

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

(\$ thousands)	Note	March 31 2024	December 31 2023	March 31 2023
Assets				
Current assets				
Cash and cash equivalents		\$ 983,355	\$ 1,040,757	\$ 675,440
Accounts receivable		536,739	627,243	549,060
Inventories		1,257,356	1,119,071	1,142,751
Income taxes recoverable		22,708	—	8,702
Derivative financial instruments	6	2,880	—	8,660
Other current assets		18,658	23,733	17,901
Total current assets		2,821,696	2,810,804	2,402,514
Property, plant and equipment	3	558,811	538,919	482,698
Rental equipment	3	710,589	682,369	653,525
Other assets		93,933	68,297	56,464
Deferred tax assets		1,379	1,370	899
Goodwill and intangible assets		469,468	470,088	471,946
Total assets		\$ 4,655,876	\$ 4,571,847	\$ 4,068,046
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	9	\$ 695,966	\$ 654,701	\$ 579,970
Provisions		29,823	30,269	27,471
Deferred revenue and contract liabilities		337,881	360,143	269,757
Derivative financial instruments	6	—	13,946	12
Income taxes payable		2,446	7,006	1,838
Total current liabilities		1,066,116	1,066,065	879,048
Deferred revenue and contract liabilities		21,588	22,479	20,258
Long-term lease liabilities		27,239	25,078	18,612
Long-term debt	4, 6	647,964	647,784	647,241
Post-employment obligations	10	28,060	28,703	31,067
Deferred tax liabilities		110,140	97,886	82,663
Total liabilities		1,901,107	1,887,995	1,678,889
Shareholders' equity				
Share capital	5	590,616	582,801	564,021
Contributed surplus		30,601	27,346	22,230
Retained earnings		2,129,546	2,079,914	1,792,377
Accumulated other comprehensive income (loss)		4,006	(6,209)	10,529
Total shareholders' equity		2,754,769	2,683,852	2,389,157
Total liabilities and shareholders' equity		\$ 4,655,876	\$ 4,571,847	\$ 4,068,046

See accompanying notes

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

(\$ thousands, except share amounts)	Note	Three months ended March 31	
		2024	2023
Revenue	12	\$ 1,016,349	\$ 1,046,363
Cost of goods sold	3	766,175	783,250
Gross profit		250,174	263,113
Selling and administrative expenses		143,589	135,299
Operating income		106,585	127,814
Interest expense	7	6,994	6,904
Interest and investment income	7	(15,687)	(10,348)
Income before income taxes		115,278	131,258
Income taxes		31,359	35,139
Income from continuing operations		83,919	96,119
Loss from discontinued operations	14	—	(115)
Net earnings		\$ 83,919	\$ 96,004
Basic earnings per share			
Continuing operations		\$ 1.02	\$ 1.17
Discontinued operations		\$ —	\$ —
	8	\$ 1.02	\$ 1.17
Diluted earnings per share			
Continuing operations		\$ 1.01	\$ 1.16
Discontinued operations		\$ —	\$ —
	8	\$ 1.01	\$ 1.16
Weighted average number of shares outstanding			
Basic	8	82,309,309	82,333,111
Diluted	8	82,975,125	83,008,699

See accompanying notes

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

(\$ thousands)	Three months ended March 31	
	2024	2023
Net earnings	\$ 83,919	\$ 96,004
Other comprehensive income (loss), net of income taxes:		
<i>Items that may be reclassified subsequently to net earnings:</i>		
Foreign currency translation adjustments	618	(24)
Unrealized gains on derivatives designated as cash flow hedges	13,774	2,899
Income tax expense	(3,581)	(754)
Unrealized gains on cash flow hedges, net of income taxes	10,193	2,145
Realized gains on derivatives designated as cash flow hedges	(805)	(6,689)
Income tax expense	209	1,739
Realized gains on cash flow hedges, net of income taxes	(596)	(4,950)
<i>Items that will not be reclassified subsequently to net earnings:</i>		
Remeasurement gain on defined benefit plans	23,395	171
Income tax expense	(6,199)	(46)
Remeasurement gain on defined benefit plans, net of income taxes	17,196	125
Other comprehensive income (loss)	27,411	(2,704)
Total comprehensive income	\$ 111,330	\$ 93,300

