

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 six months ended June 30, 2025, 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 six months ended June 30, 2025, the annual MD&A contained in the 2024 Annual Report and the audited annual consolidated financial statements for the year ended December 31, 2024.

The unaudited interim condensed consolidated financial statements reported herein have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and are reported in Canadian dollars. This MD&A is dated as at July 29, 2025.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2024 Annual Report and the 2025 Annual Information Form. These filings are available on SEDAR at www.sedarplus.ca and on the Company's website at www.toromont.com.

Introduction

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 document and more information about Toromont Industries Ltd. can be found 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, reconciliations and an explanation of how the Company's non-IFRS and non-GAAP measures provide useful information to an investor 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. Toromont's assumptions underpinning forward-looking information include but are not limited to the following: none of the risks identified below materialize; there are no unforeseen changes to economic and market conditions; and, no significant events occur outside the ordinary course of business.

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; new tariffs and counter-tariffs imposed on cross-border trade, commodity price changes, including changes in the price of precious and base metals; inflationary pressures; potential risks and uncertainties relating to 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 annual Management Discussion and Analysis dated February 11, 2025, 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 January 31, 2025, the Company acquired 60% of the shares of AVL Manufacturing Inc. ("AVL") for consideration of \$67.5 million cash plus the issuance of 110.4 thousand Toromont shares. In addition, the Company has committed to purchase the remaining 40% at various dates through to 2031. The initial purchase price was funded with cash on hand. AVL is a leader in the design and fabrication of power generation and

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storage enclosures. AVL has operations in Hamilton, Ontario and currently serves the data centre market across eastern North America. The Company has not yet finalized its determination of fair value of the assets acquired and liabilities assumed. The acquisition, while accretive, is not expected to have an overall material impact on Toromont's combined revenue, earnings or statement of financial position in the near-term.

The acquisition was accounted for as a business combination and the results of AVL have been included in the Equipment Group from the date of acquisition. For further information, refer to note 3 "Business Combination" in the notes to the interim condensed consolidated financial statements.

Production at AVL has been expanding since the date of acquisition supporting the healthy order backlog and building demand. Hiring and development of production capacity continues at an accelerated pace. Revenues for the three and six month periods ended June 30, 2025 were \$57.0 million and \$79.0 million respectively. As part of the accounting for the acquisition, the company recognized intangible assets related to order backlog and customer relationships, both of which are amortized over time. Certain other non-cash expenses are also charged as a result of the acquisition accounting related to the commitment for purchase of the remaining shares of AVL. Non-cash expenses recognized for these items amounted to \$21.5 and \$30.0 million respectively (pre-tax basis), for the three and six months ended June 30, 2025. Net loss for AVL after consideration of amortization of intangibles recognized at acquisition was approximately \$0.03 and \$0.04 per share respectively.

During the quarter the Company acquired a facility in Charlotte, North Carolina for approximately \$60.0 million to expand production capacity and serve the eastern US market. We expect the facility to begin production in Q4.

CONSOLIDATED OPERATING RESULTS

(\$ thousands, except per share amounts)	Three months ended June 30				Six months ended June 30			
	2025	2024	\$ change	% change	2025	2024	\$ change	% change
REVENUE	\$ 1,376,463	\$ 1,359,869	\$ 16,594	1 %	\$ 2,466,085	\$ 2,376,218	\$ 89,867	4 %
Cost of goods sold	1,037,635	1,030,970	6,665	1 %	1,883,682	1,797,145	86,537	5 %
Gross profit ¹	338,828	328,899	9,929	3 %	582,403	579,073	3,330	1 %
Selling and administrative expenses	168,082	151,378	16,704	11 %	313,172	294,967	18,205	6 %
OPERATING INCOME¹	170,746	177,521	(6,775)	(4)%	269,231	284,106	(14,875)	(5)%
Interest expense	9,887	7,044	2,843	40 %	17,333	14,038	3,295	23 %
Interest and investment income	(9,818)	(15,700)	5,882	(37)%	(20,997)	(31,387)	10,390	(33)%
Income before income taxes	170,677	186,177	(15,500)	(8)%	272,895	301,455	(28,560)	(9)%
Income taxes	46,330	50,827	(4,497)	(9)%	74,112	82,186	(8,074)	(10)%
NET EARNINGS	\$ 124,347	\$ 135,350	\$ (11,003)	(8)%	\$ 198,783	\$ 219,269	\$ (20,486)	(9)%
BASIC EARNINGS PER SHARE	\$ 1.53	\$ 1.65	\$ (0.12)	(7)%	\$ 2.45	\$ 2.67	\$ (0.22)	(8)%
KEY RATIOS:								
Gross profit margin ¹	24.6%	24.2%			23.6%	24.4%		
Selling and administrative expenses as a % of revenue	12.2%	11.1%			12.7%	12.4%		
Operating income margin ¹	12.4%	13.1%			10.9%	12.0%		
Income taxes as a % of income before income taxes	27.1%	27.3%			27.2%	27.3%		

Profitability for the second quarter of 2025 was lower than the second quarter of 2024, as expected, given the current economic environment, lower interest income and AVL related expenses. As uncertain market conditions persist, end customer purchasing decisions remain cautious and activity is lower. Equipment Group performed well on the top-line, with the good equipment deliveries, including the acquired business, and improving rental utilization. Construction and power systems market activity have been good, partially offset by declines in mining, which is coming off a large capital investment cycle. CIMCO revenue increased on continuing strong demand for its products and services. Gross profit margins improved compared to prior year on improved efficiencies and better sales mix, with a higher percentage of product support revenue to total. Expense levels reflect continued support for key operational focus areas. Operating income was down 4% compared to last year, as the higher top-line revenue and improved gross margins were offset by higher expenses. Net interest expense was significantly higher than the prior period reflecting both higher interest expense as a result of a new debenture listing as well as lower interest income earned on cash on hand due to lower interest rates.

