

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

| (\$ thousands) | Note | June 30 2024 | December 31 2023 | June 30 2023 |
|---|------|---------------------|---------------------|-----------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | | \$ 803,832 | \$ 1,040,757 | \$ 733,999 |
| Accounts receivable | | 665,832 | 627,243 | 581,313 |
| Inventories | | 1,298,728 | 1,119,071 | 1,115,170 |
| Income taxes recoverable | | 22,614 | — | 3,461 |
| Derivative financial instruments | 6 | 2,938 | — | — |
| Other current assets | | 18,408 | 23,733 | 22,052 |
| Total current assets | | 2,812,352 | 2,810,804 | 2,455,995 |
| Property, plant and equipment | 3 | 581,293 | 538,919 | 486,017 |
| Rental equipment | 3 | 759,336 | 682,369 | 707,950 |
| Other assets | | 95,729 | 68,297 | 69,830 |
| Deferred tax assets | | 1,432 | 1,370 | 848 |
| Goodwill and intangible assets | | 468,849 | 470,088 | 471,326 |
| Total assets | | \$ 4,718,991 | \$ 4,571,847 | \$ 4,191,966 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | 9 | \$ 708,708 | \$ 654,701 | \$ 607,428 |
| Provisions | | 30,805 | 30,269 | 27,695 |
| Deferred revenue and contract liabilities | | 327,058 | 360,143 | 273,387 |
| Derivative financial instruments | 6 | — | 13,946 | 8,475 |
| Income taxes payable | | — | 7,006 | 825 |
| Total current liabilities | | 1,066,571 | 1,066,065 | 917,810 |
| Deferred revenue and contract liabilities | | 22,622 | 22,479 | 21,170 |
| Long-term lease liabilities | | 29,198 | 25,078 | 20,661 |
| Long-term debt | 4, 6 | 648,045 | 647,784 | 647,422 |
| Post-employment obligations | 10 | 27,727 | 28,703 | 32,123 |
| Deferred tax liabilities | | 111,979 | 97,886 | 84,457 |
| Total liabilities | | 1,906,142 | 1,887,995 | 1,723,643 |
| Shareholders' equity | | | | |
| Share capital | 5 | 596,045 | 582,801 | 567,744 |
| Contributed surplus | | 32,427 | 27,346 | 24,297 |
| Retained earnings | | 2,180,010 | 2,079,914 | 1,878,237 |
| Accumulated other comprehensive income (loss) | | 4,367 | (6,209) | (1,955) |
| Total shareholders' equity | | 2,812,849 | 2,683,852 | 2,468,323 |
| Total liabilities and shareholders' equity | | \$ 4,718,991 | \$ 4,571,847 | \$ 4,191,966 |

See accompanying notes

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

| (\$ thousands, except share amounts) | Note | Three months ended | | Six months ended | |
|--|------|--------------------|-----------------|------------------|-----------------|
| | | 2024 | June 30 2023 | 2024 | June 30 2023 |
| Revenue | 12 | \$ 1,359,869 | \$ 1,174,956 | \$ 2,376,218 | \$ 2,221,319 |
| Cost of goods sold | 3 | 1,030,970 | 857,623 | 1,797,145 | 1,640,873 |
| Gross profit | | 328,899 | 317,333 | 579,073 | 580,446 |
| Selling and administrative expenses | | 151,378 | 138,560 | 294,967 | 273,859 |
| Operating income | | 177,521 | 178,773 | 284,106 | 306,587 |
| Interest expense | 7 | 7,044 | 7,019 | 14,038 | 13,923 |
| Interest and investment income | 7 | (15,700) | (10,755) | (31,387) | (21,103) |
| Income before income taxes | | 186,177 | 182,509 | 301,455 | 313,767 |
| Income taxes | | 50,827 | 49,192 | 82,186 | 84,331 |
| Income from continuing operations | | 135,350 | 133,317 | 219,269 | 229,436 |
| Income from discontinued operations | 14 | — | 5,720 | — | 5,605 |
| Net earnings | | \$ 135,350 | \$ 139,037 | \$ 219,269 | \$ 235,041 |
| Basic earnings per share | | | | | |
| Continuing operations | | \$ 1.65 | \$ 1.62 | \$ 2.67 | \$ 2.79 |
| Discontinued operations | | \$ — | \$ 0.07 | \$ — | \$ 0.07 |
| | 8 | \$ 1.65 | \$ 1.69 | \$ 2.67 | \$ 2.86 |
| Diluted earnings per share | | | | | |
| Continuing operations | | \$ 1.64 | \$ 1.61 | \$ 2.65 | \$ 2.76 |
| Discontinued operations | | \$ — | \$ 0.07 | \$ — | \$ 0.07 |
| | 8 | \$ 1.64 | \$ 1.68 | \$ 2.65 | \$ 2.83 |
| Weighted average number of shares outstanding | | | | | |
| Basic | 8 | 82,090,308 | 82,294,205 | 82,199,808 | 82,313,550 |
| Diluted | 8 | 82,727,132 | 82,974,466 | 82,816,677 | 82,982,038 |

