



WAJAX CORPORATION
News Release

TSX Symbol: WJX

**WAJAX ANNOUNCES 2023 FOURTH QUARTER AND ANNUAL RESULTS, INCREASES
QUARTERLY DIVIDEND BY 6%**

***Expanded Relationship with Hitachi and Growth in Industrial Parts and Engineered
Repair Services Continue to Drive Record Results***

Toronto, Ontario – March 4, 2024 – Wajax Corporation (“Wajax” or the “Corporation”) today announced its 2023 fourth quarter and annual results. All monetary amounts are in Canadian dollars unless otherwise noted.

Selected Highlights for the Fourth Quarter and Full Year

- Fourth quarter revenue of \$542.6 million and record full year revenue of \$2,154.7 million, up 0.2% and 9.8%, respectively, over 2022;
- Fourth quarter adjusted EBITDA of \$47.2 million and record full year adjusted EBITDA of \$197.4 million, up 11.5% and 19.0%, respectively, over 2022;
- Fourth quarter adjusted basic EPS of \$0.83 and full year adjusted basic EPS of \$3.88, down 0.4% and up 19.1%, respectively, over 2022; and
- Ended 2023 with backlog of \$554.0 million, an increase of \$85.2 million over 2022.⁽¹⁾

“In 2023, Wajax celebrated its 165th anniversary and delivered a third straight year of record revenue, up 9.8% over 2022. When combined with our continuing focus on improved operating leverage, this resulted in a 19.1% year-over-year increase in adjusted basic earnings per share,” said Iggy Domagalski, President and Chief Executive Officer. “Our team delivered significant value to shareholders including a 32% increase in the quarterly dividend. We are pleased with these results, and proud of our team’s exceptional efforts throughout the year.”⁽¹⁾

He continued, “Looking ahead into 2024, fundamentals remain solid across many of our key markets, which continues to be reflected in our strong backlog – and these fundamentals should be supportive as we look to build on the near-record number of Hitachi excavators we shipped in 2023, as well as the exceptionally strong performance of our industrial parts and engineered repair services businesses. Our strong financial results and solid balance sheet, coupled with the recently completed \$100.0 million increase in credit limit under our senior secured credit facility, give us the flexibility to continue to invest in future organic growth and acquisitions. The 6% dividend increase announced today reflects the board’s and management’s collective belief in our strategic vision.”⁽¹⁾

(Dollars in millions, except per share data)

CONSOLIDATED RESULTS

	Three Months Ended December 31			Twelve Months Ended December 31		
	2023	2022	% change	2023	2022	% change
Revenue	\$542.6	\$541.3	0.2 %	\$2,154.7	\$1,962.8	9.8 %
Equipment sales	\$158.5	\$202.2	(21.6) %	\$607.1	\$628.6	(3.4) %
Product support	\$132.8	\$118.3	12.3 %	\$543.3	\$483.9	12.3 %
Industrial parts	\$136.0	\$137.9	(1.4) %	\$605.1	\$535.8	12.9 %
Engineered repair services (ERS)	\$103.6	\$72.6	42.8 %	\$354.3	\$275.5	28.6 %
Equipment rental	\$11.7	\$10.2	14.4 %	\$45.0	\$39.1	14.9 %
Net earnings	\$11.1	\$16.6	(33.2)%	\$81.0	\$72.4	11.9 %
Basic earnings per share⁽²⁾	\$0.52	\$0.78	(33.6)%	\$3.77	\$3.38	11.4 %
Adjusted net earnings⁽¹⁾⁽³⁾	\$17.8	\$17.8	0.2 %	\$83.5	\$69.8	19.5 %
Adjusted basic earnings per share⁽¹⁾⁽²⁾⁽³⁾	\$0.83	\$0.83	(0.4)%	\$3.88	\$3.26	19.1 %
Adjusted EBIT⁽¹⁾	\$31.7	\$28.2	12.1 %	\$138.9	\$110.4	25.8 %
Adjusted EBITDA⁽¹⁾	\$47.2	\$42.3	11.5 %	\$197.4	\$165.9	19.0 %
Adjusted EBIT margin⁽¹⁾	5.8%	5.2%	11.8 %	6.4%	5.6%	14.6 %
Adjusted EBITDA margin⁽¹⁾	8.7%	7.8%	11.3 %	9.2%	8.5%	19.0 %