Revenue increased \$16.6 million or 1% for the quarter from the comparable period last year on higher revenue at CIMCO. Revenue in the Equipment Group was relatively unchanged as higher rental and product support activity, along with revenue from the acquired business, were largely offset by lower expected equipment deliveries in mining. CIMCO revenue increased 13% in the quarter on strong package revenue growth.

Revenue for the year-to-date period increased 4% from the comparable period last year to \$2.5 billion. Equipment Group revenue increased 3% compared to last year on higher new equipment sales, including the acquired business, and rental revenue, partially offset by lower used equipment sales. CIMCO revenue increased 11% versus last year on higher package revenue and product support activity.

¹ Non-IFRS financial measures/non-GAAP ratios. For further details, see the sections titled "Additional GAAP Measures", "Non-GAAP Measures" and "Key Performance Measures". Non-GAAP financial measures and non-GAAP financial ratios do not have a standardized meaning under IFRS and might not be comparable to similar financial measures presented by other issuers.

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Gross profit margin increased 40 basis points ("bps") in the quarter to 24.6% versus the comparable periods last year. Equipment Group margins increased 40 bps on improved efficiencies and a favourable sales mix (a higher proportion of product support revenue to total), partially offset by continuing lower rental margins on higher cost of fleet investment. CIMCO margins increased 60 bps in the quarter reflecting good execution in both packages and product support, slightly dampened by unfavourable sales mix (lower product support to total revenue).

Gross profit margin decreased 80 bps to 23.6% year-to-date versus the comparable period last year. Equipment Group margins decreased 90 bps in the first half, on an unfavourable sales mix and lower rental and product support margins, while equipment margins were relatively unchanged. CIMCO margins increased 70 bps year-to-date on similar reasons as for the quarter noted above.

Selling and administrative expenses increased \$16.7 million or 11% in the quarter compared to last year. Expenses at the acquired business were \$12.9 million. Excluding this, expenses increased \$3.8 million or 3%. Compensation costs were approximately \$1.6 million higher year over year, reflective of regular salary increases partially offset by lower profit sharing accruals on the lower income. Salaried headcount is largely unchanged year over year. Sales-related expenses increased \$3.0 million year over year, reflecting continued investment in resources. 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 decreased \$2.9 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 \$2.8 million increase in expense, as a result of the higher relative share price in the current period.

Selling and administrative expenses for the year-to-date period increased \$18.2 million or 6% compared to the similar period last year. The acquired company added \$16.9 million to expenses, including expenses related to acquisition accounting. Excluding the acquired company, selling and administrative expenses increased \$1.3 million compared to the same period last year on a good focus on cost controls. Compensation costs were largely unchanged, reflecting regular salary increases offset by lower profit sharing accruals on the lower income. Sales related expenses, including such things as advertising, promotion, travel and training, increased \$4.2 million year over year, reflecting continued investment in resources. Other expenses such as occupancy, information technology costs, professional and consulting fees, and depreciation on recent capital investments increased \$3.7 million on continued investment for future growth and inflationary effects. Allowance for doubtful accounts expense decreased \$6.7 million compared to the similar period last year, reflecting good collections and improvements on certain exposures. Mark-to-market adjustments on DSUs resulted in a \$0.5 million increase in expense, as a result of the slightly higher share price. Overall, selling and administrative expenses were 30 bps higher as a percentage of revenue (12.7% versus 12.4% last year).

Operating income decreased \$6.8 million or 4% in the quarter to \$170.7 million and decreased \$14.9 million or 5% to \$269.2 million year-to-date. Operating income as a percentage of revenue decreased 110 bps in the year-to-date period (10.9% versus 12.0% last year), primarily on the lower gross margins.

Interest expense increased \$2.8 million to \$9.9 million during the quarter and year-to-date increased \$3.3 million to \$17.3 million, reflecting the new debentures which were issued in March 2025.

Interest and investment income decreased \$5.9 million in the quarter and decreased \$10.4 million year-to-date, on lower lower interest rates.

The effective income tax rate was 27.1% in the quarter and 27.2% on a year-to-date basis, compared to 27.3% respectively for both periods in 2024.

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Net earnings decreased \$11.0 million or 8% to \$124.3 million for the quarter and decreased \$20.5 million or 9% to \$198.8 million year-to-date. Basic earnings per share ("EPS") decreased 7% to \$1.53 for the quarter and decreased 8% to \$2.45 year-to-date, reflecting the change in net earnings.

The Company reported an other comprehensive loss of \$7.3 million in the second quarter of 2025. This included an actuarial gain on post-employment benefit plans of \$2.5 million after-tax for the quarter. This gain reflects 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 \$7.9 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 second quarter of 2024, other comprehensive income was \$1.8 million, which included an actuarial gain of \$1.5 million and a favourable net change in the fair value of cash flow hedges of \$0.1 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.

