299,149	\$ 3,714,210	\$ 3,395,364
Operating income	\$ 423,526	\$ 472,320	\$ 35,479	\$ 27,353	\$ 459,005	\$ 499,673
Interest expense					21,240	20,976
Interest and investment income					(43,049)	(32,850)
Income taxes					130,594	136,492
Income from continuing operations					\$ 350,220	\$ 375,055

Operating income from rental operations was \$25.0 million for the three months ended September 30, 2024 (2023 – \$34.3 million) and \$41.7 million for the nine months ended September 30, 2024 (2023 – \$68.9 million).

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

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

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.

15. DISCONTINUED OPERATIONS

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

The results of AgWest Ltd. were as follows:

	Three months ended		Nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Revenue	\$ —	\$ —	\$ —	\$ 20,866
Net income, net of tax	—	—	—	221
Gain on divestiture, net of tax	—	—	—	5,384
Income from discontinued operations	\$ —	\$ —	\$ —	\$ 5,605