See accompanying notes

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

| (\$ thousands) | Three months ended | | Six months ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | 2024 | June 30 2023 | 2024 | June 30 2023 |
| Net earnings | \$ 135,350 | \$ 139,037 | \$ 219,269 | \$ 235,041 |
| Other comprehensive income (loss), net of income taxes: | | | | |
| <i>Items that may be reclassified subsequently to net earnings:</i> | | | | |
| Foreign currency translation adjustments | 273 | (455) | 891 | (479) |
| Unrealized gains (losses) on derivatives designated as cash flow hedges | 4,533 | (15,190) | 18,307 | (12,291) |
| Income tax (expense) recovery | (1,179) | 3,950 | (4,760) | 3,196 |
| Unrealized gains (losses) on cash flow hedges, net of income taxes | 3,354 | (11,240) | 13,547 | (9,095) |
| Realized gains on derivatives designated as cash flow hedges | (4,414) | (1,066) | (5,219) | (7,755) |
| Income tax expense | 1,148 | 277 | 1,357 | 2,016 |
| Realized gains on cash flow hedges, net of income taxes | (3,266) | (789) | (3,862) | (5,739) |
| <i>Items that will not be reclassified subsequently to net earnings:</i> | | | | |
| Remeasurement gain on defined benefit plans | 1,981 | 7,924 | 25,376 | 8,095 |
| Income tax expense | (526) | (2,099) | (6,725) | (2,145) |
| Remeasurement gain on defined benefit plans, net of income taxes | 1,455 | 5,825 | 18,651 | 5,950 |
| Other comprehensive income (loss) | 1,816 | (6,659) | 29,227 | (9,363) |
| Total comprehensive income | \$ 137,166 | \$ 132,378 | \$ 248,496 | \$ 225,678 |

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 | — | — | — | 219,269 | — | — | — | 219,269 |
| Other comprehensive income | — | — | — | 18,651 | 891 | 9,685 | 10,576 | 29,227 |
| Total comprehensive income | — | — | — | 237,920 | 891 | 9,685 | 10,576 | 248,496 |
| Exercise of share options | 234,240 | 16,811 | (2,629) | — | — | — | — | 14,182 |
| Share-based compensation plans | — | — | 7,710 | — | — | — | — | 7,710 |
| Effect of share compensation plans | 234,240 | 16,811 | 5,081 | — | — | — | — | 21,892 |
| Shares purchased for cancellation | (608,000) | (3,567) | — | (58,962) | — | — | — | (62,529) |
| Dividends declared | — | — | — | (78,862) | — | — | — | (78,862) |
| At June 30, 2024 | 81,923,581 | \$ 596,045 | \$ 32,427 | \$ 2,180,010 | \$ 3,300 | \$ 1,067 | \$ 4,367 | \$ 2,812,849 |
| 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 | — | — | — | 235,041 | — | — | — | 235,041 |
| Other comprehensive income (loss) | — | — | — | 5,950 | (479) | (14,834) | (15,313) | (9,363) |
| Total comprehensive earnings | — | — | — | 240,991 | (479) | (14,834) | (15,313) | 225,678 |
| Exercise of share options | 100,818 | 8,298 | (1,300) | — | — | — | — | 6,998 |
| Share-based compensation plans | — | — | 6,335 | — | — | — | — | 6,335 |
| Effect of share compensation plans | 100,818 | 8,298 | 5,035 | — | — | — | — | 13,333 |
| Shares purchased for cancellation | (238,000) | (1,632) | — | (23,364) | — | — | — | (24,996) |
| Dividends declared | — | — | — | (71,051) | — | — | — | (71,051) |
| At June 30, 2023 | 82,180,977 | \$ 567,744 | \$ 24,297 | \$ 1,878,237 | \$ 2,513 | \$ (4,468) | \$ (1,955) | \$ 2,468,323 |

