MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Wajax Corporation are the responsibility of management and have been prepared in accordance with International Financial Reporting Standards. Where appropriate, the information reflects management's judgement and estimates based on the available information. Management is also responsible for all other information in the Annual Report and for ensuring that this information is consistent with the consolidated financial statements.

Wajax maintains a system of internal control designed to provide financial information and the safeguarding of its assets. Wajax also maintains an internal audit function, which reviews the system of internal control and its application.

The Audit Committee of the Board, consisting solely of outside directors, meets regularly during the year with management, internal auditors and the external auditors, to review their respective activities and the discharge of their responsibilities.

Both the external and internal auditors have free and independent access to the Audit Committee to discuss the scope of their audits, the adequacy of the system of internal control and the adequacy of financial reporting. The Audit Committee reports its findings to the Board, which reviews and approves the consolidated financial statements.

Wajax's external auditors, KPMG LLP, are responsible for auditing the consolidated financial statements and expressing an opinion thereon.

Ignacy (Iggy) Domagalski
President and
Chief Executive Officer

Tania S. Casadinho
Chief Financial Officer

Mississauga, Canada, March 4, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Wajax Corporation

Opinion

We have audited the consolidated financial statements of Wajax Corporation (the "**Entity**"), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "**financial statements**").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31,2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Financial Statements"* section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of equipment inventory obsolescence

Description of the matter

We draw attention to Notes 2 and 8 to the financial statements. As at December 31, 2024, the Entity had an equipment inventory balance of $377,205 thousand and a total inventory obsolescence provision of $30,814 thousand, a portion of which related to equipment inventory. The value of the Entity's new and used equipment is evaluated by the Entity throughout the year, on a unit-by-unit basis considering projected customer demand, future market conditions, and other considerations evaluated by management. Specifically, equipment inventory greater than one year carries a higher risk of obsolescence. When required, provisions are recorded to adjust the value of equipment to the lower of cost and estimated net realizable value.

Why the matter is a key audit matter

We identified the evaluation of equipment inventory obsolescence as a key audit matter. We identified this as a key audit matter because significant auditor judgment was required in evaluating the results of our audit procedures regarding the Entity's determination of net realizable value for equipment aged greater than one year.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- For a selection of equipment inventory aged greater than one year, we assessed the estimated net realizable value of the units by comparing the carrying amounts to the most recent sales invoices of the same or similar equipment
- For a selection of equipment inventory aged greater than one year without recent sales invoices, we analyzed the Entity's estimate of net realizable value by taking into consideration the length of time the inventory had not been sold, market conditions and other factors
- We evaluated the Entity's estimate of the inventory obsolescence provision by comparing the prior year provision to actual results in the current year, both on an aggregate basis and for a selection of the equipment inventory.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Wajax 2024 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Wajax 2024 Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is W. G. Andrew Smith.

Vaughan, Canada

March 4, 2025

WAJAX CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (in thousands of Canadian dollars)	Note	**December 31, 2024**	December 31, 2023
ASSETS			
CURRENT			
Cash		**$ 7,351**	$ —
Trade and other receivables	6	**303,537**	309,079
Contract assets	7	**55,588**	69,520
Inventory	8	**673,076**	630,931
Deposits on inventory		**13,411**	8,643
Lease receivables - current	14	**9,062**	5,896
Income taxes receivable		**3,563**	—
Prepaid expenses		**15,321**	13,912
Derivative financial assets - current	18	**9,773**	5,632
Total current assets		**1,090,682**	1,043,613
NON-CURRENT			
Rental equipment	9	**50,044**	42,490
Property, plant and equipment	9	**45,669**	44,829
Right-of-use assets	10	**158,473**	135,832
Lease receivables	14	**17,538**	10,601
Goodwill and intangible assets	11	**183,520**	190,276
Derivative financial assets	18	**1,698**	5,676
Total non-current assets		**456,942**	429,704
Total assets		**$ 1,547,624**	$ 1,473,317
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Bank indebtedness		**$ —**	$ 1,397
Accounts payable and accrued liabilities	12	**417,834**	407,090
Provisions - current	13	**7,172**	2,727
Contract liabilities	7	**23,182**	21,891
Dividends payable	19	**7,629**	7,151
Income taxes payable		**—**	4,631
Lease liabilities - current	14	**40,151**	34,407
Debentures - current	16	**56,973**	—
Derivative financial liabilities - current	18	**5,313**	4,081
Total current liabilities		**558,254**	483,375
NON-CURRENT			
Provisions	13	**—**	76
Deferred tax liabilities	25	**8,999**	10,328
Employee benefits	15	**6,526**	7,024
Derivative financial liabilities	18	**3,585**	1,521
Lease liabilities	14	**168,031**	140,967
Debentures	16	**—**	56,340
Long-term debt	17	**283,042**	267,755
Other liabilities		**6,904**	9,694
Total non-current liabilities		**477,087**	493,705
Total liabilities		**1,035,341**	977,080
SHAREHOLDERS' EQUITY			
Share capital	19	**211,453**	210,004
Contributed surplus		**7,511**	7,563
Retained earnings		**289,993**	278,100
Accumulated other comprehensive income		**3,326**	570
Total shareholders' equity		**512,283**	496,237
Total liabilities and shareholders' equity		**$ 1,547,624**	$ 1,473,317

Subsequent events (Notes 15, 16, 18 and 31)
See accompanying notes to consolidated financial statements.

WAJAX CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31 (in thousands of Canadian dollars, except per share data)	Note		**2024**		2023
Revenue	21	**$**	**2,097,595**	$	2,154,678
Cost of sales			**1,683,811**		1,704,044
Gross profit			**413,784**		450,634
Selling and administrative expenses			**311,523**		313,886
Restructuring and other related costs	13, 23		**5,766**		—
Earnings before finance costs and income taxes			**96,495**		136,748
Finance costs	24		**38,182**		27,104
Earnings before income taxes			**58,313**		109,644
Income tax expense	25		**15,520**		28,654
Net earnings		**$**	**42,793**	$	80,990
Basic earnings per share	19	**$**	**1.97**	$	3.77
Diluted earnings per share	19	**$**	**1.93**	$	3.64

WAJAX CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31 (in thousands of Canadian dollars)	Note		**2024**		2023
Net earnings		**$**	**42,793**	$	80,990
Items that will not be reclassified to earnings					
Actuarial gain (loss) on pension plans, net of tax expense of $8 (2023 - recovery of $115)	15		**22**		(321)
Items that may be subsequently reclassified to earnings					
Unrealized gain (loss) on derivatives designated as cash flow hedges, net of tax expense of $950 (2023 - recovery of $821)			**2,662**		(2,301)
Reclassification of realized loss (gain) on derivatives designated as cash flow hedges to net earnings during period, net of tax recovery of $34 (2023 - expense of $798)			**94**		(2,236)
Other comprehensive income (loss), net of tax			**2,778**		(4,858)
Total comprehensive income		**$**	**45,571**	$	76,132

See accompanying notes to consolidated financial statements.

WAJAX CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2024 (in thousands of Canadian dollars)	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) Cash flow hedges	Total
December 31, 2023		$ 210,004	$ 7,563	$ 278,100	$ 570	$ 496,237
Net earnings		—	—	42,793	—	42,793
Other comprehensive income		—	—	22	2,756	2,778
Total comprehensive income		—	—	42,815	2,756	45,571
Shares issued to settle share-based compensation awards	19	1,189	(1,189)	—	—	—
Shares released from trust to settle share-based compensation awards	19, 20	545	(2,160)	(508)	—	(2,123)
Excess tax benefit on share-based compensation		—	—	712	—	712
Purchased for future settlement of certain share-based compensation awards	19	(285)	—	(695)	—	(980)
Share-based compensation expense	20	—	3,297	—	—	3,297
Dividends declared	19	—	—	(30,431)	—	(30,431)
December 31, 2024		**$ 211,453**	**$ 7,511**	**$ 289,993**	**$ 3,326**	**$ 512,283**

See accompanying notes to consolidated financial statements.

WAJAX CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2023 (in thousands of Canadian dollars)	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) Cash flow hedges	Total
December 31, 2022		$ 207,555	$ 8,963	$ 228,145	$ 5,107	$ 449,770
Net earnings		—	—	80,990	—	80,990
Other comprehensive loss		—	—	(321)	(4,537)	(4,858)
Total comprehensive income		—	—	80,669	(4,537)	76,132
Shares issued to settle share-based compensation awards	19	2,574	(2,574)	—	—	—
Shares released from trust to settle share-based compensation awards	19, 20	680	(1,635)	(1,074)	—	(2,029)
Purchased for future settlement of certain share-based compensation awards	19	(805)	—	(1,195)	—	(2,000)
Share-based compensation expense	20	—	2,809	—	—	2,809
Dividends declared	19	—	—	(28,445)	—	(28,445)
December 31, 2023		**$ 210,004**	**$ 7,563**	**$ 278,100**	**$ 570**	**$ 496,237**

See accompanying notes to consolidated financial statements.

WAJAX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 (in thousands of Canadian dollars)	Note	2024	2023
OPERATING ACTIVITIES			
Net earnings		$ **42,793**	$ 80,990
Items not affecting cash flow:			
Depreciation and amortization:			
Rental equipment	9	**13,721**	14,304
Property, plant and equipment	9	**8,825**	8,271
Right-of-use assets	10	**32,592**	29,548
Intangible assets	11	**7,032**	6,448
Loss (gain) on disposal of property, plant & equipment		**150**	(198)
Gain on disposal of right-of-use assets		**(68)**	(29)
Share-based compensation expense	20	**6,833**	9,448
Change in fair value of contingent consideration	18	**2,263**	330
Non-cash income from finance leases		**(2,531)**	(600)
Employee benefits expense, net of employer contributions		**(468)**	(67)
Loss (gain) on foreign exchange forwards and total return swaps	18	**1,408**	(2,876)
Finance costs	24	**38,182**	27,104
Income tax expense	25	**15,520**	28,654
		166,252	201,327
Changes in non-cash operating working capital	26	**(12,672)**	(197,023)
Rental equipment additions	9	**(25,402)**	(20,936)
Other non-current liabilities		**(2,202)**	(179)
Cash received on settlement of total return swaps	18	**1,896**	1,396
Finance costs paid on debts		**(23,045)**	(16,155)
Finance costs paid on lease liabilities	14, 24	**(10,580)**	(8,871)
Interest collected on lease receivables	24	**1,031**	630
Income taxes paid		**(25,323)**	(49,194)
Cash generated from (used in) operating activities		**69,955**	(89,005)
INVESTING ACTIVITIES			
Property, plant and equipment additions	9	**(8,874)**	(8,970)
Proceeds on disposal of property, plant and equipment		**528**	1,104
Intangible asset additions	11	**(271)**	(876)
Collection of lease receivables		**7,861**	5,242
Business acquisitions, net of cash acquired		**912**	(21,000)
Cash generated from (used in) investing activities		**156**	(24,500)
FINANCING ACTIVITIES			
Net increase in bank debt	17	**15,188**	183,606
Purchase of shares held in trust		**(980)**	(2,000)
Transaction costs on debts	17	**(472)**	—
Payment of lease liabilities	14	**(39,230)**	(35,450)
Payment of contingent consideration	18	**(3,793)**	(127)
Payment of tax withholding for share-based compensation		**(2,123)**	(2,029)
Dividends paid		**(29,953)**	(26,662)
Cash (used in) generated from financing activities		**(61,363)**	117,338
Change in cash		**8,748**	3,833
Bank indebtedness - beginning of period		**(1,397)**	(5,230)
Cash (bank indebtedness) - end of period		$ **7,351**	$ (1,397)

See accompanying notes to consolidated financial statements.