Outlook

Moving into 2024, Wajax continues to see solid fundamentals in many of the markets it serves - particularly mining, energy and construction - supported by relatively elevated key commodity prices and sustained customer budgeting for capital projects. Wajax began 2024 with strong backlog of \$554.0 million, up 18.2% from the end of 2022, which supports management's confidence in the near-term future.⁽¹⁾ In addition to expected growth in its heavy equipment business over the long-term, Wajax continues to anticipate further demand in its less cyclical industrial parts and engineered repair services ("**ERS**") businesses, which saw top-line growth of 12.9% and 28.6%, respectively, in 2023. Challenges associated with higher interest rates, wage and price inflation, and a tight labour market, are expected to persist, and management continues to monitor market dynamics and customer sentiment for signs of possible weakness.

Management will be focused on six strategic priorities for 2024: continuing to build a "people first" company; growing Wajax's existing business with a focus on parts, service and margin improvement; unlocking the potential of Wajax's enhanced direct relationship with Hitachi; acquiring industrial parts and ERS businesses; improving cost structure and processes; and continuing Wajax's enterprise resource planning system rollout and additional technology improvements. For more information regarding these priorities, please see the Wajax's Management's Discussion and Analysis for the year-ended December 31, 2023, and annual report for the year ended December 31, 2023.

Dividend Increase

Wajax also announced today that its Board of Directors has approved a 6% increase in the Corporation's quarterly dividend. The Corporation has declared a dividend of \$0.35 per share for the first quarter of 2024, payable on April 2, 2024, to shareholders of record on March 15, 2024.