See accompanying notes

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

| (\$ thousands) | Note | Three months ended | | Six months ended | |
|---|------|--------------------|-------------------|-------------------|-------------------|
| | | 2024 | June 30 2023 | 2024 | June 30 2023 |
| Operating activities | | | | | |
| Income from continuing operations | | \$ 135,350 | \$ 133,317 | \$ 219,269 | \$ 229,436 |
| Items not requiring cash: | | | | | |
| Depreciation and amortization | | 49,589 | 44,131 | 97,400 | 86,152 |
| Share-based compensation | | 3,173 | 2,891 | 5,908 | 5,179 |
| Post-employment obligations | | 1,254 | (1,408) | 54 | (2,288) |
| Deferred income taxes | | 1,229 | 2,118 | 3,904 | 2,960 |
| Gain on sale of rental equipment and property, plant and equipment | | (6,689) | (3,907) | (14,911) | (15,750) |
| | | 183,906 | 177,142 | 311,624 | 305,689 |
| Net change in non-cash working capital and other | 11 | (167,888) | 8,763 | (213,374) | (263,588) |
| Additions to rental equipment | 3 | (89,866) | (88,409) | (159,711) | (162,267) |
| Proceeds on disposal of rental equipment | | 15,047 | 8,118 | 33,453 | 24,715 |
| Continuing operations | | (58,801) | 105,614 | (28,008) | (95,451) |
| Discontinued operations | | — | 2,672 | — | 2,586 |
| Cash provided by (used in) operating activities | | (58,801) | 108,286 | (28,008) | (92,865) |
| Investing activities | | | | | |
| Additions to property, plant and equipment | 3 | (36,224) | (18,148) | (69,165) | (45,084) |
| Proceeds on disposal of property, plant and equipment | | 403 | 319 | 642 | 8,091 |
| Decrease in other assets | | (33) | — | (66) | (41) |
| Continuing operations | | (35,854) | (17,829) | (68,589) | (37,034) |
| Discontinued operations | | — | (127) | — | (411) |
| Proceeds from sale of discontinued operations (net of cash) | 14 | — | 26,606 | — | 26,606 |
| Cash provided by (used in) investing activities | | (35,854) | 8,650 | (68,589) | (10,839) |
| Financing activities | | | | | |
| Financing fees | | (103) | — | (103) | — |
| Dividends paid | 5 | (39,543) | (35,413) | (74,926) | (67,517) |
| Cash received on exercise of share options | | 7,050 | 4,531 | 14,182 | 6,998 |
| Shares purchased for cancellation | 5 | (49,990) | (24,996) | (74,981) | (24,996) |
| Payment of lease liabilities | | (2,440) | (2,401) | (4,963) | (4,429) |
| Continuing operations | | (85,026) | (58,279) | (140,791) | (89,944) |
| Discontinued operations | | — | (9) | — | (38) |
| Cash used in financing activities | | (85,026) | (58,288) | (140,791) | (89,982) |
| Effect of currency translation on cash balances | | 158 | (89) | 463 | (95) |
| Increase (decrease) in cash and cash equivalents during the period | | | | | |
| Continuing operations | | (179,523) | 29,417 | (236,925) | (222,524) |
| Discontinued operations | | — | 29,142 | — | 28,743 |
| Cash and cash equivalents, at beginning of the period | | 983,355 | 675,440 | 1,040,757 | 927,780 |
| Cash and cash equivalents, at end of the period | | \$ 803,832 | \$ 733,999 | \$ 803,832 | \$ 733,999 |

Supplemental cash flow information (note 11)

See accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and six months ended June 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 July 30, 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 six months ended June 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 14, "Discontinued Operations" for further information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and six months ended June 30, 2024