December 31, 2024
(amounts in thousands of Canadian dollars, except share and per share data)

1. COMPANY PROFILE

Wajax Corporation (the “Corporation”) is incorporated in Canada. The address of the Corporation’s registered head office is 10 Diesel Drive, Toronto, Ontario, Canada. The Corporation operates an integrated distribution system, providing sales, parts and services to a broad range of customers in diversified sectors of the Canadian economy, including: construction, forestry, mining, industrial and commercial, oil sands, transportation, metal processing, government and utilities, and oil and gas.

2. BASIS OF PREPARATION

Statement of compliance
These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2025.

Basis of measurement
These consolidated financial statements have been prepared under the historical cost basis except for derivative financial instruments, contingent consideration and share-based payment arrangements that have been measured at fair value. The defined benefit liability is recognized as the net total of the fair value of the plan assets and the present value of the defined benefit obligation.

Functional and presentation currency
These consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise stated and except share and per share data.

Judgements and estimation uncertainty
The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts and disclosures made in these consolidated financial statements. Actual results could differ from those judgements, estimates and assumptions. The Corporation bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next fiscal year are as follows:

Allowance for credit losses
The Corporation is exposed to credit risk with respect to its trade and other receivables. However, this is partially mitigated by the Corporation's diversified customer base who operate in many business sectors across Canada. In addition, the Corporation's customer base spans large public companies, small independent contractors, original equipment manufacturers and various levels of government. The Corporation follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Corporation maintains an allowance for possible credit losses, and any such losses to date have been within management's expectations. The allowance for credit losses is determined by estimating the lifetime expected credit losses, taking into account the Corporation's past experience of collecting payments as well as observable changes in and forecasts of future economic conditions that correlate with default on receivables. At the point when the Corporation is satisfied that no recovery of the amount owing is possible, the amount is considered not recoverable and the financial asset is written off.

Inventory obsolescence
The value of the Corporation's new and used equipment and high value parts is evaluated by management throughout the year, on a unit-by-unit basis considering projected customer demand, future market conditions, and other considerations evaluated by management. Specifically, equipment inventory and high value parts aged greater than one year carry a higher risk of obsolescence with equipment inventory generally having higher per-unit costs. When required, provisions are recorded to ensure that equipment and parts are valued at the lower of cost and estimated net realizable value. The Corporation performs an aging analysis to identify slow moving or obsolete lower value parts inventory and estimates appropriate obsolescence provisions related thereto. The Corporation takes advantage of supplier programs that allow for the return of eligible parts for credit within specified time periods.

Acquisition accounting, goodwill and intangible assets
For acquisition accounting purposes, all identifiable assets and liabilities acquired in a business acquisition are recognized at fair value at the date of acquisition. Estimates and assumptions are used to calculate the fair value of these assets and liabilities. Changes to assumptions could significantly impact the fair values of certain assets, such as intangible assets like customer relationships and brands. The Corporation's significant assumptions used in determining the acquisition date fair value of intangible assets include projected revenues and cash flows attributable to acquired intangible assets, customer attrition rates, discount rates, royalty rates, and estimations of useful life.

Contingent consideration, as part of acquisitions, is valued based on estimated future performance of the acquired businesses. The valuation is based on management's best assessment of the related inputs used in the valuation models, such as future cash flows, discount rates, and volatility. Future performance results that differ from management's estimates could result in changes to the liabilities, which are recorded as they arise in net earnings.

For impairment testing purposes, the value in use of goodwill and intangible assets has been estimated using the forecasts prepared by management for the next five years. The key assumptions for the estimate are those regarding revenue growth, earnings before interest, taxes, depreciation and amortization ("EBITDA") margin, tax rates, discount rates and the level of working capital required to support the business. These estimates are based on past experience and management's expectations of future changes in the market and forecasted growth initiatives.

Lease term of contracts with renewal options
The lease term is defined as the non-cancellable term of the lease, including any periods covered by a renewal option to extend the lease if it is reasonably certain that the renewal option will be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain that the termination option will not be exercised.

Judgement is used when evaluating whether the Corporation is reasonably certain that the lease renewal option will be exercised, including examining any factors that may provide an economic advantage for renewal.

3. MATERIAL ACCOUNTING POLICIES

Principles of consolidation
These consolidated financial statements include the accounts of Wajax Corporation and its subsidiary entities, which are all wholly-owned. Intercompany balances and transactions are eliminated on consolidation.

Revenue recognition
Revenue from contracts with customers is recognized for each performance obligation as control is transferred to the customer. The following is a description of principal activities from which the Corporation generates its revenue, and the associated timing of revenue recognition.

Revenue type	Nature and timing of satisfaction of performance obligations
Equipment sales	
Retail sales	Retail sales include the sale of new and used equipment. The Corporation recognizes revenue when control of the equipment passes to the customer based on shipment terms.
Sales of power and energy systems	Sales of complex power and energy systems involve design, installation, and assembly. As a result of control transferring over time as the asset is constructed, revenue is recognized on a percentage of completion basis proportionate to the work that has been completed and is based on associated costs incurred.
Industrial parts	The Corporation recognizes revenue when control of the parts passes to the customer based on shipment terms.
Product support	
Service	Revenue from sales of parts and labour when servicing equipment is recognized based on the extent of progress towards completion of the performance obligation. The customer controls the asset as it is being serviced, so revenue is recognized on a basis proportionate to the service work that has been performed based on associated costs incurred. The Corporation's service arrangements are generally short-term in nature with predictable pricing and costs.
Parts	The Corporation recognizes revenue when control of the parts passes to the customer based on shipment terms or upon customer pickup.
Engineered repair services ("ERS")	Revenue from engineered repair services is recognized based on the extent of progress towards completion of the performance obligation. Revenue is recognized on a basis proportionate to the service work that has been performed based on associated costs incurred, because it best reflects the transfer of control of the work-in-progress to the customer as the asset is being constructed, repaired, or modified.
Equipment rental	Revenue from equipment rentals where the Corporation acts as lessor is presented as equipment rental revenue, and is recognized on a straight-line basis over the term of the lease.

The transaction price is generally the amount stated in the contract. Certain contracts are subject to discounts which are estimated and included in the transaction price. Provisions are made for expected returns and warranty costs based on historical data.

Business combinations
Business combinations are accounted for using the acquisition method at the acquisition date, which is the date that control is transferred to the Corporation. In assessing control, the Corporation takes into consideration potential voting rights that are currently exercisable.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of any previously held equity interest in the acquiree over the net of the acquisition date fair value of the identifiable assets acquired and the liabilities assumed. If the excess is negative, a bargain purchase gain is recognized immediately in earnings. Transaction costs, other than those associated with the issuance of debt or equity, are recognized in earnings as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in earnings.

When the initial accounting for a business combination has not been finalized by the end of the reporting period in which the combination occurs, the Corporation reports provisional amounts for the items for which the accounting has not been finalized. These provisional amounts are adjusted during the measurement period, which does not exceed one year from the acquisition date, to reflect new information obtained about facts and circumstances that existed at the acquisition date.

Trade and other receivables
Trade accounts receivable are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other accounts receivable are generally from suppliers for warranty and rebates. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade accounts receivable are recognized initially at amounts due, net of impairment for estimated expected credit losses. The expense relating to expected credit losses is included within selling and administrative expenses in the consolidated statements of earnings.

Contract assets and contract liabilities
Contract assets relate to the Corporation's rights to consideration for work completed but not billed at the reporting date, primarily on product support and ERS revenue. The contract assets are transferred to receivables when billed upon completion of significant milestones. Contract liabilities relate to the advance billing or advance consideration received from customers, primarily on equipment sales, industrial parts sales, and ERS revenue, for which revenue is recognized when control transfers to the customer.

Inventory
Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method except where the items are not ordinarily interchangeable, in which case the specific identification method is used. Cost of equipment and parts includes purchase cost, conversion cost, if applicable, and the cost incurred in bringing inventory to its present location and condition. Cost of work-in-process and cost of conversion includes cost of direct labour, direct materials and a portion of direct and indirect overheads, allocated based on normal capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell.

Rental equipment
Rental equipment is recorded at cost less accumulated depreciation. Cost includes all expenditures directly attributable to the acquisition of the asset. Rental equipment is depreciated over its estimated useful life of 5 years to its estimated residual value on a straight-line basis.

Property, plant and equipment
Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes all expenditures directly attributable to the acquisition of the asset. Assets are depreciated over their estimated useful lives based on the following methods and annual rates:

Asset	Method	Rate
Buildings	declining balance	5% - 10%
Equipment and vehicles	declining balance	20% - 30%
Computer hardware	straight-line	3 - 5 years
Furniture and fixtures	declining balance	10% - 20%
Leasehold improvements	straight-line	over the remaining terms of the leases

Leases
<u>As a lessee</u>
The Corporation leases properties for its branch network, certain vehicles, machinery and IT equipment. At the commencement of the lease, the Corporation recognizes a right-of-use asset and a corresponding lease liability.

Lease liabilities are initially measured at the present value of the remaining lease payments discounted using the implicit interest rate in the lease or, if that rate is not readily determinable, the Corporation's incremental borrowing rate. Lease payments over the estimated lease term included in the measurement of the lease liability comprise of: fixed payments, adjusted for any lease incentives receivable, variable payments that are based on an index or a rate, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early. Not included in the balance of lease liabilities are short-term leases (defined as leases with a lease term of 12 months or less), leases of low-value assets and variable lease payments not linked to an index, which are all expensed as incurred in the consolidated statements of earnings. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets at inception include the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is recorded in selling and administrative expenses. Depreciation is recorded on a straight-line basis over the lease term, unless the lease transfers ownership of the underlying asset to the Corporation by the end of the lease term, in which case depreciation is recorded from the commencement date to the end of the useful life of the underlying asset.

The Corporation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) if there is a change in the future lease payments, a change in the Corporation's estimate of the amounts expected to be payable or if the Corporation changes its assessments of whether it will exercise a purchase, renewal, or termination option.

<u>As a lessor</u>
When the Corporation acts as lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Corporation makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Operating leases
The Corporation rents equipment to customers under rental agreements with terms of up to 5 years. The rentals have been assessed and classified as operating leases. Revenue is presented as equipment rental revenue and recognized evenly over the term of the rental agreement.

Finance leases
The Corporation subleases certain equipment to customers. The Corporation assesses and classifies its subleases as finance leases, and therefore derecognizes the right-of-use assets relating to the respective head leases, recognizes lease receivables equal to the net investment in the subleases, and retains the previously recognized lease liabilities in its capacity as lessee.

Goodwill and intangible assets
Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill and indefinite life intangible assets are subsequently measured at cost less accumulated impairment losses. Goodwill and indefinite life intangible assets are allocated to cash-generating units (“CGUs”) that are expected to benefit from the synergies of the acquisition.

Product distribution rights and brands represent the fair value attributed to these rights and brands at the time of acquisition and are classified as indefinite life intangible assets because the Corporation is generally able to renew these rights and brands with minimal cost of renewal.

Customer relationships and vendor relationships are amortized on a straight-line basis over their useful lives which range from 4 to 12 years. Computer application software is classified as an intangible asset and is amortized on a straight-line basis over the useful life ranging from 1 to 15 years.