Fourth Quarter Highlights

- Revenue in the fourth quarter of 2023 increased \$1.3 million, to \$542.6 million, from \$541.3 million in the fourth quarter of 2022. From a regional perspective:
 - Revenue in western Canada of \$235.6 million decreased 15.5% from the prior year due primarily to the timing of mining equipment sales, as well as lower equipment sales in the construction and forestry category, offset partially by strong ERS sales.
 - Revenue in central Canada of \$105.4 million increased 21.3% from the prior year mainly due to strong ERS sales, higher equipment sales in the construction and forestry category, and higher product support revenue across all categories.
 - Revenue in eastern Canada of \$201.7 million increased 14.8% from the prior year due primarily to higher equipment and product support sales in the construction and forestry category, and strong industrial parts and ERS sales.
- Gross profit margin of 21.2% in the fourth quarter of 2023 increased 310 basis points (“bps”) compared to the same period of 2022. The increase in margin was driven primarily by higher margins across all revenue types, and a higher proportion of ERS and product support sales as compared to equipment sales.⁽¹⁾
- Selling and administrative expenses as a percentage of revenue increased to 17.1% in the fourth quarter of 2023 from 13.2% in the fourth quarter of 2022. Selling and administrative expenses in the fourth quarter of 2023 increased \$21.2 million, or 29.6%, compared to the fourth quarter of 2022 due primarily to: higher personnel costs as the volume of ERS and product support business increased over the prior year; an unrealized loss on interest rate swaps of \$5.5 million in the quarter, compared to a loss of less than \$0.1 million in the same quarter of the prior year; and facility closure, restructuring, and other related costs of \$1.9 million in the quarter without a comparable cost in the same quarter of the prior year. Excluding the \$5.5 million loss on interest rate swaps, and the \$1.9 million facility closure, restructuring, and other related costs, selling and administrative expenses as a percentage of revenue was 15.7% in the fourth quarter of 2023. The unrealized loss/gain on interest rate swaps and the facility closure, restructuring, and other related costs have been excluded in calculating the following metrics: adjusted net earnings, adjusted EBIT, adjusted EBIT margin, adjusted EBITDA, adjusted EBITDA margin, adjusted basic earnings per share, and adjusted diluted earnings per share.⁽¹⁾
- EBIT decreased \$4.1 million, or 15.5%, to \$22.6 million in the fourth quarter of 2023 versus \$26.7 million in 2022. The year-over-year decrease in EBIT resulted from higher selling and administrative expenses, offset partially by higher margins, and a higher proportion of ERS and product support sales. Adjusted EBIT increased \$3.4 million, or 12.1%, to \$31.7 million in the fourth quarter of 2023 from \$28.2 million in the fourth quarter of 2022, and adjusted EBIT margin increased to 5.8% in the fourth quarter of 2023 from 5.2% in the same quarter of 2022.⁽¹⁾
- The Corporation generated net earnings of \$11.1 million, or \$0.52 per share, in the fourth quarter of 2023 versus \$16.6 million, or \$0.78 per share, in 2022. The Corporation generated adjusted net earnings of \$17.8 million, or \$0.83 per share, in both the fourth quarter of 2023 and the fourth quarter of 2022. Adjusted net earnings for the quarter excludes facility closure, restructuring, and other related costs of \$1.4 million after tax, or \$0.07 per share (2022 - nil), non-cash losses on mark to market of derivative instruments of \$5.0 million after tax, or \$0.23 per share (2022 – losses of \$1.1 million after tax, or \$0.05 per share), and losses on the change in fair value of contingent consideration of \$0.2 million after tax, or \$0.01 per share (2022 - nil).⁽¹⁾
- Adjusted EBITDA margin increased to 8.7% in the fourth quarter of 2023 from 7.8% in 2022.⁽¹⁾

- Cash flows generated from operating activities amounted to \$48.5 million in the fourth quarter of 2023, compared to \$19.1 million in the same quarter of the previous year. The increase of \$29.4 million was mainly attributable to a decrease in accounts receivable of \$3.9 million in the fourth quarter of 2023 compared to an increase of \$33.0 million in the same quarter of the previous year, and a decrease in inventory of \$28.1 million compared to an increase of \$15.5 million in the same quarter of the prior year. This increase in cash generated was offset partially by a decrease in accounts payable and accrued liabilities of \$20.3 million compared to an increase of \$38.1 million in the same quarter of the prior year.
- The Corporation's backlog at December 31, 2023 of \$554.0 million decreased \$45.3 million, or 7.6%, compared to September 30, 2023 due primarily to lower construction and forestry orders.⁽¹⁾
- Working capital of \$560.2 million at December 31, 2023 decreased \$31.2 million from September 30, 2023, due primarily to lower inventory levels. Working capital efficiency was 23.9%, an increase of 250 bps from September 30, 2023, due to the higher trailing four-quarter average working capital.⁽¹⁾
- The Corporation's leverage ratio decreased to 1.98 times at December 31, 2023, compared to 2.16 times at September 30, 2023. The decrease in the leverage ratio was due to the lower debt level in the current period, driven largely by cash generated from operating activities during the quarter. The Corporation's senior secured leverage ratio was 1.64 times at December 31, 2023, compared to 1.82 times at September 30, 2023.⁽¹⁾
- Subsequent to quarter-end and effective January 2, 2024, the Corporation completed adjustments to its senior management structure following the retirement of Steve Deck, Chief Operating Officer and Senior Vice President, Heavy Equipment. Brian Deacon has been appointed to the role of Senior Vice President, Category Management, and André Dubé to the role of Senior Vice President, Sales and Operations. Mr. Deacon first joined Wajax in 2011 after 14 years in the equipment industry, and has held increasingly senior roles at the Corporation, including Regional Branch Manager – Equipment, and Vice President, Service Operations. Most recently, he was serving as Regional Vice President, Western Canada. Mr. Dubé first joined Wajax in 1999 as a strategic sourcing specialist, and since then has served in increasingly senior roles including Vice President, Key Accounts, Vice President, End Market Mining, and Regional Vice President, Ontario and Québec. Most recently, he was serving as Senior Vice President, Industrial Part and ERS.
- Subsequent to quarter-end, on January 11, 2024, the Corporation amended its senior secured credit facility to increase the facility limit from \$400.0 million to \$500.0 million. Such facility is now composed of a \$50.0 million non-revolving term facility and a \$450.0 million revolving term facility. There was no change to the maturity date of the senior secured facility.