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

3. 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 | 9,582 | 22,830 | 36,741 | 12 | 69,165 | 159,711 |
| Disposals | (36) | (239) | (5,550) | — | (5,825) | (70,657) |
| Foreign currency translation adjustments | 6 | 115 | 302 | — | 423 | — |
| June 30, 2024 | \$ 192,490 | \$ 393,040 | \$ 393,190 | \$ 40,150 | \$ 1,018,870 | \$ 1,352,133 |
| Accumulated depreciation | | | | | | |
| January 1, 2024 | \$ — | \$ 148,538 | \$ 229,309 | \$ 38,341 | \$ 416,188 | \$ 580,710 |
| Depreciation expense | — | 7,458 | 18,621 | 550 | 26,629 | 63,905 |
| Depreciation of disposals | — | (71) | (5,410) | — | (5,481) | (51,818) |
| Foreign currency translation adjustments | — | 27 | 214 | — | 241 | — |
| June 30, 2024 | \$ — | \$ 155,952 | \$ 242,734 | \$ 38,891 | \$ 437,577 | \$ 592,797 |
| Net book value – June 30, 2024 | \$ 192,490 | \$ 237,088 | \$ 150,456 | \$ 1,259 | \$ 581,293 | \$ 759,336 |

| | 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 | 4,305 | 14,822 | 26,324 | 44 | 45,495 | 162,267 |
| Disposals | (3,643) | — | (6,083) | — | (9,726) | (40,113) |
| Business disposition | (135) | (4,313) | (5,463) | — | (9,911) | — |
| Foreign currency translation adjustments | (4) | (64) | (202) | — | (270) | — |
| June 30, 2023 | \$ 177,622 | \$ 337,512 | \$ 328,790 | \$ 40,138 | \$ 884,062 | \$ 1,255,234 |
| Accumulated depreciation | | | | | | |
| January 1, 2023 | \$ — | \$ 138,322 | \$ 212,345 | \$ 37,183 | \$ 387,850 | \$ 516,791 |
| Depreciation expense | — | 6,833 | 15,318 | 589 | 22,740 | 57,303 |
| Depreciation of disposals | — | (1) | (5,973) | — | (5,974) | (26,810) |
| Business disposition | — | (3,178) | (3,237) | — | (6,415) | — |
| Foreign currency translation adjustments | — | (16) | (140) | — | (156) | — |
| June 30, 2023 | \$ — | \$ 141,960 | \$ 218,313 | \$ 37,772 | \$ 398,045 | \$ 547,284 |
| Net book value – June 30, 2023 | \$ 177,622 | \$ 195,552 | \$ 110,477 | \$ 2,366 | \$ 486,017 | \$ 707,950 |

During the six months ended June 30, 2024, depreciation expense of \$81.1 million was charged to cost of goods sold (2023 – \$71.6 million), and \$9.4 million was charged to selling and administrative expenses (2023 – \$8.4 million).

As at June 30, 2024, the balance of assets under construction and not subject to depreciation was \$1.8 million (2023 – \$13.3 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and six months ended June 30, 2024

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

4. LONG-TERM DEBT

| | June 30 2024 | December 31 2023 | June 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 | (1,955) | (2,216) | (2,578) |
| Total long-term debt | \$ 648,045 | \$ 647,784 | \$ 647,422 |

⁽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 June 30, 2024, December 31, 2023 and June 30, 2023.

Standby letters of credit issued utilized \$39.0 million of the facility as at June 30, 2024 (December 31, 2023 – \$40.3 million; June 30, 2023 – \$28.7 million).

5. SHARE CAPITAL

Normal Course Issuer Bid ("NCIB")

The Company's NCIB program was renewed in September 2023. The current issuer bid allows the Company to purchase up to 8.2 million common shares during the 12-month period ending September 18, 2024. All shares purchased under the bid will be cancelled.

The Company purchased and cancelled 608,000 common shares for \$75.0 million (average cost of \$123.32 per share, including transaction costs) during the six months ended June 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 June 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 six months ended June 30, 2023. As at June 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 six months ended June 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 |
| | | \$ 0.96 | | \$ 78.9 | | \$ 0.86 | | \$ 71.0 |

On July 30, 2024, the Board of Directors declared a quarterly dividend of \$0.48 per common share, payable on October 2, 2024, to shareholders on record on September 6, 2024.

6. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Classification and Measurement

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

| | June 30 2024 | December 31 2023 | June 30 2023 |
|--|-----------------|---------------------|-----------------|
| Other financial liabilities: | | | |
| Long-term debt | \$ 648,045 | \$ 647,784 | \$ 647,422 |
| Derivative financial instruments assets (liabilities), net: | | | |
| Foreign exchange forward contracts | \$ 2,938 | \$ (13,946) | \$ (8,475) |

Fair Value of Financial Instruments

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

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

| | June 30 2024 | December 31 2023 | June 30 2023 |
|------------------------|-----------------|---------------------|-----------------|
| Long-term debt: | | | |
| Fair value | \$ 635,446 | \$ 637,808 | \$ 621,744 |
| Carrying value | \$ 650,000 | \$ 650,000 | \$ 650,000 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and six months ended June 30, 2024

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

During the six months ended June 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 June 30, 2024, the Company was committed to: (i) US dollar purchase contracts with a notional amount of \$743.9 million at an average exchange rate of \$1.3597, maturing between July 2024 and June 2025; and (ii) US dollar sale contracts with a notional amount of \$31.0 million at an average exchange rate of \$1.3559, maturing between July 2024 and August 2024.

Management estimates that a gain of \$2.9 million (December 31, 2023 – loss of \$13.9 million; June 30, 2023 – loss of \$8.5 million) would be realized if the contracts were terminated on June 30, 2024. Certain of these forward contracts are designated as cash flow hedges and, accordingly, an unrealized gain of \$1.5 million (December 31, 2023 – unrealized loss of \$11.6 million; June 30, 2023 – unrealized loss of \$7.2 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 gain of \$1.4 million (December 31, 2023 – loss of \$2.3 million; June 30, 2023 – loss of \$1.3 million) on forward contracts not designated as hedges is included in net earnings, which offsets gains recorded on the foreign-denominated items, namely accounts payable and accrued liabilities.

7. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

| | Three months ended | | Six months ended | |
|-------------------------------|--------------------|-----------------|------------------|------------------|
| | June 30 | | June 30 | |
| | 2024 | 2023 | 2024 | 2023 |
| Credit facilities | \$ 426 | \$ 426 | \$ 821 | \$ 876 |
| Senior debentures | 6,201 | 6,314 | 12,420 | 12,556 |
| Interest on lease liabilities | 417 | 279 | 797 | 491 |
| | \$ 7,044 | \$ 7,019 | \$ 14,038 | \$ 13,923 |

The components of interest and investment income were as follows:

| | Three months ended | | Six months ended | |
|--|--------------------|------------------|------------------|------------------|
| | June 30 | | June 30 | |
| | 2024 | 2023 | 2024 | 2023 |
| Interest on conversion of rental equipment | \$ 1,290 | \$ 1,131 | \$ 1,977 | \$ 1,482 |
| Interest income | 14,410 | 9,624 | 29,410 | 19,621 |
| | \$ 15,700 | \$ 10,755 | \$ 31,387 | \$ 21,103 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and six months ended June 30, 2024

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

8. EARNINGS PER SHARE

| | Three months ended | | Six months ended | |
|---|--------------------|-------------------|-------------------|-------------------|
| | June 30 | | June 30 | |
| | 2024 | 2023 | 2024 | 2023 |
| Income from continuing operations | \$ 135,350 | \$ 133,317 | \$ 219,269 | \$ 229,436 |
| Income from discontinued operations | — | 5,720 | — | 5,605 |
| Net earnings available to common shareholders | \$ 135,350 | \$ 139,037 | \$ 219,269 | \$ 235,041 |
| Weighted average common shares outstanding | 82,090,308 | 82,294,205 | 82,199,808 | 82,313,550 |
| Effect of dilutive securities | 636,824 | 680,261 | 616,869 | 668,488 |
| Weighted average common shares outstanding – diluted | 82,727,132 | 82,974,466 | 82,816,677 | 82,982,038 |
| Basic earnings per share | | | | |
| Continuing operations | \$ 1.65 | \$ 1.62 | \$ 2.67 | \$ 2.79 |
| Discontinued operations | — | 0.07 | — | 0.07 |
| | \$ 1.65 | \$ 1.69 | \$ 2.67 | \$ 2.86 |
| Diluted earnings per share | | | | |
| Continuing operations | \$ 1.64 | \$ 1.61 | \$ 2.65 | \$ 2.76 |
| Discontinued operations | — | 0.07 | — | 0.07 |
| | \$ 1.64 | \$ 1.68 | \$ 2.65 | \$ 2.83 |

For the three months ended June 30, 2024, 158,089 outstanding share options with an average exercise price of \$125.11 were considered anti-dilutive and were excluded from the calculation. For the comparative period in 2023, 325,761 outstanding share options with an average exercise price of \$109.92 were considered anti-dilutive and were excluded from the calculation.