Impairment
Property, plant and equipment, rental equipment, right-of-use assets and definite life intangible assets are reviewed at the end of each period to determine if any indicators of impairment exist. If an indicator of impairment is identified, an impairment test is performed comparing its recoverable amounts to its carrying value. An impairment loss would be recognized as the amount by which the asset’s carrying amount exceeds its recoverable amount. Where the asset does not generate cash flows that are independent of other assets, impairment is considered for the CGU or group of CGUs to which the asset belongs.

Goodwill and indefinite life intangible assets are tested for impairment at least annually or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. To test for impairment, the Corporation compares the carrying values of its goodwill and indefinite life intangibles to their recoverable amounts. Recoverable amount is the higher of value in use or fair value less costs of disposal. The value in use is the present value of future cash flows using a pre-tax discount rate that reflects the time value of money and the risk specific to the assets. The fair value less costs of disposal is determined either by an adjusted net asset-based approach or by the present value of future cash flows from a market participant perspective. Any impairment of goodwill or indefinite life intangible assets would be recorded as a charge against earnings.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the purpose of goodwill impairment testing the CGUs are grouped at the level at which it is monitored, which is at the consolidated Corporation level. As a result, goodwill has been tested for impairment using the cash flows generated by the consolidated operations of the Corporation.

Financial assets measured at amortized cost are assessed for impairment at the end of each reporting period and a loss allowance is measured by estimating the lifetime expected credit losses ("ECL"). The Corporation uses the simplified approach to determine ECL on trade and other receivables, using a provision matrix based on historical credit loss experiences adjusted to reflect information about current economic conditions and forecasts of future economic conditions to estimate lifetime ECL. The ECL models applied to other financial assets and contract assets also require judgement, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. Impairment losses are recorded in selling and administrative expenses with the carrying amount of the financial asset reduced through the use of impairment allowance accounts.

Cash and bank indebtedness

Cash and bank indebtedness includes cash on hand, demand deposits, bank overdrafts and outstanding cheques. The Corporation considers bank indebtedness to be an integral part of the Corporation’s cash management. Cash and bank indebtedness are offset and the net amount presented in the consolidated statements of financial position to the extent that there is a right to set off and a practice of net settlement.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized, until those assets are substantially ready for their intended use. Qualifying assets are those that take a substantial period of time to prepare for their intended use. All other borrowing costs are recognized in finance costs in the period in which they are incurred.

Finance costs

Finance costs are comprised of interest on the Corporation's long-term debt and debentures, interest on lease liabilities, interest income on lease receivables, and any unrealized gain or loss on interest rate swaps. Finance costs are net of any borrowing costs that have been capitalized. Transaction costs directly attributable to the acquisition or amendment of long-term debt or debentures are deferred and amortized to finance costs over the term of the related long-term debt or debentures using the effective interest rate method. Deferred financing costs reduce the carrying amount of the related long-term debt or debentures.

Derivative financial instruments and hedge accounting

The Corporation uses derivative financial instruments in the management of: a) its foreign currency exposures related to certain inventory purchases and customer sales commitments, b) its interest rate risk related to its variable rate debt, and c) its equity price risk related to certain share-based compensation plans. The Corporation’s policy is to not utilize derivative financial instruments for trading or speculative purposes. Where the Corporation intends to apply hedge accounting it formally documents the relationship between the derivative and the risk being hedged, as well as the risk management objective and strategy for undertaking the hedge transaction. The documentation links the derivative to a specific asset or liability or to specific firm commitments or forecasted transactions. The Corporation also assesses, at the hedge's inception and at least quarterly whether the hedge is effective in offsetting changes in fair values or cash flows of the risk being hedged. Should a hedge become ineffective, hedge accounting will be discontinued prospectively. All derivative instruments are recorded in the consolidated statements of financial position at fair value. All changes in fair value are recorded in earnings unless hedge accounting is applied, in which case the effective portion of changes in fair value of the hedging instrument are recorded in other comprehensive income. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognized, the associated gain or loss on the derivative that had previously been recognized in other comprehensive income are included in the initial measurement of the asset or liability.

Share-based compensation plans

The fair value of share-based compensation plan rights is based on the trading price of a Wajax Corporation common share on the Toronto Stock Exchange (“TSX”) or a Monte Carlo simulation. Compensation expense for share-settled plans is based upon the fair value of the rights at the date of grant and is charged to selling and administrative expenses on a straight-line basis over the vesting period, with an offsetting adjustment to contributed surplus. Compensation expense for cash-settled plans varies with the price of the Corporation’s shares and is charged to selling and administrative expenses, recognized over the vesting period with an offset to accounts payable and accrued liabilities.

Employee benefits
The Corporation has defined contribution pension plans for most of its employees. The cost of the defined contribution plans is recognized in earnings based on the contributions required to be made each year.

The Corporation also has defined benefit plans closed to new members, covering certain of its former employees, and with only inactive members remaining. The benefits are based on years of service and pensionable earnings. Defined benefit plan obligations were accrued as the members rendered the services necessary to earn the pension benefits. The Corporation has adopted the following policies:

- The cost of pension benefits earned by plan members is actuarially determined using the projected unit credit method for defined benefit plans and management's best estimate of retirement ages of deferred vested pensioners.
- For purposes of calculating expected return on plan assets, those assets are valued at fair value.
- The charge to earnings for the defined benefit plans is split between an operating cost and a finance charge. The finance charge represents the net interest cost on the defined benefit obligation net of the expected return on plan assets and is included in selling and administrative expenses.
- Actuarial gain and loss are recognized in full in other comprehensive income in the year in which they occur.

Income taxes
Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in earnings except to the extent that they relate to a business combination or to items recognized directly in equity or in other comprehensive income.

Current tax is the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Corporation has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Corporation has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

4. CHANGE IN ACCOUNTING POLICIES

During the year, the Corporation did not adopt any new accounting standards or amendments that had an impact on the Corporation's consolidated financial statements.

Accounting standards and amendments issued but not yet adopted

- In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements*. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies: improved comparability in the statement of earnings by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit; enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the statement of earnings; and enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management is currently assessing the impact of adopting IFRS 18 on its consolidated financial statements presentation and disclosure.

5. BUSINESS ACQUISITIONS

Beta Fluid Power Ltd. and Beta Industrial Ltd. (“Beta”)

On September 1, 2023, the Corporation acquired all of the issued and outstanding shares of Sault Ste. Marie, Ontario-based Beta, a supplier of hydraulic and pneumatic equipment for use in the industrial, mining and construction sectors, and a provider of related maintenance, repair and replacement services. After insignificant final working capital adjustments during the year ended December 31, 2024, the shares of Beta were acquired for total cash consideration of $8,439, subject to the result of a three-year performance-based earnout, and tangible net assets acquired and goodwill recognized upon acquisition were $2,055 and $6,384, respectively.

Polyphase Engineered Controls (1977) Ltd. (“Polyphase”)

On July 4, 2023, the Corporation acquired all of the issued and outstanding shares of Calgary, Alberta-based Polyphase. Polyphase specializes in producing custom electrical and instrumentation equipment. The acquisition of Polyphase expanded the Corporation's electrical solutions portfolio. There were no changes to the purchase price allocation for Polyphase during the year ended December 31, 2024. The shares of Polyphase were acquired for total cash consideration of $23,240, subject to the result of a three-year performance-based earnout. Tangible net assets acquired, intangible assets acquired, and goodwill recognized upon acquisition were $4,484, $12,524, and $6,232, respectively.

6. TRADE AND OTHER RECEIVABLES

The Corporation’s trade and other receivables consist of trade accounts receivable from customers and other accounts receivable, generally from suppliers for warranty and rebates. Trade and other receivables are comprised of the following:

	December 31, 2024	December 31, 2023
Trade accounts receivable	**$ 277,884**	$ 278,394
Less: allowance for credit losses	**(2,271)**	(3,639)
Net trade accounts receivable	**$ 275,613**	$ 274,755
Other receivables	**27,924**	34,324
Total trade and other receivables	**$ 303,537**	$ 309,079

The Corporation has an agreement with a financial institution to sell 100% of selected trade accounts receivable on a recurring, non-recourse basis. Under the agreement, up to $20,000 of accounts receivable may be sold to the financial institution and can remain outstanding at any point in time. After the sale, the Corporation does not retain any interests in the accounts receivable and removes them from its consolidated statement of financial position, however the Corporation continues to service and collect the outstanding accounts receivable on behalf of the financial institution. As at December 31, 2024, the Corporation continues to service and collect $8,363 in accounts receivable on behalf of this financial institution (December 31, 2023 - $6,060). Net proceeds from this program are classified in operating activities in the consolidated statements of cash flows.

The Corporation’s exposure to credit and currency risks related to trade and other receivables is disclosed in Note 18.

7. CONTRACT ASSETS AND LIABILITIES

The following table provides information about contract assets and contract liabilities from contracts with customers:

	December 31, 2024	December 31, 2023
Contract assets	**$ 55,588**	$ 69,520
Contract liabilities	**$ 23,182**	$ 21,891

The contract assets relate to the Corporation's rights to consideration for work completed but not billed at the reporting date, primarily on product support and engineered repair services ("**ERS**") revenue. The contract assets are transferred to receivables when billed upon completion of significant milestones. The contract liabilities relate to the advance billing or advance consideration received from customers, primarily on equipment sales, industrial parts sales, and ERS revenue, for which revenue is recognized when control transfers to the customer.

Revenue recognized in 2024 that was included in the contract liability balance at the beginning of the year was $17,890 (2023 - $16,421).

8. INVENTORY

The Corporation's inventory balance consists of the following:

	December 31, 2024	December 31, 2023
Equipment	**$ 377,205**	$ 329,010
Parts	**257,623**	272,073
Work-in-process	**38,248**	29,848
Total inventory	**$ 673,076**	$ 630,931

All amounts shown are net of obsolescence provisions of $30,814 (December 31, 2023 - $28,271).

For the year ended December 31, 2024, $7,625 (2023 - $4,463) was recorded in cost of sales for the write-down of inventory to estimated net realizable value.

For the year ended December 31, 2024, the Corporation recognized $1,337,740 (2023 - $1,395,296) of inventory as an expense which is included in cost of sales.

As at December 31, 2024, the Corporation has included $28,484 (December 31, 2023 - $51,658) in equipment inventory related to short-term rental contracts, the majority of which is expected to convert to equipment sales within a six to twelve month period.

Substantially all of the Corporation's inventory is pledged as security for the bank credit facility (Note 17).