Conference Call Details

Wajax will webcast its Fourth Quarter Financial Results Conference Call. You are invited to listen to the live webcast on Tuesday, March 5, 2024 at 2:00 p.m. EDT. To access the webcast, please visit our website wajax.com, under “Investor Relations”, “Events and Presentations”, “Q4 and Full Year 2023 Financial Results” and click on the “Webcast” link. An archive of the webcast will be available following the live presentation.

About Wajax Corporation

Founded in 1858, Wajax (TSX: WJX) is one of Canada's longest-standing and most diversified industrial products and services providers. The Corporation operates an integrated distribution system providing sales, parts and services to a broad range of customers in diverse sectors of the Canadian economy, including: construction, forestry, mining, industrial and commercial, oil sands, transportation, metal processing, government and utilities, and oil and gas.

Notes:

- (1) "Backlog", "Working capital", "Gross profit margin", "Selling and administrative expenses as a percentage of revenue", "Working capital efficiency", "Leverage ratio", "Senior secured leverage ratio", "Adjusted net earnings", "Adjusted basic and diluted earnings per share", "Adjusted EBIT", "Adjusted EBIT margin", "Adjusted EBITDA", and "Adjusted EBITDA margin" do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"). See the Non-GAAP and Other Financial Measures section later in this press release.
- (2) Weighted average shares, net of shares held in trust, outstanding for calculation of basic and diluted earnings per share for the three months ended December 31, 2023 was 21,570,005 (2022 – 21,453,250) and 22,319,062 (2022 – 22,228,401), respectively.
Weighted average shares, net of shares held in trust, outstanding for calculation of basic and diluted earnings per share for the year ended December 31, 2023 was 21,509,250 (2022 – 21,423,140) and 22,271,628 (2022 – 22,196,918), respectively.
- (3) Net earnings excluding the following:
 - a. after-tax facility closure, restructuring, and other related costs of \$1.4 million (2022 – nil), or basic and diluted loss per share of \$0.07 and \$0.06, respectively (2022 – nil) for the fourth quarter of 2023 and for the year ended December 31, 2023.
 - b. after-tax non-cash losses on mark to market of derivative instruments of \$5.0 million (2022 – losses of \$1.1 million), or basic and diluted loss per share of \$0.23 (2022 – loss per share of \$0.05) for the fourth quarter of 2023.
 - c. after-tax non-cash losses on mark to market of derivative instruments of \$0.9 million (2022 – gains of \$2.6 million), or basic and diluted loss per share of \$0.04 (2022 – earnings per share of \$0.12) for the year ended December 31, 2023.
 - d. after-tax losses on the change in fair value of contingent consideration of \$0.2 million (2022 – nil), or basic and diluted loss per share of \$0.01 (2022 – nil) for the fourth quarter of 2023 and for the year ended December 31, 2023.
 - e. after-tax gain recorded on the sale of properties of \$0.1 million (2022 – nil), or basic and diluted earnings per share of less than \$0.01 (2022 – nil) for the year ended December 31, 2023.