Equipment Group

(\$ thousands)	Three months ended June 30				Six months ended June 30			
	2025	2024	\$ change	% change	2025	2024	\$ change	% change
Equipment sales and rentals								
New	\$ 531,809	\$ 558,755	\$ (26,946)	(5)%	\$ 942,394	\$ 889,146	\$ 53,248	6 %
Used	83,110	88,595	(5,485)	(6)%	133,520	152,417	(18,897)	(12)%
Rentals	127,477	110,521	16,956	15 %	233,867	206,375	27,492	13 %
Total equipment sales and rentals	742,396	757,871	(15,475)	(2)%	1,309,781	1,247,938	61,843	5 %
Product support	491,825	475,029	16,796	4 %	915,388	910,332	5,056	1 %
Power generation	2,315	2,749	(434)	(16)%	4,667	5,524	(857)	(16)%
Total revenue	\$ 1,236,536	\$ 1,235,649	\$ 887	— %	\$ 2,229,836	\$ 2,163,794	\$ 66,042	3 %
Operating income	\$ 154,104	\$ 165,242	\$ (11,138)	(7)%	\$ 242,992	\$ 263,998	\$ (21,006)	(8)%
KEY RATIOS:								
Product support revenue as a % of total revenue	39.8%	38.4%			41.1%	42.1%		
Operating income margin	12.5%	13.4%			10.9%	12.2%		
Group total revenue as a % of consolidated revenue	89.8%	90.9%			90.4%	91.1%		

The Equipment Group executed well in the second quarter, with good deliveries against order backlog, while activity levels reflect the economic environment which is impacting end customer demand. Revenue was relatively unchanged as revenue from the acquired business, along with higher rental and product support revenue was more than offset by lower equipment sales as expected in the mining segment. Operating income

declined versus the prior year, as expected, given a strong comparator which reflected market dynamics in play at that time, along with higher expenses.

Total equipment sales (new and used) decreased \$32.4 million or 5% in the quarter. New equipment sales decreased 5% in the quarter, with decreases in mining against a strong comparable, partially offset by higher power systems markets, which include revenue at the acquired business. Used equipment sales decreased 6% in the quarter, largely driven by the construction market where activity has been slower. 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: construction markets up 1%, mining down 54%, power systems up 73%, and material handling up 40%.

Total equipment sales (new and used) increased \$34.4 million or 3% year-to-date, reflecting inflow and delivery of equipment against order backlog and revenue at the acquired business. New equipment sales increased 6% year-to-date, with increases in construction and power systems markets, partially offset by decreases in mining (as expected due to mining investment cycle). Used equipment sales decreased 12% year-to-date, on the same reasons as noted for the quarter. Overall, the change in total equipment sales revenue by market segments were as follows for the first six months of the year: construction markets up 2%, mining down 21%, power systems up 56%, and material handling up 21%.

Rental revenue increased \$17.0 million (+15%) in the quarter and increased \$27.5 million (+13%) year-to-date, generally reflecting the larger fleet and improved activity in certain markets, however market conditions remain soft. Revenue changed quarter-over-quarter (year-to-date) in each market as follows: heavy equipment fleet was 18% higher (+17%), light equipment fleet was 13% higher (+11%); material handling rentals was 29% higher (+20%); and power rentals was down 10% (-15%). Revenue from the RPO fleet (rent with a purchase option) increased 54% in the quarter (+52% year-to-date), reflecting a larger fleet, with \$101.4 million at June 30, 2025 versus \$64.1 million at June 30, 2024.

Product support revenue increased \$16.8 million or 4% in the quarter and increased \$5.1 million or 1% year-to-date. Parts revenue increased 3% in the quarter and decreased slightly by 1% year-to-date, on market activity and product support sales mix. Service revenue increased in both the quarter (+5%) and year-to-date (+5%) on the higher technician workforce. Product support revenue change by market in the quarter (first six months of the year) was as follows: construction markets down 2% (-2%), mining up 7% (+2%), power systems up 18% (+9%) and material handling down 9% (-8%).

Gross profit margins increased 40 bps in the quarter and decreased 90 bps year-to-date compared to the same periods last year. Equipment margins were up 40 bps in the quarter (relatively unchanged year-to-date) reflecting market dynamics in play in both periods. Rental margins were down 50 bps in the quarter (down 40 bps year-to-date) on a higher cost of fleet additions. Product support margins decreased 10 bps in the quarter (down 30 bps year-to-date) reflecting nature of work and sales mix. Sales mix was favourable in the quarter and unfavourable year-to-date, reflecting the relative proportion of product support revenue to total in each period, increasing margins 60 bps and reducing margin 20 bps respectively.

Selling and administrative expenses increased \$16.4 million or 12% in the quarter, and increased \$16.5 million or 6% for the first six months of 2025, reflecting the acquired business and continuing investment in key strategic areas. 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 40 basis points higher as a percentage of revenue on a year-to-date basis (12.4% versus 12.0% last year).

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Operating income decreased \$11.1 million or 7% to \$154.1 million in the quarter and decreased \$21.0 million or 8% to \$243.0 million for the year-to-date, reflecting lower activity levels, margin pressures and higher expenses. The acquired business continues to increase production, however did not contribute meaningfully to operating income given expenses arising from purchase price accounting, including such items as amortization of intangibles. Operating income as a percentage of revenue was 10.9% on a year-to-date basis, reflecting the lower gross margins.