9. PROPERTY, PLANT AND EQUIPMENT & RENTAL EQUIPMENT

	Land and buildings	Equipment and vehicles	Computer hardware	Furniture and fixtures	Leasehold improvements	**Property, plant and equipment**	**Rental equipment**
Cost							
December 31, 2023	$23,125	$ 78,981	$ 4,117	$ 9,638	$ 14,719	**$ 130,580**	**$ 105,476**
Additions	105	5,024	93	1,091	2,561	**8,874**	**25,402**
Transfer from leased to owned at end of lease	—	8,703	—	—	—	**8,703**	**—**
Transfer to inventory	—	—	—	—	—	**—**	**(28,730)**
Other transfers	—	121	—	—	—	**121**	**(121)**
Disposals	—	(6,288)	(1,195)	(1,230)	(417)	**(9,130)**	**—**
December 31, 2024	**$23,230**	**$ 86,541**	**$ 3,015**	**$ 9,499**	**$ 16,863**	**$ 139,148**	**$ 102,027**
Accumulated depreciation							
December 31, 2023	$12,526	$ 53,230	$ 3,670	$ 7,319	$ 9,006	**$ 85,751**	**$ 62,986**
Charge for the year	274	6,277	198	527	1,549	**8,825**	**13,721**
Transfer from leased to owned at end of lease	—	7,263	—	—	—	**7,263**	**—**
Transfer to inventory	—	—	—	—	—	**—**	**(24,632)**
Other transfers	—	92	—	—	—	**92**	**(92)**
Disposals	—	(5,716)	(1,195)	(1,128)	(413)	**(8,452)**	**—**
December 31, 2024	**$12,800**	**$ 61,146**	**$ 2,673**	**$ 6,718**	**$ 10,142**	**$ 93,479**	**$ 51,983**
Carrying amount							
December 31, 2024	**$10,430**	**$ 25,395**	**$ 342**	**$ 2,781**	**$ 6,721**	**$ 45,669**	**$ 50,044**

	Land and buildings	Equipment and vehicles	Computer hardware	Furniture and fixtures	Leasehold improvements	**Property, plant and equipment**	**Rental equipment**
Cost							
December 31, 2022	$23,329	$ 76,687	$ 5,311	$10,705	$ 13,794	$ 129,826	$ 99,646
Additions	176	6,725	64	314	1,691	8,970	20,936
Transfer from leased to owned at end of lease	—	3,261	—	—	—	3,261	—
Transfer to inventory	—	—	—	—	—	—	(15,106)
Other transfers	—	(749)	—	—	749	—	—
Disposals	(380)	(7,338)	(1,263)	(1,404)	(1,517)	(11,902)	—
Business acquisitions	—	395	5	23	2	425	—
December 31, 2023	$23,125	$ 78,981	$ 4,117	$ 9,638	$ 14,719	$ 130,580	$ 105,476
Accumulated depreciation							
December 31, 2022	$12,486	$ 51,347	$ 4,420	$ 8,045	$ 9,424	$ 85,722	$ 60,246
Charge for the year	299	5,936	512	539	985	8,271	14,304
Transfer from leased to owned at end of lease	—	2,754	—	—	—	2,754	—
Transfer to inventory	—	—	—	—	—	—	(11,564)
Other transfers	—	8	—	—	(8)	—	—
Disposals	(259)	(6,815)	(1,262)	(1,265)	(1,395)	(10,996)	—
December 31, 2023	$12,526	$ 53,230	$ 3,670	$ 7,319	$ 9,006	$ 85,751	$ 62,986
Carrying amount							
December 31, 2023	$10,599	$ 25,751	$ 447	$ 2,319	$ 5,713	$ 44,829	$ 42,490

For the year ended December 31, 2024, the Corporation transferred rental equipment to inventory with a net book value of $4,098 (2023 - $3,542).

All property, plant and equipment except land and buildings have been pledged as security for bank debt (Note 17).

10. RIGHT-OF-USE ASSETS

	Properties	Vehicles	Computer hardware	Equipment	**Total**
Cost					
December 31, 2023	$ 208,150	$ 36,694	$ 10,668	$ —	**$ 255,512**
Additions	50,413	6,326	1,840	15,328	**73,907**
Disposals	(7,423)	(753)	—	—	**(8,176)**
Disposal to lease receivables upon sublease	—	—	—	(15,328)	**(15,328)**
Transfer from leased to owned at end of lease	—	(8,703)	—	—	**(8,703)**
December 31, 2024	**$ 251,140**	**$ 33,564**	**$ 12,508**	**$ —**	**$ 297,212**
Accumulated depreciation					
December 31, 2023	$ 96,217	$ 19,719	$ 3,744	$ —	**$ 119,680**
Charge for the year	24,564	5,705	2,323	—	**32,592**
Disposals	(5,764)	(506)	—	—	**(6,270)**
Transfer from leased to owned at end of lease	—	(7,263)	—	—	**(7,263)**
December 31, 2024	**$ 115,017**	**$ 17,655**	**$ 6,067**	**$ —**	**$ 138,739**
Carrying amount					
December 31, 2024	**$ 136,123**	**$ 15,909**	**$ 6,441**	**$ —**	**$ 158,473**
Cost					
December 31, 2022	$ 179,100	$ 32,169	$ 5,806	$ 33	$ 217,108
Additions	26,317	8,451	4,862	9,012	48,642
Disposals	(1,393)	(665)	—	(33)	(2,091)
Disposal to lease receivables upon sublease	—	—	—	(9,012)	(9,012)
Transfer from leased to owned at end of lease	—	(3,261)	—	—	(3,261)
Business acquisitions	4,126	—	—	—	4,126
December 31, 2023	$ 208,150	$ 36,694	$ 10,668	$ —	$ 255,512
Accumulated depreciation					
December 31, 2022	$ 74,993	$ 17,461	$ 1,914	$ 20	$ 94,388
Charge for the year	22,252	5,453	1,830	13	29,548
Disposals	(1,028)	(441)	—	(33)	(1,502)
Transfer from leased to owned at end of lease	—	(2,754)	—	—	(2,754)
December 31, 2023	$ 96,217	$ 19,719	$ 3,744	$ —	$ 119,680
Carrying amount					
December 31, 2023	$ 111,933	$ 16,975	$ 6,924	$ —	$ 135,832

11. GOODWILL AND INTANGIBLE ASSETS

The Corporation performed its annual impairment test of its goodwill and indefinite life intangibles as at December 31, 2024. Similar key assumptions were used for both the goodwill impairment test and the indefinite life intangibles impairment test. The recoverable amount of the CGU group was estimated based on the present value of the future cash flows expected to be derived from the CGU group (value in use). This approach requires assumptions about revenue growth rates, EBITDA margins, tax rates, discount rates and the level of working capital required to support the business. The after-tax cash flows from operations are based on historical results, the Corporation's projected 2025 operating budget and its long-term strategic plan. To prepare these calculations, the forecasts were extrapolated beyond the five year period at the estimated long-term inflation rate of 2% (2023 - 2%). The cash flow projections were discounted using the Corporation’s after-tax weighted average cost of capital, which equates to a pre-tax discount rate of approximately 13.5% (2023 – 13.2%).

The tax rates applied to the cash flow projections were based on the expected effective tax rate of the Corporation of approximately 26.3% (2023 - 26.5%). Tax assumptions are sensitive to changes in tax laws as well as assumptions about the jurisdictions in which profits are earned. It is possible that actual tax rates could differ from those assumed.

The Corporation concluded as at December 31, 2024 that no impairment existed in either the goodwill or the intangible assets with an indefinite life, as the recoverable amount of the CGU group exceeded its carrying value.

The Corporation did not reverse any impairment losses for definite life intangible assets for the years ended December 31, 2024 and December 31, 2023.

	Goodwill	Product distribution rights/ Brands	Customer relationships/ Vendor relationships	Software	**Total**
Cost					
December 31, 2023	$ 115,940	$ 18,236	$ 60,000	$ 18,988	**$ 213,164**
Additions	—	—	—	271	**271**
Disposals	—	—	—	(656)	**(656)**
Business acquisitions	5	—	—	—	**5**
December 31, 2024	**$ 115,945**	**$ 18,236**	**$ 60,000**	**$ 18,603**	**$ 212,784**
Accumulated amortization					
December 31, 2023	$ —	$ —	$ 18,823	$ 4,065	**$ 22,888**
Charge for the year	—	—	5,766	1,266	**7,032**
Disposals	—	—	—	(656)	**(656)**
December 31, 2024	**$ —**	**$ —**	**$ 24,589**	**$ 4,675**	**$ 29,264**
Carrying amount					
December 31, 2024	**$ 115,945**	**$ 18,236**	**$ 35,411**	**$ 13,928**	**$ 183,520**

	Goodwill	Product distribution rights/ Brands	Customer relationships/ Vendor relationships	Software	**Total**
Cost					
December 31, 2022	$ 103,330	$ 18,236	$ 47,500	$ 18,130	$ 187,196
Additions	—	—	—	876	876
Disposals	—	—	—	(42)	(42)
Business acquisitions	12,610	—	12,500	24	25,134
December 31, 2023	$ 115,940	$ 18,236	$ 60,000	$ 18,988	$ 213,164
Accumulated amortization					
December 31, 2022	$ —	$ —	$ 13,577	$ 2,905	$ 16,482
Charge for the year	—	—	5,246	1,202	6,448
Disposals	—	—	—	(42)	(42)
December 31, 2023	$ —	$ —	$ 18,823	$ 4,065	$ 22,888
Carrying amount					
December 31, 2023	$ 115,940	$ 18,236	$ 41,177	$ 14,923	$ 190,276

Amortization of intangible assets is charged to selling and administrative expenses.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	December 31, 2024	December 31, 2023
Trade payables	**$ 333,314**	$ 280,336
Deferred rental income	**680**	918
Contingent consideration liability - current	**3,280**	2,997
Payroll, bonuses and incentives	**35,842**	52,657
Accrued liabilities	**44,718**	70,182
Accounts payable and accrued liabilities	**$ 417,834**	$ 407,090

The Corporation has supplier finance arrangements with three third-party financing companies, one of which became effective in the third quarter of 2024. Under these arrangements, the Corporation can purchase equipment from suppliers with interest-free payment terms ranging anywhere from approximately 45 days to 11 months, depending on the type of equipment and the financing company. After the interest-free period, the financing becomes interest bearing if the Corporation does not repay the principal borrowed. If the Corporation sells the equipment before payment is due, payment must then be remitted to the financing company. Comparable trade payables that are not part of a supplier finance arrangement usually have payment terms of approximately 30 days. As at December 31, 2024, supplier finance liabilities were $166,887 (December 31, 2023 - $24,877) and are included in Trade payables above. Under the terms of the Corporation's bank credit facility, the Corporation is permitted to have additional interest bearing equipment inventory financing of up to $25,000. The interest bearing portion of the supplier finance liabilities was $12,522 as at December 31, 2024 (December 31, 2023 - nil).

13. PROVISIONS AND CONTINGENCIES

		Restructuring		Warranties, Environmental, & Litigation		**Total**
Provisions, December 31, 2023	$	103	$	2,700	**$**	**2,803**
New provisions expensed		5,766		479		**6,245**
Utilized		(1,054)		(822)		**(1,876)**
Provisions, December 31, 2024	$	4,815	$	2,357	**$**	**7,172**
Current portion	$	4,815	$	2,357	**$**	**7,172**
Non-current portion		—		—		**—**
Total	$	4,815	$	2,357	**$**	**7,172**

See Note 23 for details on the restructuring charge recognized in the year.

Contingencies
In the ordinary course of business, the Corporation is contingently liable for various amounts that could arise from warranties, litigation, environmental matters or other sources. The Corporation does not expect the resolution of these matters to have a materially adverse effect on its financial position or results of operations. Provisions have been made in these consolidated financial statements when the liability is expected to result in an outflow of economic resources, and where the obligation can be reliably estimated.

14. LEASE LIABILITIES AND LEASE RECEIVABLES

<u>As lessee</u>

The Corporation leases properties for its branch network, certain vehicles, machinery and IT equipment.

The change in lease liabilities is as follows:

For the year ended December 31	Note		**2024**		2023
Balance at beginning of year		**$**	**175,374**	$	158,446
Changes from operating cash flows					
Finance costs paid on lease liabilities			**(10,580)**		(8,871)
Changes from financing cash flows					
Payment of lease liabilities			**(39,230)**		(35,450)
Other changes					
Business acquisitions			**—**		4,126
Interest expense	24		**10,580**		8,871
New leases, net of disposals			**72,038**		48,252
Balance at end of year		**$**	**208,182**	$	175,374
Current portion		**$**	**40,151**	$	34,407
Non-current portion		**$**	**168,031**	$	140,967

Not included in the balance of lease liabilities are short-term leases, leases of low-value assets and variable lease payments not linked to an index. Variable lease payments, lease payments associated with short-term leases and leases of low-value assets are expensed as incurred in the consolidated statements of earnings.