For the six months ended June 30, 2024, 158,089 outstanding share options with an average exercise price of \$125.11 were considered anti-dilutive and were excluded from the calculation. For the comparative period in 2023, 164,307 outstanding share options with an average exercise price of \$112.48 were considered anti-dilutive and were excluded from the calculation.

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

9. SHARE-BASED COMPENSATION

Share Option Plan

A reconciliation of the outstanding options for the six months ended June 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⁾ | (234,240) | 60.55 | (100,818) | 69.41 |
| Forfeited | (159,080) | 92.86 | (11,573) | 104.85 |
| Options outstanding, June 30 | 1,551,633 | \$ 84.57 | 2,024,046 | \$ 76.49 |
| Options exercisable, June 30 | 833,531 | \$ 71.36 | 895,516 | \$ 61.95 |

⁽¹⁾ The weighted average share price at the date of exercise for the six months ended June 30, 2024 was \$122.71 (2023 – \$110.21).

The following table summarizes share options outstanding and exercisable as at June 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 |
| \$26.52 – \$36.65 | 53,100 | 1.0 | \$ 36.19 | 53,100 | \$ 36.19 |
| \$39.79 – \$53.89 | 166,200 | 2.6 | 47.28 | 166,200 | 47.28 |
| \$65.72 – \$72.95 | 643,096 | 5.3 | 69.35 | 411,879 | 68.51 |
| \$104.91 - \$125.11 | 689,237 | 8.1 | 111.49 | 202,352 | 106.18 |
| | 1,551,633 | 6.1 | \$ 84.57 | 833,531 | \$ 71.36 |

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% |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Deferred Share Unit ("DSU") Plans

A reconciliation of the cash-settled DSU plan for the six months ended June 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 | 1,363 | 167 | 1,507 | 155 |
| Redemptions | (16,321) | (2,039) | (1,829) | (193) |
| Fair market value adjustments | — | 856 | — | 1,534 |
| Outstanding, June 30 | 176,362 | \$ 21,117 | 189,806 | \$ 20,024 |

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 six months ended June 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 | 21,457 | 17,895 |
| Outstanding, June 30 | 54,817 | 25,429 |

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 six months ended June 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 | 7,352 | 28,494 | 7,153 | 29,714 |
| Forfeited | (310) | (12,899) | (118) | (1,856) |
| Reinvested dividends | 133 | 485 | 84 | 341 |
| Units outstanding, June 30 | 21,571 | 72,864 | 14,282 | 56,336 |

For the six months ended June 30, 2024, LTIP expense of \$2.5 million (2023 – \$1.1 million) was included in selling and administrative expenses with a credit to contributed surplus.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

10. EMPLOYEE FUTURE BENEFITS

Employee future benefits expense includes the following components:

| | Three months ended | | Six months ended | |
|-----------------------------|--------------------|-----------------|------------------|------------------|
| | June 30 | | June 30 | |
| | 2024 | 2023 | 2024 | 2023 |
| Defined benefit plans | \$ 1,924 | \$ 1,504 | \$ 3,805 | \$ 3,597 |
| Defined contribution plans | 5,108 | 4,727 | 9,855 | 9,423 |
| 401(k) matched saving plans | 101 | 113 | 202 | 214 |
| | \$ 7,133 | \$ 6,344 | \$ 13,862 | \$ 13,234 |