Bookings and Backlog

<i>(\$ millions)</i>	2025	2024	\$ change	% change
Bookings – three months ended June 30	\$ 637.8	\$ 610.0	\$ 27.8	5 %
Bookings – six months ended June 30	\$ 1,139.7	\$ 1,131.6	\$ 8.1	1 %
Backlog – as at June 30	\$ 1,004.9	\$ 1,047.3	\$ (42.4)	(4)%

New bookings increased \$27.8 million or 5% in the second quarter. Construction markets were higher, with bookings up 17%, reflecting more normalized supply dynamics. Power systems, which includes the acquired business, saw strong order activity, up 133% on good demand for our products. Material handling order intake was 49% higher in the quarter. Mining markets are lumpy or cyclical due to the nature of the business and were down 51% as expected from the second quarter last year which was a strong comparable.

Year-to-date bookings increased \$8.1 million or 1% to \$1.1 billion. Bookings were up in construction (+9%), power systems (+94%) and material handling (+45%). Mining bookings were lower (down 47%) against a strong comparable.

Backlog of \$1.0 billion at June 30, 2025, was down \$42.4 million or 4% from this time last year. Backlog at the recently acquired AVL operation was \$246.4 million at June 30, 2025. Excluding this, backlog was 28% lower compared to the same time last year, reflecting good deliveries against customer orders over the last twelve months, along with good new order intake over the same period. As at June 30, 2025, the composition of backlog by market was as follows: construction 25%; mining 16%; power systems 54%; and material handling 5%. Approximately 70% 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 June 30				Six months ended June 30			
	2025	2024	\$ change	% change	2025	2024	\$ change	% change
Package sales	\$ 82,168	67,133	15,035	22 %	\$ 124,294	\$ 103,818	\$ 20,476	20 %
Product support	57,759	57,087	672	1 %	111,955	108,606	3,349	3 %
Total revenue	\$ 139,927	\$ 124,220	\$ 15,707	13 %	\$ 236,249	\$ 212,424	\$ 23,825	11 %
Operating income	\$ 16,642	\$ 12,279	\$ 4,363	36 %	\$ 26,239	\$ 20,108	\$ 6,131	30 %
KEY RATIOS:								
Product support revenue as a % of total revenue	41.3%	46.0%			47.4%	51.1%		
Operating income margin	11.9%	9.9%			11.1%	9.5%		
Group total revenue as a % of consolidated revenue	10.2%	9.1%			9.6%	8.9%		

CIMCO continued to deliver solid results in the second quarter driven by good execution in both Canada and the US, against a strong order backlog, resulting in good package revenue growth. Product support activity continued to demonstrate growth in Canada and the US, supported by the larger technician workforce. Operating income increased on the higher revenue, good execution and improved margins, partially offset by unfavourable sales mix (lower product support revenue to total revenue) and higher expenses to support activity and growth.

Package revenue was up \$15.0 million or 22% in the quarter, with an increase in the recreational market (up 84%), slightly offset by a decrease in the industrial market (down 5%). Revenue in Canada was up 8%, with recreational activity up 107%, largely offset by lower industrial revenue, down 16%. The US increased 68%, with stronger revenue in both the recreational (up 63%) and industrial (up 77%) market. 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 \$20.5 million or 20% compared to the similar period in the prior year, with increases in both the recreational market (up 52%) and industrial market (up 5%). Revenue in Canada was up 10%, with recreational revenue up 88%, partially offset by lower industrial revenue down 11%. The US increased 48%, with higher revenue in the industrial (up 98%) and recreational (up 14%) markets.

Product support revenue increased in both the second quarter (up \$0.7 million or 1%) and first six months of the year (\$3.3 million or 3%). Revenue in Canada increased 4% in the quarter and 3% year-to-date reflecting higher activity levels. In the US, revenue was down 7% for the quarter but was up 3% year-to-date, with a stronger start to the year.

Gross profit margins increased 60 bps in the quarter and 70 bps year-to-date versus the comparable periods of 2024. 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 90 bps increase year-to-date. Product support margins increased 50 bps in the quarter and 20 bps year-to-date. Improving execution and efficiency continues to be a focus. For both the quarter and year-to-date, margins were dampened somewhat by an unfavourable sales mix, resulting in a 50 bps and 40 bps reduction in gross margin respectively, on a lower proportion of product support revenue to total revenue.

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Selling and administrative expenses increased \$0.3 million or 2% in the quarter and increased \$1.7 million or 5% for the first six 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 15.2% in the first six months of 2025 versus 16.2% for the similar period last year.

Operating income increased \$4.4 million or 36% for the quarter largely reflecting the higher revenue and improved gross margins. On a year-to-date basis, operating income increased \$6.1 million or 30%, reflecting similar trends as noted for the quarter. Operating income as a percentage of revenue improved to 11.1% on a year-to-date basis compared to 9.5% for the similar period last year.