For the year ended December 31	Note		2024		2023
Expense related to short-term leases		$	**298**	$	109
Expense related to low value assets, excluding short-term leases of low value assets			**453**		386
Expense related to variable lease payments not included in the measurement of lease liabilities			**4,803**		3,815
Payment of lease liabilities			**39,230**		35,450
Interest paid on lease liabilities	24		**10,580**		8,871
Total outflow for leases		$	**55,364**	$	48,631

The maturity analysis of contractual undiscounted cash flows of lease obligations is as follows:

		December 31, 2024		December 31, 2023
Within one year	$	**58,933**	$	49,225
Between one and three years		**97,310**		80,996
Between three and five years		**57,356**		51,717
More than five years		**90,303**		56,570
Total undiscounted lease obligations	$	**303,902**	$	238,508

As lessor

Operating leases

The Corporation rents equipment to customers under rental agreements with terms of up to 5 years. The rentals have been assessed and classified as operating leases. Revenue is presented as equipment rental revenue and recognized evenly over the term of the rental agreement. The future minimum lease payments receivable under the agreements are as follows:

		December 31, 2024		December 31, 2023
Less than one year	$	**6,091**	$	9,221
Between one and five years		**10,326**		13,019
Future minimum lease payments receivable	$	**16,417**	$	22,240

Finance leases

The Corporation subleases certain equipment to customers. The Corporation assesses and classifies its subleases as finances leases, and therefore derecognizes the right-of-use assets relating to the respective head leases, recognizes lease receivables equal to the net investment in the subleases, and retains the previously recognized lease liabilities in its capacity as lessee. The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

		December 31, 2024		December 31, 2023
Less than one year	$	**10,092**	$	6,547
Between one and five years		**18,645**		11,172
Total undiscounted lease payments receivable	$	**28,737**	$	17,719
Unearned finance income		**(2,137)**		(1,222)
Lease receivables	$	**26,600**	$	16,497
Current portion	$	**9,062**	$	5,896
Non-current portion	$	**17,538**	$	10,601

15. EMPLOYEE BENEFITS

The Corporation sponsors four pension plans: Wajax Limited Defined Contribution Pension Plan (the "Employees' Plan") which is a defined contribution plan ("DC"), Simplified Pension Plan (the "SP Plan") which is a defined contribution plan for employees in the province of Quebec, and two defined benefit plans: the Pension Plan for Executive Employees of Wajax Limited (the "Executive Plan") and the Wajax Limited Supplemental Executive Retirement Plan (the "SERP").

The Corporation also contributes to several union sponsored multi-employer pension plans for a small number of employees. Two of these are target benefit plans but they are accounted for as defined contribution plans since the Corporation has no involvement in the management of these plans and does not have sufficient information to account for the plans as defined benefit plans.

The Corporation uses actuarial reports prepared by independent actuaries for funding and accounting purposes and measures its defined benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. These actuarial assumptions include discount rates, mortality rates, and inflation. While management believes that the actuarial assumptions are appropriate, any significant changes to those used would affect the statements of financial position and statements of earnings.

The previous actuarial valuation for the Executive Plan for funding purposes was as at January 1, 2024. Subsequent to year end, on January 30, 2025, the Executive Plan purchased buyout annuities from a third-party insurance company for a cost of $6,830. As a result of the annuity purchase, the third-party insurance company will become responsible for the payment of plan members' pension benefits and the Corporation settled its defined benefit obligation in respect of all plan members. The defined benefit cost of the Executive Plan for the fiscal year ending December 31, 2025 will include a loss on settlement of $458 due to the annuity purchase.

The following significant actuarial assumptions were used to determine the net defined benefit plan cost and the defined benefit plan obligations:

	December 31, 2024	December 31, 2023
Discount rate - at beginning of year (to determine plan expenses)	**4.7 %**	5.3 %
Discount rate - at end of year (to determine defined benefit obligation)	**4.6 %**	4.7 %
Increases in pensionable earnings	**— %**	— %
Rate of inflation	**2.0 %**	2.0 %

Assumptions regarding future mortality rates were based on 87% of the rates of the 2014 Public Sector Canadian Pensioner's Mortality Table for the Executive Plan and SERP.

Plan assets for the defined contribution plans are invested according to the directions of the plan members. Plan assets for defined benefit plans are invested in the following major categories of plan assets as a percentage of total plan assets:

	Executive Plan December 31, 2024	Executive Plan December 31, 2023
Fixed Income	**100.0 %**	39.8 %
Foreign Equities	**— %**	60.2 %
	100.0 %	100.0 %

The history of adjustments on the defined benefit plans recognized in other comprehensive income for the current and prior year are as follows:

		2024		2023
Actuarial loss (gain) on defined benefit obligation arising from:				
Experience adjustments	$	(36)	$	—
Financial assumption changes		19		677
	$	(17)	$	677
Actuarial gain on asset return		(13)		(241)
Total remeasurement (gain) loss recognized in OCI, pre-tax	$	(30)	$	436

Total cash payments

Total cash payments for employee future benefits for 2024, consisting of cash contributed by the Corporation to its funded pension plans, cash payments directly to beneficiaries for its unfunded pension plans, and cash contributed to its defined contribution plans was $12,928 (2023 - $11,596).

Subsequent to year end, in January 2025, the Corporation contributed $2,902 to the Executive Plan to fully fund the plan before purchasing buyout annuities from a third-party insurance company to settle its defined benefit obligation in respect of all plan members. The Corporation estimates a contribution of $5,457 to the SERP during the year ended December 31, 2025, which takes into account the possibility of the Corporation fully funding and settling the SERP benefit obligation near the end of 2025. The timing of settling the SERP is subject to change, and the market conditions affecting the level of required contributions to settle the SERP are also subject to change.

The plan expenses recognized in earnings are as follows:

		2024		2023
Defined contribution plans				
Current service cost	$	12,092	$	11,178
Defined benefit plans				
Administration expenses		50		9
SERP line of credit fees		107		115
Interest cost on defined benefit obligation		507		556
Interest income on plan assets		(189)		(214)
	$	475	$	466
Total plan expense recognized in earnings	$	12,567	$	11,644

Of the amounts recognized in earnings, $4,819 (2023 - $4,504) is included in cost of sales and $7,748 (2023 - $7,140) is included in selling and administrative expenses.

The amounts recognized in other comprehensive income are as follows:

		2024		2023
Actuarial (gain) loss	$	(30)	$	436
Deferred tax expense (recovery)		8		(115)
Amount recognized in other comprehensive income	$	(22)	$	321
Cumulative actuarial loss, net of tax	$	1,827	$	1,849

Information about the Corporation's defined benefit pension plans, in aggregate, is as follows:

Present value of benefit obligation		**2024**		2023
Present value of benefit obligation, beginning of year	**$**	**11,325**	$	10,935
Interest cost on defined benefit obligation		**507**		556
Actuarial (gain) loss		**(17)**		677
Benefits paid		**(1,015)**		(843)
Present value of benefit obligation, end of year	**$**	**10,800**	$	11,325

Fair value of plan assets		**2024**		2023
Fair value of plan assets, beginning of year	**$**	**4,301**	$	4,280
Interest income		**189**		214
Return on plan assets (excluding interest income)		**109**		276
Employer contributions		**836**		418
Benefits paid		**(1,015)**		(843)
Administration expenses		**(146)**		(44)
Fair value of plan assets, end of year	**$**	**4,274**	$	4,301

Funded Status		**2024**		2023
Fair value of plan assets, end of year	**$**	**4,274**	$	4,301
Present value of benefit obligation, end of year		**(10,800)**		(11,325)
Plan deficit	**$**	**(6,526)**	$	(7,024)

The accrued benefit liability is included in the Corporation's statement of financial position as follows:

		2024		2023
Employee benefits	**$**	**(6,526)**	$	(7,024)

The present value of the benefit obligation includes a benefit obligation of $4,355 (2023 - $4,855) related to the SERP that is not funded. This obligation is secured by a letter of credit of $2,813 (2023 - $3,574).

Sensitivity analysis

The following sensitivity analysis is hypothetical and should be used with caution. The sensitivities of the key assumption have been calculated independently of any changes in other assumptions. Actual experience may result in changes in a number of assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

A 1% increase in discount rate would result in a $942 (2023 - $984) decrease to the defined benefit obligation as at December 31, 2024. A 1% decrease in discount rate would result in a $1,146 (2023 - $1,178) increase to the defined benefit obligation.

16. DEBENTURES

Senior Unsecured Debentures - 6%, due January 15, 2025

In December 2019, the Corporation issued $57,000 in unsecured subordinated debentures with a term of five years due January 15, 2025. These debentures bear a fixed interest rate of 6.00% per annum, payable semi-annually on January 15 and July 15 of each year.

Prior to the maturity date of January 15, 2025, the debentures are redeemable at a price equal to their principal amount plus accrued and unpaid interest. As at December 31, 2024, the Corporation had not redeemed any of the debentures.

Subsequent to year end, on January 15, 2025, the Corporation repaid in full the $57,000 in principal amount owed under its senior unsecured debentures, along with accrued interest up to the maturity date. The Corporation used borrowings under its bank credit facility to complete the repayment.

The debentures are classified as a financial liability and are initially recorded at fair value net of transaction costs. The debentures are measured subsequently at amortized cost using the effective interest method over the life of the debentures.

The following balances were outstanding:

		December 31, 2024		December 31, 2023
Debentures issued	**$**	**57,000**	$	57,000
Deferred financing costs, net of accumulated amortization		**(27)**		(660)
Total debentures	**$**	**56,973**	$	56,340
Current portion	**$**	**56,973**	$	—
Non-current portion	**$**	**—**	$	56,340

Movements in the debentures balance were as follows:

For the year ended December 31		**2024**		2023
Balance at beginning of period	**$**	**56,340**	$	55,762
Amortization of deferred financing costs		**633**		578
Balance at end of period	**$**	**56,973**	$	56,340

Finance costs on the debentures for the year ended December 31, 2024 were $4,048 (2023 - $3,999).

17. LONG-TERM DEBT

On January 11, 2024, the Corporation amended its senior secured credit facility. The amendment increased the facility limit from $400,000 to $500,000. There was no change to the maturity date of the facility. As part of the bank credit facility amendment effective January 11, 2024, the Canadian dollar bankers' acceptances were replaced with the term Canadian Overnight Repo Rate Average loan (or "CORRA"). The $472 cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility.

As at December 31, 2024, Wajax had a $500,000 credit limit on its bank credit facility, composed of a $50,000 non-revolving term facility and a $450,000 revolving term facility, maturing on October 1, 2027.

As at December 31, 2024, borrowings under the bank credit facility bear floating rates of interest at margins over Canadian dollar term CORRA loan yields, U.S. dollar SOFR rates or prime. Margins on the facility depend on the Corporation's leverage ratio at the time of borrowing and range between 1.8% and 3.3% for Canadian dollar term CORRA loans and U.S. dollar SOFR borrowings, and between 0.8% and 2.3% for prime rate borrowings.

Borrowing capacity under the bank credit facility is dependent upon the level of the Corporation's inventory on hand and the outstanding trade accounts receivable. As at December 31, 2024, borrowing capacity under the bank credit facility was $500,000 (December 31, 2023 - $400,000), of which $212,574 (December 31, 2023 - $126,602) was accessible to the Corporation. In addition, the bank credit facility contains customary restrictive covenants, including limitations on paying cash dividends and acquiring businesses in the event the senior secured leverage ratio, as defined in the bank credit facility agreement, exceeds 4.0 times, and an interest coverage maintenance ratio, all of which were met as at December 31, 2024.