Non-GAAP and Other Financial Measures

The press release contains certain non-GAAP and other financial measures that do not have a standardized meaning prescribed by GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to net earnings or to cash flow from operating, investing, and financing activities determined in accordance with GAAP as indicators of the Corporation's performance. The Corporation's management believes that:

- (i) these measures are commonly reported and widely used by investors and management;
- (ii) the non-GAAP measures are commonly used as an indicator of a company's cash operating performance, profitability and ability to raise and service debt;
- (iii) **"Adjusted net earnings", "Adjusted basic earnings per share" and "Adjusted diluted earnings per share"** provide indications of the results by the Corporation's principal business activities prior to recognizing non-recurring costs (recoveries) and non-cash losses (gains) on mark to market of derivative instruments. These adjustments to net earnings and basic and diluted earnings per share allow the Corporation's management to consistently compare periods by removing infrequent charges incurred outside of the Corporation's principal business activities and the impact of unrealized losses (gains) resulting from fluctuations in interest rates and the Corporation's share price;
- (iv) **"Adjusted EBITDA"** provides an indication of the results by the Corporation's principal business activities prior to recognizing non-recurring costs (recoveries) and non-cash losses (gains) on mark to market of derivative instruments. These adjustments to net earnings allow the Corporation's management to consistently compare periods by removing infrequent charges incurred outside of the Corporation's principal business activities, the impact of unrealized losses (gains) resulting from fluctuations in interest rates and the Corporation's share price, the impact of fluctuations in finance costs related to the Corporation's capital structure, the impact of tax rates, and the impact of depreciation and amortization of long-term assets; and
- (v) **"Pro-forma adjusted EBITDA"** provides the same utility as Adjusted EBITDA described above, however pursuant to the terms of the bank credit facility, is adjusted for the EBITDA of business acquisitions made during the period as if they were made at the beginning of the trailing 12-month

period, and for the deduction of payments of lease liabilities. Pro-forma adjusted EBITDA is used in calculating the Leverage ratio and Senior secured leverage ratio.

Non-GAAP financial measures are identified and defined below:

Funded net debt	Funded net debt includes bank indebtedness, debentures and total long-term debt, net of cash. Funded net debt is relevant in calculating the Corporation's funded net debt to total capital, which is a non-GAAP ratio commonly used as an indicator of a company's ability to raise and service debt.
Debt	Debt is funded net debt plus letters of credit. Debt is relevant in calculating the Corporation's leverage ratio, which is a non-GAAP ratio commonly used as an indicator of a company's ability to raise and service debt.
Total capital	Total capital is shareholders' equity plus funded net debt.
EBITDA	Net earnings (loss) before finance costs, income tax expense, depreciation and amortization.
Adjusted net earnings (loss)	Net earnings (loss) before any facility closure, restructuring, and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.
Adjusted basic earnings (loss) per share and adjusted diluted earnings (loss) per share	Basic and diluted earnings (loss) per share before any facility closure, restructuring, and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.
Adjusted EBIT	EBIT before any facility closure, restructuring, and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.
Adjusted EBITDA	EBITDA before any facility closure, restructuring, and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.
Pro-forma adjusted EBITDA	Defined as adjusted EBITDA adjusted for the EBITDA of business acquisitions made during the period as if they were made at the beginning of the trailing 12-month period pursuant to the terms of the bank credit facility and the deduction of payments of lease liabilities. Pro-forma adjusted EBITDA is used in calculating the Leverage ratio and Senior secured leverage ratio.
Working capital	Defined as current assets less current liabilities, as presented in the consolidated statements of financial position.
Other working capital amounts	Defined as working capital less trade and other receivables and inventory plus accounts payable and accrued liabilities, as presented in the consolidated statements of financial position.