Bookings and Backlog

<i>(\$ millions)</i>	2025		2024	\$ change	% change
Bookings – three months ended June 30	\$ 93.0	\$	32.6	\$ 60.4	nm
Bookings – six months ended June 30	\$ 140.7	\$	135.7	\$ 5.0	4 %
Backlog – as at June 30	\$ 351.0	\$	289.7	\$ 61.3	21 %

Bookings increased \$60.4 million or 185% to \$93.0 million in the quarter on stronger bookings in the industrial market, represented by several large projects in Canada. Industrial market bookings were up \$53.4 million (+752%), while the recreational market was up \$7.0 million (+27%). Industrial bookings were higher in Canada (+1316%), slightly offset by lower bookings in the US (-72%). Recreational bookings were up in the US (+235%), offset by lower bookings in Canada (-13%). Generally activity reflected good strategic capital investment levels, however order bookings can be lumpy reflective of timing of end-user schedules and timing of buying decisions.

On a year-to-date basis, bookings increased \$5.0 million or 4% to \$140.7 million, with stronger bookings in the industrial market, partially offset by lower bookings in the recreational market. Industrial orders were up 18%, with an increase in Canada (+92% on a strong Q2 bookings) partially offset by a decrease in the US (-81% against a strong comparable). Recreational orders decreased 10%, with a decrease in Canada (-23%), slightly offset by an increase in the US (+18%).

Backlog of \$351.0 million increased \$61.3 million or 21% compared to June 30, 2024, with higher backlog in both the recreational and industrial markets. Recreational backlog was 31% higher, reflecting a strong increase in both Canada (+13%) and in the US (+55%). Industrial backlog increased 14%, with an increase in both Canada (+9) and the US (+30%). Approximately 70% 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 June 30, 2025, the ratio of net debt to total capitalization¹ was -3% (net cash position), compared to -9% at December 31, 2024, and -6% at June 30, 2024. Return on equity¹ ("ROE") was 17.6% on a trailing twelve-months basis at June 30, 2025, compared to 21.0% for the comparable period last year. Toromont's share price of \$122.39 at the end of June 2025, translated to a market capitalization¹ of \$9.9 billion and a total enterprise value¹ of \$9.9 billion.

Non-cash Working Capital

The Company's investment in non-cash working capital was \$975.9 million at June 30, 2025. The major components, along with the changes from prior periods, are identified in the following table.

(\$ thousands)	June 30	June 30	Change		December 31	Change	
	2025	2024	\$	%	2024	\$	%
Accounts receivable	\$ 709,207	\$ 665,832	\$ 43,375	7 %	\$ 628,671	\$ 80,536	13 %
Inventories	1,213,508	1,298,728	(85,220)	(7)%	1,321,567	(108,059)	(8)%
Other current assets	24,716	18,408	6,308	34 %	22,074	2,642	12 %
Accounts payable and accrued liabilities	(578,298)	(669,389)	91,091	(14)%	(667,907)	89,609	(13)%
Provisions	(33,103)	(30,805)	(2,298)	7 %	(30,675)	(2,428)	8 %
Income tax recoverable	30,969	22,614	8,355	37 %	8,267	22,702	nm
Derivative financial instruments	(8,993)	2,938	(11,931)	nm	19,352	(28,345)	nm
Dividends payable	(42,199)	(39,319)	(2,880)	7 %	(39,127)	(3,072)	8 %
Deferred revenue and contract liabilities	(339,907)	(327,058)	(12,849)	4 %	(331,946)	(7,961)	2 %
Total non-cash working capital	\$ 975,900	\$ 941,949	\$ 33,951	4 %	\$ 930,276	\$ 45,624	5 %

Accounts receivable increased 7% from June 30, 2024, in part reflecting the 1% increase in revenue in the quarter, slower collection activity, and approximately \$48.6 million receivables from the recently acquired AVL operation. Days sales outstanding ("DSOs") increased 1 day to 42 days overall, mainly reflecting an increase in DSO at both the Equipment Group (up 2 days) and CIMCO (up 1 day). Collection activity and credit metrics are being closely monitored.

In comparison to December 31, 2024, accounts receivable increased 13%, reflecting 26% higher trailing revenue and slower collections, in addition to accounts receivable added as a result of the acquisition. DSO was 40 days at December 31, 2024.

Inventories at June 30, 2025 decreased 7% compared to June 30, 2024, with decreases in both Groups:

- Equipment Group inventories were down \$83.6 million or 7%, with lower equipment (down \$170.7 million or 22%), partly offset by higher work-in-progress (up \$43.4 million or 34%) and parts (up \$43.7 million or 13%). Equipment inventory levels were lower due to executed deliveries against order backlog and inventory reduction initiatives. Parts increased in light of activity levels, higher availability of new equipment due to improved supply chain and purchasing in light of economic uncertainty and trade tensions. 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 down \$1.6 million or 3%, as work-in-process levels decreased \$1.8 million (down 4%), reflecting timing of project construction and product support schedules.

¹ Non-IFRS financial measures/non-GAAP ratios. For further details, see the sections titled "Additional GAAP Measures", "Non-GAAP Measures" and "Key Performance Measures". Non-GAAP financial measures and non-GAAP financial ratios do not have a standardized meaning under IFRS and might not be comparable to similar financial measures presented by other issuers.

Inventories at June 30, 2025 were 8% lower compared to December 31, 2024, largely due to a decrease in the Equipment Group, slightly offset by an increase at CIMCO:

- Equipment Group inventories were down \$114.4 million or 9% with lower equipment (down \$141.4 million or 19%) and parts inventories (down \$3.8 million or 1%), partially offset by an increase in work-in-process (up \$30.8 million or 22%). 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. This pattern has been impacted in part due to timing of customer deliveries, and purchasing in light of economic uncertainty and trade tensions.
- CIMCO inventories were up \$6.4 million or 15%, predominantly driven by higher work-in-process levels (up \$6.4 million or 18%).