The following balances were outstanding:

		December 31, 2024		December 31, 2023
Bank credit facility				
Non-revolving term portion	**$**	**50,000**	$	50,000
Revolving term portion		**233,749**		218,561
	$	**283,749**	$	268,561
Deferred financing costs, net of accumulated amortization		**(707)**		(806)
Total long-term debt	**$**	**283,042**	$	267,755

The Corporation had $3,677 (December 31, 2023 - $4,837) letters of credit outstanding at the end of the year. Finance costs on long-term debt amounted to $21,019 (2023 - $13,627).

Movements in the long-term debt balance were as follows:

For the year ended December 31		**2024**		2023
Balance at beginning of period	**$**	**267,755**	$	83,602
Changes from financing cash flows				
Net proceeds of borrowings		**15,188**		183,606
Transaction costs related to borrowings		**(472)**		—
Other changes				
Amortization of deferred financing costs		**571**		547
Balance at end of period	**$**	**283,042**	$	267,755

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Corporation uses the following fair value hierarchy for determining and disclosing the fair value of financial instruments:

- **Level 1** - unadjusted quoted prices in active markets for identical assets or liabilities.
- **Level 2** - other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- **Level 3** - techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Corporation categorizes its financial instruments as follows:

	December 31, 2024	December 31, 2023
Financial assets measured at amortized cost:		
Cash	**$ 7,351**	$ —
Trade and other receivables	**303,537**	309,079
Contract assets	**55,588**	69,520
Lease receivables	**26,600**	16,497
Financial liabilities measured at amortized cost:		
Bank indebtedness	**—**	1,397
Accounts payable and accrued liabilities (excluding contingent consideration)	**414,554**	404,093
Provisions	**7,172**	2,803
Dividends payable	**7,629**	7,151
Other liabilities (excluding contingent consideration)	**2,285**	3,262
Debentures	**56,973**	56,340
Long-term debt	**283,042**	267,755
Financial assets measured at fair value:		
Derivative financial assets	**11,471**	11,308
Financial liabilities measured at fair value:		
Contingent consideration (in accounts payable and accrued liabilities)	**3,280**	2,997
Contingent consideration (in other liabilities)	**4,619**	6,432
Derivative financial liabilities	**8,898**	5,602

The Corporation measures financial assets and financial liabilities at amortized cost, except for derivative financial assets/liabilities and contingent consideration from acquisitions, which are measured at fair value. Changes in fair value are recognized in the consolidated statements of earnings except for changes in fair value related to derivative financial assets/liabilities that are effectively designated as hedging instruments which are recognized in other comprehensive income. The Corporation's derivative financial assets/liabilities are held with major Canadian chartered banks and are deemed to be Level 2 financial instruments. The Corporation's contingent consideration liabilities are Level 3 financial instruments, and are valued using either a discounted cash flow model or a Monte Carlo simulation model. The Monte Carlo simulation uses various assumptions including EBITDA forecast, discount rate, and volatility factor. The fair value of long-term debt approximates its recorded value due to its floating interest rate. The fair value of lease receivables approximates its carrying value. The fair value of the debentures can be estimated based on the trading price of the debentures, which takes into account the Corporation's own credit risk. At December 31, 2024, the Corporation has estimated the fair value of its debentures to be $57,000 (December 31, 2023 - $56,516). The fair values of all other financial assets and liabilities approximate their recorded values due to the short-term maturities of these instruments.

Movements in the contingent consideration liability were as follows:

		December 31, 2024
Contingent consideration liability - Opening	$	9,429
Contingent consideration paid - QT Valve & Supply Limited (2021)		(113)
Contingent consideration paid - Beta		(641)
Contingent consideration paid - Polyphase		(3,039)
Revaluation of contingent consideration - Polyphase		2,263
Contingent consideration liability - Ending	$	7,899
Current portion (in accounts payable and accrued liabilities)	$	3,280
Non-current portion (in other liabilities)		4,619
Total	$	7,899

The $2,263 increase on revaluation of the contingent consideration liability was recorded to selling and administrative expenses.

The Corporation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk (consisting of currency risk, interest rate risk and equity price risk). The following analysis provides a measurement of these risks as at December 31, 2024 and 2023:

Credit risk
The Corporation is exposed to credit risk with respect to its trade and other receivables. This risk is mitigated by the Corporation's large customer base which covers many business sectors across Canada. The Corporation follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Corporation's trade and other receivables consist of trade accounts receivable from customers and other accounts receivable, generally from suppliers for warranty and rebates.

The aging of the trade accounts receivable is as follows:

		December 31, 2024		December 31, 2023
Current	$	153,700	$	130,124
Less than 60 days overdue		107,566		120,711
More than 60 days overdue		16,618		27,559
Total trade accounts receivable	$	277,884	$	278,394

The carrying amounts of accounts receivable represent the maximum credit exposure.

The Corporation maintains an allowance for expected credit losses taking into account past experience of collecting payments as well as observable changes in and forecasts of future economic conditions that correlate with default on receivables. Any such losses to date have been within management's expectations. Movement of the allowance for credit losses is as follows:

For the year ended December 31		2024		2023
Opening balance	$	3,639	$	1,182
Charge (reversals), net		(183)		3,413
Utilization		(1,185)		(956)
Closing balance	$	2,271	$	3,639

The Corporation is also exposed to the risk of non-performance by counterparties to foreign exchange forwards, interest rate swaps and total return swaps. These counterparties are large financial institutions that maintain high short-term and long-term credit ratings. To date, no such counterparty has failed to meet its financial obligations to the Corporation. Management does not believe there is a significant risk of non-performance by these counterparties and will continue to monitor the credit risk of these counterparties.

Liquidity risk
Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities as they become due. At December 31, 2024, the Corporation had borrowed $283,749 (2023 - $268,561) from the bank credit facility that matures on October 1, 2027. The Corporation issued $3,677 (2023 - $4,837) of letters of credit for a total utilization of $287,426 (2023 - $273,398) of its $500,000 (2023 - $400,000) bank credit facility and utilized $12,522 (2023 - nil) of its $25,000 (2023 - $25,000) interest bearing equipment financing facilities.

In December 2019, the Corporation issued $57,000 in unsecured subordinated debentures with a term of five years due January 15, 2025. These debentures bear a fixed interest rate of 6.00% per annum, payable semi-annually on January 15 and July 15 of each year, commencing July 15, 2020. Subsequent to year end, on January 15, 2025, the Corporation repaid the unsecured subordinated debentures in full. See Note 16 Debentures for details of the repayment.

The Corporation's $500,000 bank credit facility, of which $212,574 was unutilized at the end of the year, along with the additional $25,000 of equipment financing with third-party financing companies, of which $12,478 was unutilized at the end of the year, is deemed to be sufficient to meet the Corporation's short-term normal course working capital and maintenance capital requirements and certain strategic investments. However, the Corporation may be required to access the equity or debt markets to fund significant acquisitions.

Contractual obligations are as follows:

	Total	< 1 year	1 - 3 years	3 - 5 years	After 5 years
Accounts payable and accrued liabilities	**$ 417,834**	$ 417,834	$ —	$ —	$ —
Undiscounted lease obligations	**303,902**	58,933	97,310	57,356	90,303
Long-term debt	**283,749**	—	283,749	—	—
Debentures	**57,000**	57,000	—	—	—
Total	**$ 1,062,485**	$ 533,767	$ 381,059	$ 57,356	$ 90,303

Market risk
Market risk is the risk from changes in market prices, such as changes in foreign exchange rates, interest rates, and the Corporation's share price which will affect the Corporation's earnings as well as the value of the financial instruments held and cash-settled share-based liabilities outstanding. The exposure to these risks is managed through the use of various derivative instruments.

a) Currency risk

Certain of the Corporation's sales to customers and purchases from vendors are exposed to fluctuations in the U.S. dollar ("USD") and the Euro ("EUR"). When considered appropriate, the Corporation purchases foreign exchange forwards for USD and EUR as a means of mitigating this risk. A change in foreign currency relative to the Canadian dollar would not have a material impact on the Corporation’s unhedged foreign currency-denominated sales to customers along with the associated receivables, or on the Corporation’s unhedged foreign currency-denominated purchases from vendors along with the associated payables. The Corporation will periodically institute price increases to offset the negative impact of foreign exchange rate increases and volatility on imported goods to ensure margins are not eroded. However, a sudden strengthening of the U.S. dollar relative to the Canadian dollar can have a negative impact mainly on parts margins in the short term prior to price increases taking effect.

The Corporation maintains a hedging policy whereby significant transactional currency risks are typically identified and hedged.

b) Interest rate risk

The Corporation's borrowing costs are impacted by changes in interest rates. The Corporation's tolerance to interest rate risk decreases as the Corporation's leverage ratio increases and interest coverage ratio decreases. To manage this risk prudently, guideline percentages of floating interest rate debt decrease as the Corporation's leverage ratio increases. The Corporation has entered into interest rate swap contracts primarily to minimize exposure to interest rate fluctuations on its variable rate debt.

A 1.00 percentage point change in interest rates on the unhedged average amount outstanding under the bank credit facility for 2024 would result in a change to earnings before income taxes of approximately $1,833 for the year.

c) Equity price risk

The Corporation's total return swaps are exposed to fluctuations in its share price. A $1.00 per share decrease in the share price would result in a decrease in earnings before income taxes of $366 relating to the total return swaps. An increase of $1.00 per share would result in an equal and opposite effect on earnings before income taxes.

Derivative financial instruments and hedges

The Corporation enters into interest rate swaps to hedge the risk associated with interest rate fluctuations on its variable rate debt. Interest rate swaps are initially recognized on the date the derivative contracts are entered into, and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative, net of taxes, is recognized in other comprehensive income while the ineffective portion is recognized within net earnings. Amounts in accumulated other comprehensive income are reclassified to net earnings in the periods when the hedged item affects profit or loss.

During the second quarter of 2023, the Corporation discontinued its application of hedge accounting relating to its interest rate swaps. The derivatives continue to be carried at fair value in the consolidated statements of financial position with changes in fair value recognized in finance costs in the consolidated statements of earnings. Amounts previously accumulated in accumulated other comprehensive income prior to discontinuance will be amortized to finance costs over the remaining term of the underlying forecasted interest payments. During the second quarter of 2024, the maturity on $100,000 of interest rate swaps was extended from October 2026 to October 2027 to match the maturity date of the bank credit facility.

For the year ended December 31, 2024, the Corporation recognized a loss of $3,566 (2023 - loss of $1,237) in the consolidated statements of earnings associated with its interest rate swaps and a loss of $708 (2023 - loss of $678), net of tax in other comprehensive income.

The Corporation's interest rate swaps outstanding are summarized as follows:

	Notional Amount	Weighted Average Interest Rate	Maturity
As at December 31, 2024:	$ 150,000	2.57 %	October 2027
As at December 31, 2023:	$ 150,000	2.32 %	October 2026 to October 2027

The Corporation enters into short-term foreign exchange forwards to hedge the exchange risk associated with the cost of certain inbound inventory and certain foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. Foreign exchange forwards are initially recognized on the date the derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative, net of taxes, is recognized in other comprehensive income while the ineffective portion is recognized within net earnings. Amounts in accumulated other comprehensive income are reclassified to net earnings in the periods when the hedged item affects profit or loss. For the year ended December 31, 2024, the Corporation recognized a gain of $1,983 (2023 - loss of $1,304) associated with its foreign exchange forwards in the consolidated statements of earnings, and a gain of $3,462 (2023 - loss of $3,312), net of tax in other comprehensive income.