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	—	—	—	83,919	—	—	—	83,919
Other comprehensive income	—	—	—	17,196	618	9,597	10,215	27,411
Total comprehensive income	—	—	—	101,115	618	9,597	10,215	111,330
Exercise of share options	111,645	8,414	(1,282)	—	—	—	—	7,132
Share-based compensation plans	—	—	4,537	—	—	—	—	4,537
Effect of share compensation plans	111,645	8,414	3,255	—	—	—	—	11,669
Shares purchased for cancellation	(195,700)	(599)	—	(11,940)	—	—	—	(12,539)
Dividends declared	—	—	—	(39,543)	—	—	—	(39,543)
At March 31, 2024	82,213,286	\$ 590,616	\$ 30,601	\$ 2,129,546	\$ 3,027	\$ 979	\$ 4,006	2,754,769
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	—	—	—	96,004	—	—	—	96,004
Other comprehensive loss	—	—	—	125	(24)	(2,805)	(2,829)	(2,704)
Total comprehensive income	—	—	—	96,129	(24)	(2,805)	(2,829)	93,300
Exercise of share options	42,072	2,943	(476)	—	—	—	—	2,467
Share-based compensation plans	—	—	3,444	—	—	—	—	3,444
Effect of share compensation plans	42,072	2,943	2,968	—	—	—	—	5,911
Dividends declared	—	—	—	(35,413)	—	—	—	(35,413)
At March 31, 2023	82,360,231	\$ 564,021	\$ 22,230	\$ 1,792,377	\$ 2,968	\$ 7,561	\$ 10,529	2,389,157

See accompanying notes

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

(\$ thousands)	Note	Three months ended March 31	
		2024	2023
Operating activities			
Income from continuing operations		\$ 83,919	\$ 96,119
Items not requiring cash:			
Depreciation and amortization		47,811	42,021
Share-based compensation		2,735	2,288
Post-employment obligations		(1,200)	(880)
Deferred income taxes		2,675	842
Gain on sale of rental equipment and property, plant and equipment		(8,222)	(11,843)
		127,718	128,547
Net change in non-cash working capital and other	11	(45,486)	(272,351)
Additions to rental equipment	3	(69,845)	(73,858)
Proceeds on disposal of rental equipment		18,406	16,597
Continuing operations		30,793	(201,065)
Discontinued operations		—	(86)
Cash provided by (used in) operating activities		30,793	(201,151)
Investing activities			
Additions to property, plant and equipment	3	(32,941)	(26,936)
Proceeds on disposal of property, plant and equipment		239	7,772
Increase in other assets		(33)	(41)
Continuing operations		(32,735)	(19,205)
Discontinued operations		—	(284)
Cash used in investing activities		(32,735)	(19,489)
Financing activities			
Dividends paid	5	(35,383)	(32,104)
Cash received on exercise of share options		7,132	2,467
Shares purchased for cancellation	5	(24,991)	—
Payment of lease liabilities		(2,523)	(2,028)
Continuing operations		(55,765)	(31,665)
Discontinued operations		—	(29)
Cash used in financing activities		(55,765)	(31,694)
Effect of currency translation on cash balances		305	(6)
Decrease in cash and cash equivalents during the period			
Continuing operations		(57,402)	(251,941)
Discontinued operations		—	(399)
Cash and cash equivalents, at beginning of the period		1,040,757	927,780
Cash and cash equivalents, at end of the period		\$ 983,355	\$ 675,440

Supplemental cash flow information (note 11)

See accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 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 May 1, 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 months ended March 31, 2024

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

Statements – Disclosure of Accounting Policies; Amendments to International Financial Reporting Standards ("IFRS") 16 – *Lease Liability in a Sale and Leaseback*; and Amendments to IAS 7 and IFRS 7 – *Supplier Finance Arrangements*. The amendments had no material impact on the unaudited interim condensed consolidated financial statements. The Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective 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.