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 June 30, 2025, were 14% lower than at June 30, 2024, largely reflecting timing of purchase and payment for inventory and other suppliers, partially offset by balances at the acquired company.

In comparison to December 31, 2024, accounts payable and accrued liabilities also decreased 13%, mainly reflecting the timing of purchase and payment for inventory and other suppliers, as well as the payment of annual performance bonuses, partially offset by balances at the acquired company.

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

Derivative financial instruments represent the fair value of foreign exchange contracts. From time to time, Toromont enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for speculative trading purposes. Fluctuations in the value of the Canadian dollar have led to a cumulative net loss of \$9.0 million as at June 30, 2025. This is not expected to affect net earnings as the unrealized loss will offset future gains on the related hedged items, either current accounts payable or future transactions.

Dividends payable increased compared to June 30 and December 31, 2024, reflecting the higher dividend rate. The dividend rate was increased 8.3% effective with the first quarter of 2025, which represented the 36th 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 June 30, 2025, these were relatively unchanged compared to June 30, 2024, as balances at the acquired company were predominantly offset by lower customer deposits reflecting delivery of equipment over the last twelve months. Compared to December 31, 2024, deferred revenue was up 2% reflecting balances at the recently acquired company of approximately \$47.3 million partially offset by lower customer deposits on order delivery.
- 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 June 30, 2025, these were up 31% versus June 30, 2024, and up 13% versus December 31, 2024, reflecting in part the higher order backlog.

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 337,500 common shares for \$40.3 million (average cost of \$119.32 per share, including transaction costs) during the six months ended June 30, 2025.

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, 2025, an obligation for the repurchase of shares of \$30.1 million was recognized under the ASPP.

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. As at June 30, 2024, there was no obligation for the repurchase of shares under the ASPP.

Long-term Incentive Plan ("LTIP")

A total of 30,394 restricted share units ("RSUs") and 80,791 performance share units ("PSUs") were outstanding under the LTIP as at June 30, 2025, including reinvested dividends.

For the second quarter ended June 30, 2025, LTIP expense of \$1.4 million (2024 – \$1.4 million) was included in selling and administrative expenses with a credit to contributed surplus. For the six months ended June 30, 2025, LTIP expense of \$2.8 million (2024 – \$2.5 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 81,195,606 common shares and 1,552,884 share options outstanding.

Dividends

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

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Record Date	Payment Date	Dividend Amount per Share	Dividends Paid in Total (\$ millions)
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
Dec. 6, 2024	Jan. 6, 2025	\$0.48	\$39.1
Mar. 7, 2025	Apr. 4, 2025	\$0.52	\$42.3
Jun. 6, 2025	Jul. 3, 2025	\$0.52	\$42.2

The Board of Directors increased the quarterly dividend by 8.3% or 4 cents per share, to 52 cents per common share on February 11, 2025.

The next dividend is payable on October 3, 2025 to shareholders on record on September 5, 2025.

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.

Effective March 21, 2025, the Company amended its existing \$500.0 million committed revolving credit facility and extended the term of the agreement to March 2030, 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 have been drawn on the revolving credit facility as at June 30, 2025, December 31, 2024 and June 30, 2024.

Standby letters of credit issued utilized \$43.7 million of the facility as at June 30, 2025 (December 31, 2024 – \$40.8 million; June 30, 2024 – \$39.0 million).

On March 28, 2025, the Company issued senior unsecured debentures in an aggregate principal amount of \$300.0 million (the "Debentures"). The Debentures mature in 2030 and bear interest at a rate of 3.76% per annum, payable semi-annually. The Debentures are unsecured, unsubordinated and rank pari passu with other unsecured, unsubordinated debt. The net proceeds were used to pay the principal owing on the outstanding 3.71% senior debentures due September 30, 2025 and redeemed on July 11, 2025, and for general corporate purposes.

Subsequent to the end of the quarter, on July 11, 2025, the Company completed the early redemption of its 10-year, 3.71% senior debentures, which were due on September 30, 2025. The 2025 debentures were redeemed at par, plus accrued and unpaid interest, for a total of approximately \$151.6 million. The redemption of the debentures was completed with cash on hand.

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		Six months ended	
	2025	June 30 2024	2025	June 30 2024
Cash and cash equivalents, beginning of period	\$ 977,461	\$ 983,355	\$ 890,815	\$ 1,040,757
Cash, provided by (used in):				
Operating activities				
Operations	191,540	183,906	324,095	311,624
Change in non-cash working capital and other	67,223	(167,888)	(102,383)	(213,374)
Net rental fleet additions	(61,804)	(74,819)	(107,834)	(126,258)
	196,959	(58,801)	113,878	(28,008)
Investing activities	(86,768)	(35,854)	(147,957)	(68,589)
Financing activities	(57,603)	(85,026)	173,337	(140,791)
Effect of foreign exchange on cash and cash equivalents balances	(1,418)	158	(1,442)	463
Increase (decrease) in cash and cash equivalents during the period	\$ 51,170	\$ (179,523)	\$ 137,816	\$ (236,925)
Cash and cash equivalents, end of period	\$ 1,028,631	\$ 803,832	\$ 1,028,631	\$ 803,832

Cash Flows from Operating Activities

Operating activities provided cash in the second quarter and first half of 2025. Operating activities used cash in both the second quarter and first half of 2024.