The Corporation’s contracts to buy and sell foreign currencies are summarized as follows:

December 31, 2024		**Notional Amount**	**Average Exchange Rate**	**Maturity**
Purchase contracts	US$	164,165	1.3705	January 2025 to August 2026
	€	756	1.5001	January 2025 to March 2025
	AUD	7,269	0.9078	January 2025 to December 2025
Sales contracts	US$	87,306	1.3507	January 2025 to May 2026
	€	973	1.4774	January 2025 to November 2025

December 31, 2023		**Notional Amount**	**Average Exchange Rate**	**Maturity**
Purchase contracts	US$	195,235	1.3499	January 2024 to November 2025
	€	7,257	1.4642	January 2024 to October 2024
Sales contracts	US$	77,866	1.3451	January 2024 to December 2025
	€	1,648	1.4777	January 2024 to September 2024

The Corporation has certain total return swaps to hedge the exposure associated with increases in its share price on its outstanding restricted share units ("RSUs"). The Corporation does not apply hedge accounting to these relationships and as such, gain and loss arising from marking these derivatives to market are recognized in earnings in the period in which they arise. As at December 31, 2024, the Corporation's total return swaps cover 366,000 of the Corporation's underlying common shares (December 31, 2023 - 399,000), and expire between March 2025 and March 2027. During the year, the Corporation settled a total return swap contract for 147,000 shares (2023 - 143,000 shares), resulting in a cash receipt of $1,896 (2023 - cash receipt of $1,396). For the year ended December 31, 2024, the Corporation recognized a loss of $3,391 (2023 - gain of $4,180) associated with its total return swaps.

Derivative financial assets consist of:

	December 31, 2024	December 31, 2023
Interest rate swaps	**$ 1,676**	$ 6,203
Foreign exchange forwards	**9,795**	2,262
Total return swaps	**—**	2,843
Total derivative financial assets	**$ 11,471**	$ 11,308
Current portion	**$ 9,773**	$ 5,632
Non-current portion	**$ 1,698**	$ 5,676

Derivative financial liabilities consist of:

		December 31, 2024	December 31, 2023
Foreign exchange forwards	**$**	**6,453**	$ 5,602
Total return swaps		**2,445**	—
Total derivative financial liabilities	**$**	**8,898**	$ 5,602
Current portion	**$**	**5,313**	$ 4,081
Non-current portion	**$**	**3,585**	$ 1,521

Movements in the net derivative financial assets (liabilities) balance are as follows:

For the year ended December 31		**2024**	2023
Opening net derivative financial assets	**$**	**5,706**	$ 10,876
(Loss) gain recognized in net earnings		**(4,974)**	1,639
Gain (loss) recognized in other comprehensive income - before tax		**3,737**	(5,413)
Cash received on settlement of total return swaps		**(1,896)**	(1,396)
Ending net derivative financial assets	**$**	**2,573**	$ 5,706

The balance in accumulated other comprehensive income is comprised of the fair value of the Corporation's various foreign exchange forwards where hedge accounting is applied, and the remaining unamortized fair value of the Corporation's interest rate swaps where hedge accounting was applied, prior to discontinuance of hedge accounting. These accumulated amounts will be continuously released to the consolidated statements of earnings within gross profit and finance costs, respectively.

During the periods presented and cumulatively to date, changes in counterparty credit risk have not significantly contributed to the overall changes in the fair value of these derivative instruments.

19. SHARE CAPITAL AND EARNINGS PER SHARE

The Corporation is authorized to issue an unlimited number of no par value common shares and an unlimited number of no par value preferred shares. Each common share entitles the holder of record to one vote at all meetings of shareholders. All issued common shares are fully paid. There were no preferred shares outstanding as at December 31, 2024 (December 31, 2023 - nil). Each common share represents an equal beneficial interest in any distributions of the Corporation and in the net assets of the Corporation in the event of its termination or winding-up.

	Number of Common Shares		Amount
Issued and outstanding, December 31, 2023	21,810,411	$	211,337
Common shares issued to settle share-based compensation awards	98,278		1,189
Issued and outstanding, December 31, 2024	21,908,689	$	212,526
Shares held in trust, December 31, 2023	(140,865)	$	(1,333)
Released for settlement of certain share-based compensation awards	57,511		545
Purchased for future settlement of certain share-based compensation awards	(29,419)		(285)
Shares held in trust, December 31, 2024	(112,773)	$	(1,073)
Issued and outstanding, net of shares held in trust, December 31, 2024	**21,795,916**	**$**	**211,453**

	Number of Common Shares		Amount
Issued and outstanding, December 31, 2022	21,602,836	$	208,763
Common shares issued to settle share-based compensation awards	207,575		2,574
Issued and outstanding, December 31, 2023	21,810,411	$	211,337
Shares held in trust, December 31, 2022	(131,734)	$	(1,208)
Released for settlement of certain share-based compensation awards	74,149		680
Purchased for future settlement of certain share-based compensation awards	(83,280)		(805)
Shares held in trust, December 31, 2023	(140,865)	$	(1,333)
Issued and outstanding, net of shares held in trust, December 31, 2023	**21,669,546**	**$**	**210,004**

During the year, the Corporation purchased 29,419 (2023 - 83,280) common shares on the open market through Employee Benefit Plan Trusts for the future settlement of certain share-based compensation awards. The cash consideration paid for the purchase was $980 (2023 - $2,000), the reduction in share capital was $285 (2023 - $805) and the premium charged to retained earnings was $695 (2023 - $1,195).

Dividends declared

During the year, the Corporation declared cash dividends of $1.40 per share or $30,431 (2023 - dividends of $1.32 per share or $28,445). As at December 31, 2024, the Corporation had $7,629 (December 31, 2023 - $7,151) dividends outstanding which were paid on January 7, 2025.

Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

For the year ended December 31		**2024**		2023
Numerator for basic and diluted earnings per share:				
– net earnings	**$**	**42,793**	$	80,990
Denominator for basic earnings per share:				
– weighted average shares, net of shares held in trust		**21,719,568**		21,509,250
Denominator for diluted earnings per share:				
– weighted average shares, net of shares held in trust		**21,719,568**		21,509,250
– effect of dilutive share rights		**469,060**		762,378
Denominator for diluted earnings per share		**22,188,628**		22,271,628
Basic earnings per share	**$**	**1.97**	$	3.77
Diluted earnings per share	**$**	**1.93**	$	3.64

For the year, the calculation above excludes 38,667 anti-dilutive share rights (2023 – nil).

20. SHARE-BASED COMPENSATION PLANS

The Corporation has four share-based compensation plans: the Wajax Share Ownership Plan (the "SOP"), the Directors' Deferred Share Unit Plan (the "DDSUP"), the Mid-Term Incentive Plan for Senior Executives (the "MTIP") and the Deferred Share Unit Plan (the "DSUP"). The following table provides the share-based compensation expense for awards under all plans:

For the year ended December 31		**2024**		2023
Treasury share rights plans				
SOP equity-settled	**$**	**84**	$	90
DDSUP equity-settled		**1,026**		1,037
Total treasury share rights plans expense	**$**	**1,110**	$	1,127
Market-purchased share rights plans				
MTIP equity-settled	**$**	**2,097**	$	1,677
DSUP equity-settled		**90**		5
Total market-purchased share rights plans expense	**$**	**2,187**	$	1,682
Cash-settled rights plans				
MTIP cash-settled	**$**	**3,561**	$	6,512
DSUP cash-settled		**(25)**		127
Total cash-settled rights plans expense	**$**	**3,536**	$	6,639
Total share-based compensation expense	**$**	**6,833**	$	9,448

a) Treasury share rights plans

Under the SOP and the DDSUP, rights are issued to the participants which are settled by issuing Wajax Corporation shares for no cash consideration. Rights under the SOP vest over three years, while rights under the DDSUP vest immediately. Vested rights are settled when the participant is no longer employed by the Corporation or one of its subsidiary entities or no longer sits on its Board. Whenever dividends are paid on the Corporation's shares, additional rights (dividend equivalents) with a value equal to the dividends are credited to the participants' accounts.

The following rights under these plans are outstanding:

	Number of Rights		Fair Value at Time of Grant
Outstanding at December 31, 2023	399,288	$	5,818
Grants – new grants	40,026		1,025
– dividend equivalents	19,725		—
Settlements	(98,278)		(1,189)
Outstanding at December 31, 2024	360,761	$	5,654

At December 31, 2024, 347,420 share rights were vested (December 31, 2023 - 386,584 share rights were vested).

The outstanding aggregate number of shares issuable to satisfy entitlements under these plans is as follows:

	Number of Shares
Approved by shareholders	1,650,000
Exercised to date	(736,655)
Rights outstanding	(360,761)
Available for future grants at December 31, 2024	552,584

b) Market-purchased share rights plans

The MTIP plan consists of cash-settled restricted share units ("RSUs") and equity-settled performance share units ("PSUs"), and the equity-settled DSUP plan consists of deferred share units ("DSUs").

Market-purchased share rights plans consist of PSUs under the MTIP plan and DSUs, which vest over three years and are settled in common shares of the Corporation on a one-for-one basis. DSUs are only subject to time-vesting, whereas PSUs are also subject to performance vesting. PSUs are comprised of two types:

- **Total shareholder return (“TSR”) PSUs:** TSR PSUs vest dependent upon the attainment of a TSR market condition. Such performance vesting criteria result in a performance vesting factor that ranges from 0% to 200% depending on the Corporation's TSR relative to a pre-selected group of peers.

- **Return on net assets (“RONA”) PSUs or Return on invested capital (“ROIC”) PSUs:** RONA PSUs are applicable for grants prior to 2022 and vest dependent upon the attainment of a target level of return on net assets. ROIC PSUs are applicable from 2022 onward and vest dependent upon the attainment of a target level of return on invested capital. Such performance vesting criteria results in a performance vesting factor that ranges from 0% to 150% depending on the level of RONA or ROIC attained. During the year, the last remaining RONA PSUs vested and were settled, leaving only ROIC PSUs outstanding as at December 31, 2024.

These plans are settled through shares purchased on the open market by the employee benefit plan trust, subject to the attainment of their vesting conditions. PSUs are settled at the end of the vesting period, and the number of shares remitted to the participant upon settlement is equal to the number of PSUs awarded multiplied by the performance vesting factor less shares withheld to satisfy the participant's withholding tax requirement. DSUs are settled when the participant is no longer employed by the Corporation or one of its subsidiary entities. Whenever dividends are paid on the Corporation’s shares, additional rights with a value equal to the dividends are credited to the participants’ accounts with the same vesting conditions as the original PSUs and DSUs.

The following rights under these plans are outstanding:

	Number of Rights	Fair Value at Time of Grant
Outstanding at December 31, 2023	256,622	$ 5,809
Grants – new grants	86,745	2,637
– dividend equivalents	15,647	—
Forfeitures	(3,707)	(98)
Settlements	(122,849)	(2,160)
Outstanding at December 31, 2024	232,458	$ 6,188

At December 31, 2024, 20,902 outstanding rights were vested (December 31, 2023 - 33,796 rights were vested). All vested rights are DSUs.

c) Cash-settled rights plans

Cash-settled rights plans consist of MTIP RSUs and cash-settled DSUs. Compensation expense varies with the price of the Corporation's shares and is recognized over the three year vesting period. RSUs are settled at the end of the vesting period, whereas DSUs are settled when the participant is no longer employed by the Corporation or one of its subsidiary entities. Whenever dividends are paid on the Corporation’s shares, additional rights with a value equal to the dividends are credited to the participants’ accounts with the same vesting conditions as the original rights. The value of the payout is equal to the number of rights awarded including earned dividend equivalents, multiplied by the volume weighted average share price at the time of vesting. At December 31, 2024, the carrying amount of the liabilities for these plans was $5,235 (December 31, 2023 – $8,077).