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	4,249	11,143	17,549	—	32,941	69,845
Disposals	—	—	(2,857)	—	(2,857)	(39,834)
Foreign currency translation adjustments	4	81	216	—	301	—
March 31, 2024	\$ 187,191	\$ 381,558	\$ 376,605	\$ 40,138	\$ 985,492	\$ 1,293,090
Accumulated depreciation						
January 1, 2024	\$ —	\$ 148,538	\$ 229,309	\$ 38,341	\$ 416,188	\$ 580,710
Depreciation expense	—	3,723	9,160	275	13,158	31,223
Depreciation of disposals	—	—	(2,835)	—	(2,835)	(29,432)
Foreign currency translation adjustments	—	19	151	—	170	—
March 31, 2024	\$ —	\$ 152,280	\$ 235,785	\$ 38,616	\$ 426,681	\$ 582,501
Net book value – March 31, 2024	\$ 187,191	\$ 229,278	\$ 140,820	\$ 1,522	\$ 558,811	\$ 710,589

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

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

	Property, Plant and Equipment					Total	Rental Equipment
	Land	Buildings	Equipment	Power Generation			
Cost							
January 1, 2023	\$ 177,099	\$ 327,067	\$ 314,214	\$ 40,094	\$ 858,474	\$ 1,133,080	
Additions	2,963	11,496	12,761	—	27,220	73,858	
Disposals	(3,644)	—	(2,567)	—	(6,211)	(26,373)	
Foreign currency translation adjustments	—	(2)	(8)	—	(10)	—	
March 31, 2023	\$ 176,418	\$ 338,561	\$ 324,400	\$ 40,094	\$ 879,473	\$ 1,180,565	
Accumulated depreciation							
January 1, 2023	\$ —	\$ 138,322	\$ 212,345	\$ 37,183	\$ 387,850	\$ 516,791	
Depreciation expense	—	3,427	7,687	295	11,409	27,827	
Depreciation of disposals	—	—	(2,480)	—	(2,480)	(17,578)	
Foreign currency translation adjustments	—	(1)	(3)	—	(4)	—	
March 31, 2023	\$ —	\$ 141,748	\$ 217,549	\$ 37,478	\$ 396,775	\$ 527,040	
Net book value – March 31, 2023	\$ 176,418	\$ 196,813	\$ 106,851	\$ 2,616	\$ 482,698	\$ 653,525	

During the three months ended March 31, 2024, depreciation expense of \$39.8 million was charged to cost of goods sold (2023 – \$35.0 million), and \$4.6 million was charged to selling and administrative expenses (2023 – \$4.2 million).

As at March 31, 2024, the balance of assets under construction and not subject to depreciation was \$44.4 million (2023 – \$13.0 million).

4. LONG-TERM DEBT

	March 31 2024	December 31 2023	March 31 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	(2,036)	(2,216)	(2,759)
Total long-term debt	\$ 647,964	\$ 647,784	\$ 647,241

⁽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 March 31, 2024, December 31, 2023 and March 31, 2023.

Standby letters of credit issued utilized \$39.1 million of the facility as at March 31, 2024 (December 31, 2023 – \$40.3 million; March 31, 2023 – \$30.4 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

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

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 195,700 common shares for \$25.0 million (average cost of \$127.70 per share, including transaction costs) during the three months ended March 31, 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 March 31, 2024, there was no obligation for the repurchase of shares under the ASPP.

The Company did not purchase for cancellation any common shares during the three months ended March 31, 2023. As at March 31, 2023, there was no obligation for the repurchase of shares under the ASPP.