Cash generated from operations increased in both the quarter (up 4%) and on a year-to-date basis (up 4%) from the comparable periods last year, reflecting the lower net earnings more than offset by higher non-cash items, predominantly depreciation and amortization. Amortization of intangible assets acquired as part of AVL totalled \$20.4 million in the second quarter and \$28.0 million on a year-to-date basis.

Non-cash working capital and other generated cash in the second quarter of 2025, reflecting lower working capital levels on good deliveries against order backlog resulting in lower inventories. Non-cash working capital and other utilized cash in the second quarter of 2024, as working capital levels increased on higher accounts receivable balances reflecting revenue, along with increased inventory levels.

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

Investments in property, plant and equipment totalled \$87.1 million in the second quarter of 2025 (2024 – \$36.2 million) and related largely to:

- \$69.0 million additions for land, buildings and construction in process for new and upgraded facilities across the business (2024 – \$17.0 million). During the quarter, a facility in Charlotte, NC was purchased for approximately \$60.0 million for expansion of AVL production capacity in the US;
- \$12.3 million for normal replacement of service and delivery vehicles (2024 – \$15.0 million);
- \$1.2 million for upgrades and enhancements to information technology infrastructure and office furniture (2024 – \$1.2 million); and
- \$2.8 million for machinery and equipment replacements and upgrades (2024 – \$3.0 million).

For the year-to-date period, investments in property, plant and equipment totalled \$104.3 million (2024 – \$69.2 million). Total disposition proceeds for the first six months of 2025 were \$1.8 million (2024 – \$0.6 million).

During the first quarter, the Company used cash of \$43.5 million for the acquisition of AVL, net of cash acquired. See note 3 to the interim condensed consolidated financial statements for further information on this transaction.

Cash Flows from Financing Activities

During the second quarter of 2025, financing activities used \$57.6 million (2024 – used \$85.0 million) in cash, major uses and sources of cash during the quarter included:

- Dividends paid to common shareholders of \$42.3 million or \$0.52 per share (2024 – \$39.5 million or \$0.48 per share);
- Net cash received on exercise of share options and settlement of RSUs and PSUs of \$2.5 million (2024 – \$7.1 million);
- Purchase of shares under the NCIB program used \$15.0 million (2024 – \$50.0 million); and,
- Lease liability payments of \$2.9 million (2024 – \$2.4 million).

For the six months ended June 30, 2025, financing activities generated \$173.3 million (2024 – used \$140.8 million) in cash, major uses and sources of cash during the period included:

- Dividends paid to common shareholders of \$81.4 million or \$1.00 per share (2024 – \$74.9 million or \$0.91 per share);
- Net cash received on exercise of share options and settlement of RSUs and PSUs of \$3.6 million (2024 – \$14.2 million);
- Issue of senior debentures generated \$300.0 million (2024 – \$nil);
- Debt issuance costs used \$3.0 million (2024 – \$0.1 million);
- Purchase of shares under the NCIB program of \$40.3 million (2024 – \$75.0 million); and,
- Lease liability payments of \$5.6 million (2024 – \$5.0 million).

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 recent trade tensions have created additional economic turbulence for every company engaged in cross border trade. Our team is engaged, monitoring and developing an appropriate action plan to navigate the potential impacts over the short and longer term when details become available. Foreign exchange rate volatility, and a weaker Canadian dollar are also being monitored given the majority of our supply of equipment and parts is sourced in US dollars. Hedging and pricing policies should limit bottom line exposure to changing exchange rates, however the impact on the economy as whole could be a factor. The global supply chain has improved 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. We have had several years of significant deliveries to the mining industry which has impacted sales mix, however should support product support activity in the future as the machines are utilized. Power systems, particularly prime and stand-by power generation, continues to be in demand. Our investment in an enclosure manufacturer should support our position and future growth.

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 2024 annual audited consolidated financial statements.

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(\$ thousands, except per share amounts)	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
REVENUE								
Equipment Group	\$1,236,536	\$ 993,300	\$1,185,953	\$1,210,821	\$1,235,649	\$ 928,145	\$1,128,907	\$1,065,615
CIMCO	139,927	96,322	121,000	127,171	124,220	88,204	98,030	108,430
Total revenue	\$1,376,463	\$1,089,622	\$1,306,953	\$1,337,992	\$1,359,869	\$1,016,349	\$1,226,937	\$1,174,045
NET EARNINGS	\$ 124,347	\$ 74,436	\$ 156,296	\$ 130,951	\$ 135,350	\$ 83,919	\$ 154,052	\$ 145,619
PER SHARE INFORMATION:								
Basic earnings per share	\$ 1.53	\$ 0.92	\$ 1.91	\$ 1.60	\$ 1.65	\$ 1.02	\$ 1.87	\$ 1.77
Diluted earnings per share	\$ 1.52	\$ 0.91	\$ 1.90	\$ 1.59	\$ 1.64	\$ 1.01	\$ 1.86	\$ 1.76
Dividends paid per share	\$ 0.52	\$ 0.48	\$ 0.48	\$ 0.48	\$ 0.48	\$ 0.43	\$ 0.43	\$ 0.43
Weighted average common shares outstanding – basic (in thousands)	81,202	81,312	81,721	81,931	82,090	82,309	82,315	82,282

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. Such factors or others may result in 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 2023 and 2024, we saw gradual improvements to supply chain availability across most of our product offerings, which has effectively normalized over time.