The following rights under these plans are outstanding:

		Number of Rights
Outstanding at December 31, 2023		479,146
Grants	– new grants	109,529
	– dividend equivalents	20,716
Forfeitures		(12,038)
Settlements		(194,923)
Outstanding at December 31, 2024		402,430

At December 31, 2024, 4,452 outstanding rights were vested (December 31, 2023 - 11,816 rights were vested).

21. REVENUE

a) Disaggregation of revenue

In the following table, revenue is disaggregated by revenue type:

For the year ended December 31		**2024**		2023
Equipment sales	**$**	**618,582**	$	607,089
Product support		**535,034**		543,278
Industrial parts		**572,001**		605,072
Engineered repair services (ERS)		**326,456**		354,286
Revenue from contracts with customers	**$**	**2,052,073**	$	2,109,725
Equipment rental		**45,522**		44,953
Total	**$**	**2,097,595**	$	2,154,678

For the year ended December 31, 2024, the Corporation included $20,437 (2023 - $17,057) in equipment sales related to short-term rental contracts, the majority of which are expected to convert to equipment sales within a six to twelve month period.

b) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

		2025		2026		2027		Total
Equipment sales	$	10,006	$	52	$	—	$	10,058
ERS		12,954		920		461		14,335
Total	$	22,960	$	972	$	461	$	24,393

The Corporation has applied the practical expedient which permits the Corporation to not disclose information about remaining performance obligations that have original expected durations of one year or less.

22. EMPLOYEE COSTS

Employee costs recorded in cost of sales and selling and administrative expenses for the Corporation during the year amounted to:

	Note	2024	2023
Wages and salaries, including bonuses		**$ 324,271**	$ 326,735
Other benefits		**46,813**	45,430
Pension costs - defined contribution plans	15	**12,092**	11,178
Pension costs - defined benefit plans	15	**475**	466
Share-based compensation expense	20	**6,833**	9,448
		$ 390,484	$ 393,257

23. RESTRUCTURING AND OTHER RELATED COSTS

In the fourth quarter of 2024, the Corporation implemented workforce reductions in response to economic conditions. A restructuring cost of $5,766 was recognized in the fourth quarter relating primarily to severance costs.

See Note 13 for the restructuring provision balance and movement.

24. FINANCE COSTS

Finance costs are comprised of the following:

For the year ended December 31	Note	2024	2023
Interest on long-term debt	17	**$ 21,019**	$ 13,627
Unrealized loss on interest rate swaps	18	**3,566**	1,237
Interest on debentures	16	**4,048**	3,999
Interest on lease liabilities	14	**10,580**	8,871
Interest income on lease receivables		**(1,031)**	(630)
Finance costs		**$ 38,182**	$ 27,104

25. INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax as follows:

For the year ended December 31	2024	2023
Current income tax expense	**$ 17,129**	$ 28,107
Deferred income tax (recovery) expense	**(1,609)**	547
Income tax expense	**$ 15,520**	$ 28,654

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.0% (2023 – 26.0%). Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax assets and liabilities have been measured using an expected average combined statutory income tax rate of 26.0% based on the tax rates in years when the temporary differences are expected to reverse.

On June 20, 2024, legislation to implement the “Pillar Two” global minimum tax regime in Canada was enacted, effective January 1, 2024. The Corporation is subject to the global minimum tax. The global minimum top-up tax recognized in current income tax expense for the year ended December 31, 2024 is nil.

The Corporation has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The reconciliation of income taxes at Canadian statutory rates to the reported income tax expense is as follows:

For the year ended December 31		**2024**		2023
Combined statutory income tax rate		**26.0%**		26.0%
Expected income tax expense at statutory rates	**$**	**15,161**	$	28,507
Non-deductible expenses		**1,394**		896
Changes in estimates related to prior years		**(610)**		(559)
Other		**(425)**		(190)
Income tax expense	**$**	**15,520**	$	28,654

Recognized deferred tax assets and liabilities and the movement of temporary differences during the year are as follows:

	December 31, 2023	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Recognized in retained earnings**	**December 31, 2024**
Property, plant and equipment	**$ (11,508)**	**$ 403**	**$ —**	**$ —**	**$ (11,105)**
Finance leases	**6,085**	**23**	**—**	**—**	**6,108**
Intangible assets	**(13,250)**	**1,340**	**—**	**—**	**(11,910)**
Goodwill	**(797)**	**(144)**	**—**	**—**	**(941)**
Accrued liabilities	**7,790**	**(1,676)**	**—**	**712**	**6,826**
Provisions	**743**	**(8)**	**—**	**—**	**735**
Other Liabilities	**63**	**—**	**—**	**—**	**63**
Derivative instruments	**(1,644)**	**1,463**	**(984)**	**—**	**(1,165)**
Employee benefits	**1,828**	**(123)**	**(8)**	**—**	**1,697**
Deferred financing costs	**(227)**	**226**	**—**	**—**	**(1)**
Tax loss carryforwards	**589**	**105**	**—**	**—**	**694**
Net deferred tax liabilities	**$ (10,328)**	**$ 1,609**	**$ (992)**	**$ 712**	**$ (8,999)**

	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Recognized on business acquisitions	December 31, 2023
Property, plant and equipment	$ (10,447)	$ (960)	$ —	$ (101)	$ (11,508)
Finance leases	6,265	(180)	—	—	6,085
Intangible assets	(11,582)	1,207	—	(2,875)	(13,250)
Goodwill	(643)	(154)	—	—	(797)
Accrued liabilities	8,436	(646)	—	—	7,790
Provisions	822	(79)	—	—	743
Other Liabilities	—	63	—	—	63
Derivative instruments	(3,197)	(66)	1,619	—	(1,644)
Employee benefits	1,730	(17)	115	—	1,828
Deferred financing costs	(276)	49	—	—	(227)
Tax loss carryforwards	353	236	—	—	589
Net deferred tax liabilities	$ (8,539)	$ (547)	$ 1,734	$ (2,976)	$ (10,328)

Deferred tax assets of $1,035 (2023 - $1,035) have not been recognized in respect of deductible temporary differences related to land because it is not probable that future taxable profit will be available against which the Corporation can use the benefits therefrom.

26. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

The net change in non-cash operating working capital comprises the following:

For the year ended December 31		2024		2023
Trade and other receivables	**$**	**7,476**	$	3,699
Contract assets		**13,932**		(7,415)
Inventory		**(38,047)**		(162,481)
Deposits on inventory		**(4,768)**		(106)
Prepaid expenses		**(1,409)**		(2,713)
Accounts payable and accrued liabilities		**4,408**		(29,936)
Provisions		**4,445**		(451)
Contract liabilities		**1,291**		2,380
Total	**$**	**(12,672)**	$	(197,023)

For the year ended December 31, 2024, the change in inventory above excludes transfers of rental equipment to inventory of $4,098 (2023 - $3,542).

27. CAPITAL MANAGEMENT

Objective

The Corporation defines its capital as the total of its shareholders’ equity, long-term debt, and debentures (“interest bearing debt”). The Corporation’s objective when managing capital is to have a capital structure and capacity to support the Corporation’s operations and strategic objectives set by the Board of Directors.

Management of capital

As part of the Corporation’s renewed long-term strategy, its capital structure will continue to be managed such that it maintains a prudent leverage ratio, defined below, in order to provide funds available to invest in strategic growth initiatives, provide liquidity in times of economic uncertainty and to allow for the payment of dividends. In addition, the Corporation’s tolerance to interest rate risk decreases/increases as the Corporation’s leverage ratio increases/decreases. The Corporation’s objective is to manage its working capital and normal-course capital investment programs within a leverage range of 1.5 to 2.0 times and to fund those programs through operating cash flow and its bank credit facilities as required. There may be instances whereby the Corporation is willing to maintain a leverage ratio outside of this range during changes in economic cycles. The Corporation may also maintain a leverage ratio above the stated range as a result of investment in significant acquisitions and may fund those acquisitions using its bank credit facilities and other debt instruments in accordance with the Corporation’s expectations of total future cash flows, financing costs and other factors.

The leverage ratio at the end of a particular quarter is defined as debt divided by trailing 12-month pro-forma adjusted EBITDA. Debt includes bank indebtedness, debentures, total long-term debt, and letters of credit, net of cash. Pro-forma adjusted EBITDA used in calculating the leverage ratio under the bank credit agreement is calculated as earnings before any facility closure, restructuring, and other related costs, gains/losses recorded on the sale of properties, non-cash gains/losses on mark to market of derivative instruments, change in fair value of contingent consideration, finance costs, income tax expense and depreciation and amortization, 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 adjusted for payment of lease liabilities pursuant to the terms of the bank credit facility.

Although management currently believes the Corporation has adequate debt capacity, the Corporation may have to access the equity or debt markets, or temporarily reduce dividends to accommodate any shortfalls in the Corporation's credit facilities or significant growth capital requirements.

There were no significant changes in the Corporation's approach to capital management during the year.

Restrictions on capital

The interest bearing debt includes a $500,000 bank credit facility which expires on October 1, 2027. The bank credit facility contains the following key covenants:

- Borrowing capacity is dependent upon the level of the Corporation's inventory on hand and the outstanding trade accounts receivable ("borrowing base").
- The Corporation will be restricted from declaring cash dividends or acquiring businesses in the event the Corporation's leverage ratio, as defined under the bank credit facility, exceeds 4.0 times.
- An interest coverage maintenance ratio.

At December 31, 2024, the Corporation was in compliance with all covenants and there were no restrictions on declaring quarterly cash dividends or acquiring businesses.

Under the terms of the $500,000 bank credit facility, the Corporation is permitted to have additional interest bearing debt of $25,000. As a result, the Corporation has up to $25,000 of demand inventory equipment financing capacity with three third-party financing companies. At December 31, 2024, the Corporation had utilized $12,522 of its interest bearing equipment financing facilities.

28. RELATED PARTY TRANSACTIONS

Balances and transactions between the Corporation and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Corporation's related party transactions consist of the compensation of the Board of Directors and key management personnel which is set out in the following table:

		2024		2023
Salaries, bonus and other short-term employee benefits	**$**	**5,333**	$	5,778
Pension costs - defined contribution plans		**315**		280
Share-based compensation expense		**3,005**		3,514
Total compensation	**$**	**8,653**	$	9,572

29. OPERATING SEGMENTS

The Corporation's Chief Executive Officer, who is also the Chief Operating Decision Maker, regularly assesses the performance of, and makes resource allocation decisions based on, the Corporation as a whole. As a result, the Corporation has determined that it comprises a single operating segment and therefore a single reportable segment.

30. COMPARATIVE INFORMATION

A change in presentation during the year resulted in the reclassification of the unrealized gain or loss on interest rate swaps, from selling and administrative expenses to finance costs within the consolidated statements of earnings. Accordingly, certain comparative information has been reclassified to conform to the current year's presentation.

31. SUBSEQUENT EVENTS

On March 4, 2025, the Corporation declared a first quarter 2025 dividend of $0.35 per share.