Non-GAAP ratios are identified and defined below:

Adjusted EBIT margin	Defined as adjusted EBIT (defined above) divided by revenue, as presented in the consolidated statements of earnings.
EBITDA margin	Defined as EBITDA (defined above) divided by revenue, as presented in the consolidated statements of earnings.
Adjusted EBITDA margin	Defined as adjusted EBITDA (defined above) divided by revenue, as presented in the consolidated statements of earnings.
Leverage ratio	The leverage ratio is defined as debt (defined above) at the end of a particular quarter divided by trailing 12-month pro-forma adjusted EBITDA (defined above). The Corporation's objective is to maintain this ratio between 1.5 times and 2.0 times.
Senior secured leverage ratio	The senior secured leverage ratio is defined as debt (defined above) excluding debentures at the end of a particular quarter divided by trailing 12-month pro-forma adjusted EBITDA (defined above).
Funded net debt to total capital	Defined as funded net debt (defined above) divided by total capital (defined above).
Working capital efficiency	Defined as trailing four-quarter average working capital (defined above) as a percentage of the trailing 12-month revenue.

Supplementary financial measures are identified and defined below:

EBIT margin	Defined as EBIT divided by revenue, as presented in the consolidated statements of earnings.
Backlog	Backlog is a management measure which includes the total sales value of customer purchase commitments for future delivery or commissioning of equipment, parts and related services, including ERS projects. There is no directly comparable GAAP financial measure for Backlog.
Gross profit margin	Defined as gross profit divided by revenue, as presented in the consolidated statements of earnings.
Selling and administrative expenses as a percentage of revenue	Defined as selling and administrative expenses divided by revenue, as presented in the consolidated statements of earnings.

Reconciliation of the Corporation's net earnings to adjusted net earnings, adjusted basic earnings per share and adjusted diluted earnings per share is as follows:

	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Net earnings	\$ 11.1	\$ 16.6	\$ 81.0	\$ 72.4
Facility closure, restructuring, and other related costs, after tax	1.4	—	1.4	—
Gain recorded on the sale of properties, after tax	—	—	(0.1)	—
Non-cash losses (gains) on mark to market of derivative instruments, after tax	5.0	1.1	0.9	(2.6)
Change in fair value of contingent consideration, after tax	0.2	—	0.2	—
Adjusted net earnings	\$ 17.8	\$ 17.8	\$ 83.5	\$ 69.8
Adjusted basic earnings per share⁽¹⁾	\$ 0.83	\$ 0.83	\$ 3.88	\$ 3.26
Adjusted diluted earnings per share⁽¹⁾	\$ 0.80	\$ 0.80	\$ 3.75	\$ 3.15

(1) At December 31, 2023, the number of weighted average basic and diluted shares outstanding were 21,570,005 and 22,319,062, respectively for the three months ended, and 21,509,250 and 22,271,628, respectively for the year ended.

At December 31, 2022, the number of weighted average basic and diluted shares outstanding were 21,453,250 and 22,228,401, respectively for the three months ended, and 21,423,140 and 22,196,918, respectively for the year ended.

Reconciliation of the Corporation's EBIT to EBITDA, Adjusted EBIT, Adjusted EBITDA and Pro-forma adjusted EBITDA is as follows:

	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
EBIT	\$ 22.6	\$ 26.7	\$ 135.5	\$ 113.9
Depreciation and amortization	15.5	14.1	58.6	55.5
EBITDA	\$ 38.1	\$ 40.8	\$ 194.1	\$ 169.3
EBIT	\$ 22.6	\$ 26.7	\$ 135.5	\$ 113.9
Facility closure, restructuring, and other related costs ⁽¹⁾	1.9	—	1.9	—
Gain recorded on the sale of properties	—	—	(0.1)	—
Non-cash losses (gains) on mark to market of derivative instruments ⁽²⁾	6.8	1.5	1.3	(3.5)
Change in fair value of contingent consideration ⁽³⁾	0.3	—	0.3	—
Adjusted EBIT	\$ 31.7	\$ 28.2	\$ 138.9	\$ 110.4
Depreciation and amortization	15.5	14.1	58.6	55.5
Adjusted EBITDA	\$ 47.2	\$ 42.3	\$ 197.4	\$ 165.9
Payment of lease liabilities ⁽⁴⁾			(35.5)	(32.0)
Polyphase acquisition pro-forma EBITDA ⁽⁵⁾			3.2	—
Beta acquisition pro-forma EBITDA ⁽⁵⁾			1.4	—
Pro-forma adjusted EBITDA		\$ 166.7	\$ 133.9	

(1) For 2023, facility closure, restructuring, and other related costs consists of costs accrued for a branch closure during the fourth quarter, including workforce reduction and remaining facility costs.