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.

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, 2024 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 2024 audited annual consolidated financial statements, and described in note 2 therein, except as noted below.

Several amendments apply for the first time in 2025, but do not have an impact on the interim condensed consolidated financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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. See note 3 to the Company's 2024 audited annual consolidated financial statements, contained in the Company's 2024 Annual Report for a detailed discussion of critical accounting estimates. There have been no material changes to such critical accounting estimates during the three and six months ended June 30, 2025.

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.

In accordance with the provisions of National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, our Chief Executive Officer and Chief Financial Officer have limited the scope of their design of our disclosure controls and procedures and internal control over financial reporting to exclude the controls, policies, and procedures of AVL, which we acquired on January 31, 2025. The acquired AVL business contributed a relatively insignificant amount of revenue and net income in the the three and six months ended June 30, 2025. Additionally, as at June 30, 2025, the total assets and total liabilities of the AVL operations represented approximately 5% and 6% of consolidated total assets and total liabilities, respectively. The design of the disclosure controls and procedures and internal control over financial reporting of the acquired AVL operations will be completed for the fourth quarter of 2025.

There have been no changes in the design of the Company's internal control over financial reporting during the three and six months ended June 30, 2025, 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 earnings from 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		Six months ended	
	2025	June 30 2024	2025	June 30 2024
Net earnings	\$ 124,347	\$ 135,350	\$ 198,783	\$ 219,269
<i>plus:</i> Interest expense	9,887	7,044	17,333	14,038
<i>less:</i> Interest and investment income	(9,818)	(15,700)	(20,997)	(31,387)
<i>plus:</i> Income taxes	46,330	50,827	74,112	82,186
Operating income	\$ 170,746	\$ 177,521	\$ 269,231	\$ 284,106
Total revenue	\$ 1,376,463	\$ 1,359,869	\$ 2,466,085	\$ 2,376,218
Operating income margin	12.4%	13.1%	10.9%	12.0%

Net Debt to Total Capitalization/Equity and Net Debt/Equity

Net debt to total capitalization/equity and net debt/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)	June 30 2025	December 31 2024	June 30 2024
Long-term debt	\$ 795,931	\$ 498,518	\$ 648,045
Current portion of long-term debt	149,970	149,910	—
<i>less:</i> Cash and cash equivalents	1,028,631	890,815	803,832
Net debt	(82,730)	(392,297)	(155,787)
Shareholders' equity	3,007,998	2,955,393	2,812,849
Total capitalization	\$ 2,925,268	2,563,096	2,657,062
Net debt to total capitalization	(3)%	(15)%	(6)%
Net debt to equity	(0.03):1	(0.08):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

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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>	June 30 2025	December 31 2024	June 30 2024
Total current assets	\$ 3,008,122	\$ 2,890,746	\$ 2,812,352
less: Total current liabilities	1,153,561	1,219,565	1,066,571
Working capital	\$ 1,854,561	\$ 1,671,181	\$ 1,745,781

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>	June 30 2025	December 31 2024	June 30 2024
Total current assets	\$ 3,008,122	\$ 2,890,746	\$ 2,812,352
less: Cash and cash equivalents	1,028,631	890,815	803,832
	1,979,491	1,999,931	2,008,520
Total current liabilities	1,153,561	1,219,565	1,066,571
less: Current portion of long-term debt	149,970	149,910	—
	1,003,591	1,069,655	1,066,571
Non-cash working capital	\$ 975,900	\$ 930,276	\$ 941,949

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>	June 30 2025	December 31 2024	June 30 2024
Outstanding common shares	81,173,576	81,300,574	81,923,581
<i>times: Ending share price</i>	\$ 122.39	\$ 113.64	\$ 121.13
Market capitalization	\$ 9,934,834	\$ 9,238,997	\$ 9,923,403
Long-term debt	\$ 795,931	\$ 498,518	\$ 648,045
Current portion of long-term debt	149,970	149,910	—
<i>less: Cash and cash equivalents</i>	1,028,631	890,815	803,832
Net debt	\$ (82,730)	\$ (242,387)	\$ (155,787)
Total enterprise value	\$ 9,852,104	\$ 8,996,610	\$ 9,767,616

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		
	June 30 2025	December 31 2024	June 30 2024
<i>(\$ thousands)</i>			
Net earnings	\$ 486,030	\$ 506,516	\$ 518,940
<i>plus:</i> Interest expense	31,950	28,655	28,213
<i>less:</i> Interest and investment income	(43,247)	(53,637)	(56,266)
<i>plus:</i> Interest income – rental conversions	4,458	3,635	3,843
<i>plus:</i> Income taxes	180,564	188,638	190,860
Adjusted net earnings	\$ 659,755	\$ 673,807	\$ 685,590
Average capital employed	\$ 2,853,519	\$ 2,621,627	\$ 2,456,294
Return on capital employed	23.1%	25.7%	27.9%

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		
	June 30 2025	December 31 2024	June 30 2024
<i>(\$ thousands)</i>			
Net earnings	\$ 486,030	\$ 506,516	\$ 518,940
Opening shareholder's equity (net of adjustments)	\$ 2,762,626	\$ 2,636,834	\$ 2,467,414
Return on equity	17.6%	19.2%	21.0%