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

On May 1, 2024, the Board of Directors declared a quarterly dividend of \$0.48 per common share, payable on July 5, 2024, to shareholders on record on June 7, 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:

	March 31 2024	December 31 2023	March 31 2023
Other financial liabilities:			
Long-term debt	\$ 647,964	\$ 647,784	\$ 647,241
Derivative financial instruments assets (liabilities), net:			
Foreign exchange forward contracts	\$ 2,880	\$ (13,946)	\$ 8,648

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

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

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:

	March 31 2024	December 31 2023	March 31 2023
Long-term debt:			
Fair value	\$ 633,975	\$ 637,808	\$ 631,739
Carrying value	\$ 650,000	\$ 650,000	\$ 650,000

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

During the three months ended March 31, 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 March 31, 2024, the Company was committed to: (i) US dollar purchase contracts with a notional amount of \$611.6 million at an average exchange rate of \$1.3479, maturing between April 2024 and April 2025; and (ii) US dollar sale contracts with a notional amount of \$38.4 million at an average exchange rate of \$1.3475, maturing between April 2024 and April 2025.

Management estimates that a gain of \$2.9 million (December 31, 2023 – loss of \$13.9 million; March 31, 2023 – gain of \$8.6 million) would be realized if the contracts were terminated on March 31, 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; March 31, 2023 – unrealized gain of \$6.6 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; March 31, 2023 – gain of \$2.0 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

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

7. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended March 31	
	2024	2023
Credit facilities	\$ 395	\$ 450
Senior debentures	6,219	6,242
Interest on lease liabilities	380	212
	\$ 6,994	\$ 6,904

The components of interest and investment income were as follows:

	Three months ended March 31	
	2024	2023
Interest on conversion of rental equipment	\$ 687	\$ 351
Interest income	15,000	9,997
	\$ 15,687	\$ 10,348

8. EARNINGS PER SHARE

	Three months ended March 31	
	2024	2023
Income from continuing operations	\$ 83,919	\$ 96,119
Loss from discontinued operations	—	(115)
Net earnings available to common shareholders	\$ 83,919	\$ 96,004
Weighted average common shares outstanding	82,309,309	82,333,111
Effect of dilutive securities	665,816	675,588
Weighted average common shares outstanding – diluted	82,975,125	83,008,699
Basic earnings per share		
Continuing operations	\$ 1.02	\$ 1.17
Discontinued operations	—	—
	\$ 1.02	\$ 1.17
Diluted earnings per share		
Continuing operations	\$ 1.01	\$ 1.16
Discontinued operations	—	—
	\$ 1.01	\$ 1.16

For the three months ended March 31, 2024, 158,137 outstanding share options with an average exercise price of \$125.11 were considered anti-dilutive (exercise price in excess of average market price) and were excluded from the calculation.

For the comparative period in 2023, 168,545 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 months ended March 31, 2024

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

9. SHARE-BASED COMPENSATION

Share Option Plan

A reconciliation of the outstanding options for the three months ended March 31, 2024 and March 31, 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	158,137	125.11	168,545	112.48
Exercised ⁽¹⁾	(111,645)	63.88	(42,072)	58.64
Forfeited	(143,724)	92.23	(200)	104.91
Options outstanding, March 31	1,686,761	\$ 82.66	2,094,165	\$ 76.66
Options exercisable, March 31	898,252	\$ 67.31	882,114	\$ 59.45

⁽¹⁾ The weighted average share price at the date of exercise for the three months ended March 31, 2024 was \$124.74 (2023 – \$112.68).