(2) Non-cash losses (gains) on mark to market of derivative instruments that are not effectively designated as hedging instruments under IFRS.

(3) The change in fair value of contingent consideration relates to changes in the estimated fair value of future performance-based earnout payments relating to business acquisitions.

- (4) Effective with the reporting period beginning on January 1, 2019 and the adoption of IFRS 16, the Corporation amended the definition of Funded net debt to exclude lease liabilities not considered part of debt. As a result, the corresponding lease costs must also be deducted from EBITDA for the purpose of calculating the leverage ratio.
- (5) Pro-forma EBITDA for the Polyphase Engineered Controls (1977) Ltd. ("**Polyphase**"), and the Beta Fluid Power Ltd. and Beta Industrial Ltd. (collectively referred above as "**Beta**") acquisitions made during the period as if they were made at the beginning of the trailing 12-month period pursuant to the terms of the bank credit facility, for the purpose of calculating the leverage ratio.

Calculation of the Corporation's funded net debt, debt, leverage ratio and senior secured leverage ratio is as follows:

	December 31 2023	December 31 2022
Bank indebtedness	\$ 1.4	\$ 5.2
Debentures	56.3	55.8
Long-term debt	267.8	83.6
Funded net debt	\$ 325.5	\$ 144.6
Letters of credit	4.8	6.2
Debt	\$ 330.3	\$ 150.8
Pro-forma adjusted EBITDA⁽¹⁾	\$ 166.7	\$ 133.9
Leverage ratio⁽²⁾	1.98	1.13
Senior secured leverage ratio⁽³⁾	1.64	0.71

(1) For the year ended December 31, 2023 and December 31, 2022.

(2) Calculation uses debt divided by the trailing four-quarter Pro-forma adjusted EBITDA. This leverage ratio is calculated for purposes of monitoring the Corporation's objective target leverage ratio of between 1.5 times and 2.0 times, and is different from the leverage ratio calculated under the Corporation's bank credit facility agreement.

(3) Calculation uses debt excluding debentures divided by the trailing four-quarter Pro-forma adjusted EBITDA. While the calculation contains some differences from the leverage ratio calculated under the Corporation's bank credit facility agreement, the resulting leverage ratio under the bank credit facility agreement is not significantly different. See the Liquidity and Capital Resources section.

Calculation of total capital and funded net debt to total capital is as follows:

	December 31 2023	December 31 2022
Shareholders' equity	\$ 496.2	\$ 449.8
Funded net debt	325.5	144.6
Total capital	\$ 821.7	\$ 594.4
Funded net debt to total capital	39.6%	24.3%

Calculation of the Corporation's working capital and other working capital amounts is as follows:

	December 31 2023	December 31 2022
Total current assets	\$ 1,043.6	\$ 860.1
Total current liabilities	483.4	514.1
Working capital	\$ 560.2	\$ 346.0
Trade and other receivables	(309.1)	(307.1)
Inventory	(630.9)	(462.2)
Accounts payable and accrued liabilities	407.1	423.8
Other working capital amounts	\$ 27.3	\$ 0.7