11. SUPPLEMENTAL CASH FLOW INFORMATION

| | Three months ended | | Six months ended | |
|---|---------------------|-----------------|---------------------|---------------------|
| | June 30 | | June 30 | |
| | 2024 | 2023 | 2024 | 2023 |
| Net change in non-cash working capital and other: | | | | |
| Accounts receivable | \$ (129,093) | \$ (36,344) | \$ (38,589) | \$ (3,825) |
| Inventories | (41,372) | 7,616 | (179,657) | (111,292) |
| Accounts payable and accrued liabilities | 13,341 | 29,370 | 65,063 | (84,931) |
| Provisions | 982 | 789 | 536 | 609 |
| Deferred revenue and contract liabilities | (9,789) | 7,042 | (32,942) | (35,533) |
| Income taxes | (2,352) | 4,102 | (29,620) | (30,445) |
| Derivative financial instruments | 60 | 872 | (3,797) | 6,967 |
| Other | 335 | (4,684) | 5,632 | (5,138) |
| | \$ (167,888) | \$ 8,763 | \$ (213,374) | \$ (263,588) |
| Cash paid during the period for: | | | | |
| Interest | \$ 12,388 | \$ 9,605 | \$ 12,388 | \$ 12,388 |
| Income taxes | \$ 51,960 | \$ 44,103 | \$ 107,941 | \$ 114,021 |
| Cash received during the period for: | | | | |
| Interest | \$ 18,170 | \$ 8,163 | \$ 29,427 | \$ 17,562 |

12. SEGMENTED INFORMATION

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

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

Segment performance is assessed based on operating income, which is measured differently than income from operations in the interim condensed consolidated financial statements. Corporate overheads are allocated

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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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 six months ended June 30, 2024 and 2023:

| Three months ended June 30 | Equipment Group | | CIMCO | | Consolidated | |
|--|------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Equipment/package sales | \$ 647,350 | \$ 488,559 | \$ 67,133 | \$ 53,911 | \$ 714,483 | \$ 542,470 |
| Rentals | 110,521 | 116,448 | — | — | 110,521 | 116,448 |
| Product support | 475,029 | 462,344 | 57,087 | 50,851 | 532,116 | 513,195 |
| Power generation | 2,749 | 2,843 | — | — | 2,749 | 2,843 |
| Total revenue | \$ 1,235,649 | \$ 1,070,194 | \$ 124,220 | \$ 104,762 | \$ 1,359,869 | \$ 1,174,956 |
| Operating income | \$ 165,242 | \$ 168,936 | \$ 12,279 | \$ 9,837 | \$ 177,521 | \$ 178,773 |
| Interest expense | | | | | 7,044 | 7,019 |
| Interest and investment income | | | | | (15,700) | (10,755) |
| Income taxes | | | | | 50,827 | 49,192 |
| Income from continuing operations | | | | | \$ 135,350 | \$ 133,317 |

| Six months ended June 30 | Equipment Group | | CIMCO | | Consolidated | |
|--|------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Equipment/package sales | \$ 1,041,563 | \$ 925,315 | \$ 103,818 | \$ 93,357 | \$ 1,145,381 | \$ 1,018,672 |
| Rentals | 206,375 | 214,907 | — | — | 206,375 | 214,907 |
| Product support | 910,332 | 884,687 | 108,606 | 97,362 | 1,018,938 | 982,049 |
| Power generation | 5,524 | 5,691 | — | — | 5,524 | 5,691 |
| Total revenue | \$ 2,163,794 | \$ 2,030,600 | \$ 212,424 | \$ 190,719 | \$ 2,376,218 | \$ 2,221,319 |
| Operating income | \$ 263,998 | \$ 291,894 | \$ 20,108 | \$ 14,693 | \$ 284,106 | \$ 306,587 |
| Interest expense | | | | | 14,038 | 13,923 |
| Interest and investment income | | | | | (31,387) | (21,103) |
| Income taxes | | | | | 82,186 | 84,331 |
| Income from continuing operations | | | | | \$ 219,269 | \$ 229,436 |

Operating income from rental operations was \$14.4 million for the three months ended June 30, 2024 (2023 – \$23.8 million) and \$16.7 million for the six months ended June 30, 2024 (2023 – \$34.6 million).

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13. BUSINESS SEASONALITY

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

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

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

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

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

14. 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 | | Six months ended | |
|--|--------------------|----------|------------------|-----------|
| | June 30 | | June 30 | |
| | 2024 | 2023 | 2024 | 2023 |
| Revenue | \$ — | \$ 5,964 | \$ — | \$ 20,866 |
| Net income, net of tax | — | 336 | — | 221 |
| Gain on divestiture, net of tax | — | 5,384 | — | 5,384 |
| Income from discontinued operations | \$ — | \$ 5,720 | \$ — | \$ 5,605 |