The following table summarizes share options outstanding and exercisable as at March 31, 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	80,400	1.1	\$ 34.67	80,400	\$ 34.67
\$39.79 – \$53.89	197,400	2.9	47.25	197,400	47.25
\$65.72 – \$72.95	701,809	5.6	69.20	465,792	68.39
\$104.91 – \$125.11	707,152	8.4	111.37	154,660	106.63
	1,686,761	6.2	\$ 82.66	898,252	\$ 67.31

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

As at and for the three months ended March 31, 2024

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

Deferred Share Unit ("DSU") Plans

A reconciliation of the cash-settled DSU plan for the three months ended March 31, 2024 and March 31, 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
Units taken or taken in lieu and dividends	715	82	757	74
Redemptions	(16,321)	(2,039)	(1,829)	(193)
Fair market value adjustments	—	2,369	—	1,999
Outstanding, March 31	175,714	\$ 22,545	189,056	\$ 20,408

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 three months ended March 31, 2024 and March 31, 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	17,812	13,777
Outstanding, March 31	51,172	21,311

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 RSUs and PSUs for the three months ended March 31, 2024 and March 31, 2023 was as follows:

	2024		2023	
	RSUs	PSUs	RSUs	PSUs
Units outstanding, January 1	14,396	56,784	7,163	28,137
Granted	7,071	28,146	7,153	29,714
Forfeited	—	(11,028)	—	—
Reinvested dividends	54	213	28	112
Units outstanding, March 31	21,521	74,115	14,344	57,963

For the three months ended March 31, 2024, LTIP expense of \$1.1 million (2023 – \$0.5 million) was included in selling and administrative expenses with a credit to contributed surplus.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

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

10. EMPLOYEE FUTURE BENEFITS

Employee future benefits expense includes the following components:

	Three months ended March 31	
	2024	2023
Defined benefit plans	\$ 1,881	\$ 2,093
Defined contribution plans	4,747	4,696
401(k) matched saving plans	101	101
	\$ 6,729	\$ 6,890

11. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31	
	2024	2023
Net change in non-cash working capital and other		
Accounts receivable	\$ 90,504	\$ 32,519
Inventories	(138,285)	(118,908)
Accounts payable and accrued liabilities	51,722	(114,302)
Provisions	(446)	(180)
Deferred revenue and contract liabilities	(23,153)	(42,575)
Income taxes	(27,268)	(34,547)
Derivative financial instruments	(3,857)	6,096
Other	5,297	(454)
	\$ (45,486)	\$ (272,351)
Cash paid during the period for:		
Interest	\$ —	\$ 2,783
Income taxes	\$ 55,981	\$ 69,918
Cash received during the period for:		
Interest	\$ 11,257	\$ 9,399

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 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

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

taxes, deferred income taxes and certain financial assets and liabilities are not allocated to the segments as they are also managed on a consolidated level.

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

No reportable segment is reliant on any single external customer.

The following table sets forth information by segment for the three months ended March 31, 2024 and March 31, 2023:

Three months ended March 31	Equipment Group		CIMCO		Consolidated	
	2024	2023	2024	2023	2024	2023
Equipment/package sales	\$ 394,213	\$ 436,756	\$ 36,685	\$ 39,446	\$ 430,898	\$ 476,202
Rentals	95,854	98,459	—	—	95,854	98,459
Product support	435,303	422,343	51,519	46,511	486,822	468,854
Power generation	2,775	2,848	—	—	2,775	2,848
Total revenue	\$ 928,145	\$ 960,406	\$ 88,204	\$ 85,957	\$ 1,016,349	\$ 1,046,363
Operating income	\$ 98,756	\$ 122,958	\$ 7,829	\$ 4,856	\$ 106,585	\$ 127,814
Interest expense					6,994	6,904
Interest and investment income					(15,687)	(10,348)
Income taxes					31,359	35,139
Income from continuing operations					\$ 83,919	\$ 96,119

Operating income from rental operations for the three months ended March 31, 2024 was \$2.3 million (2023 – \$10.8 million).

13. BUSINESS SEASONALITY

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024

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

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

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

14. 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. for the three months ended March 31, 2024 and March 31, 2023 were as follows:

	2024	2023
Revenue	\$ —	\$ 14,902
Net loss, net of tax	—	(115)
Loss from discontinued operations	\$ —	\$ (115)