Cautionary Statement Regarding Forward-Looking Information

This news release contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, “**forward-looking statements**”). These forward-looking statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “anticipates”, “intends”, “predicts”, “expects”, “is expected”, “scheduled”, “believes”, “estimates”, “projects” or “forecasts”, or variations of, or the negatives of, such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation’s ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward-looking statements. To the extent any forward-looking information in this news release constitutes future-oriented financial information or financial outlook within the meaning of applicable securities law, such information is being provided to demonstrate the potential of the Corporation and readers are cautioned that this information may not be appropriate for any other purpose. There can be no assurance that any forward-looking statement will materialize. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this news release, reflect management’s current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this news release includes forward looking statements regarding, among other things: our belief that, moving into 2024, fundamentals remain solid across many of the key markets we serve, and in particular, mining, energy and construction, and continue to be reflected in our strong backlog, and that these fundamentals should be supportive as we look to build on the near-record number of Hitachi excavators we shipped in 2023, as well as the exceptionally strong performance of our industrial parts and engineered repair services businesses; our belief that our strong 2023 financial results and solid balance sheet, coupled with the recently completed \$100.0 million increase in credit limit under our senior secured credit facility, give us the flexibility to continue investing in future organic growth and acquisitions; the board’s and managements’ collective belief in our strategic vision; our belief that our strong fourth quarter backlog supports management’s confidence in the near-term future; our expectation of growth in our heavy equipment business over the long-term, and continued anticipation of further demand in our less cyclical industrial parts and ERS businesses; our expectation that challenges associated with higher interest rates, wage and price inflation, and a tight labour market will persist in 2024, and our continued monitoring of market dynamics and customer sentiment for signs of possible weakness; our focus on six strategic priorities for 2024: continuing to build a “people first” company, growing Wajax’s existing business with a focus on parts, service and margin improvement, unlocking the potential of Wajax’s enhanced direct relationship with Hitachi, acquiring industrial parts and ERS businesses, improving cost structure and processes, and continuing Wajax’s enterprise resource planning (“**ERP**”) system rollout and additional technology improvements; our objective of managing our working capital and normal-course capital investment programs within a leverage range of 1.5 – 2.0 times. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding: the absence of significant negative changes to general business and economic conditions; limited negative fluctuations in the supply and demand for, and the level and volatility of prices for, oil, natural gas and other commodities; the stability of financial market conditions, including interest rates; the ability of Hitachi and Wajax to develop and execute successful sales, marketing and other plans related to the expanded direct distribution relationship which took effect on March 1, 2022; our continued ability to execute our strategic priorities, including our ability to execute on our organic growth priorities, complete and effectively integrate industrial parts and ERS acquisitions, and successfully implement new information technology platforms, systems and software, such as our ERP system; the future financial performance of the Corporation; limited fluctuations in our costs; the level of market competition; our continued ability to attract and retain skilled staff; our continued ability to procure quality products and inventory; and our ongoing maintenance of strong relationships with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to: a continued or prolonged deterioration in general business and economic conditions; negative fluctuations in the supply and demand for, and the level of prices for, oil, natural gas and other commodities; a continued or prolonged decrease in the price of oil or natural gas; the inability of Hitachi and Wajax to develop and execute successful sales, marketing and other plans related to the expanded direct distribution relationship which took effect on March 1, 2022; a decrease in levels of customer confidence and spending; supply chain disruptions and shortages; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; decreased market acceptance of the products we offer; the termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in

response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters); our inability to attract and retain skilled staff and our inability to maintain strong relationships with our suppliers, employees and customers. The foregoing list of factors is not exhaustive. Further information concerning the risks and uncertainties associated with these forward-looking statements and the Corporation's business may be found in our Management's Discussion and Analysis for the year-ended December 31, 2023 (the "**2023 MD&A**"), which has been filed under the Corporation's profile on SEDAR+ at www.sedarplus.ca, under the heading "Risk Management and Uncertainties". The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

Readers are cautioned that the risks described in the 2023 MD&A are not the only risks that could impact the Corporation. Risks and uncertainties not currently known to the Corporation, or currently deemed to be immaterial, may have a material effect on the Corporation's business, financial condition or results of operations.

Additional information, including Wajax's Annual Report, is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

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