

# Wajax Corporation

## Management's Discussion and Analysis – Q3 2025

---

The following management's discussion and analysis ("MD&A") discusses the consolidated financial condition and results of operations of Wajax Corporation ("Wajax" or the "Corporation") for the quarter ended September 30, 2025. This MD&A should be read in conjunction with the information contained in the unaudited condensed consolidated interim financial statements and accompanying notes for the quarter ended September 30, 2025. Information contained in this MD&A is based on information available to management as of November 3, 2025.

Management is responsible for the information disclosed in this MD&A and the unaudited condensed consolidated interim financial statements and accompanying notes, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. Wajax's Board of Directors has approved this MD&A and the unaudited condensed consolidated interim financial statements and accompanying notes. In addition, Wajax's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by Wajax and has reviewed this MD&A and the unaudited condensed consolidated interim financial statements and accompanying notes.

Wajax reports on certain non-GAAP measures, non-GAAP ratios, and supplementary financial measures that are used by management to evaluate the performance of the Corporation. In addition, non-GAAP measures are used in measuring compliance with debt covenants. Non-GAAP measures do not have standardized meaning under GAAP and may not be comparable to similar measures provided by other issuers. Wajax includes these measures because management believes that they assist investors in assessing financial performance. The definition, calculation and reconciliation of non-GAAP measures are provided in the Non-GAAP and Other Financial Measures section.

Unless otherwise indicated, all financial information within this MD&A is in millions of Canadian dollars, except ratio calculations, share, share unit and per share data. Additional information, including Wajax's Annual Report and Annual Information Form, is available under the Corporation's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Wajax Corporation Overview

---

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

# Strategic Direction and Outlook

---

Wajax's corporate purpose statement is, "Empowering People to Build a Better Tomorrow", which we strive to achieve by living our values and delivering an exceptional experience for our people, customers, suppliers, shareholders and the communities we serve. In 2025, we are focusing on six strategic priorities:

## **Continuing to Build a People-First Company**

The safety, well-being and engagement of our 2,900+ teammates is the foundation that ensures that both our people and business can thrive together. By driving excellent performance and profitability, we create the capacity to further invest in our commitment to being people-first.

We take a comprehensive approach to employee health and wellness – including physical, mental and financial well-being – in addition to providing extensive learning and development opportunities and support for internal career development. A key pillar of building a people-first company is living our values every day:

- We commit to safety and well-being;
- We develop potential and expertise;
- We deliver an exceptional experience together;
- We build lasting relationships; and
- We strive to continuously improve.

We continue to develop our environmental, social and governance programs as outlined in our annual Sustainability Report for the year ended December 31, 2024, which is available on our website at [www.wajax.com](http://www.wajax.com). The Sustainability Report is not incorporated by reference in this MD&A.

## **Growing Our Existing Business with a Focus on Parts, Service and Margin Improvement**

Creating a differentiated and exceptional customer experience is an important driver of success for Wajax. We will continue to improve our mix and margin profile over time, and invest in tools, training and support to allow our people to deliver value-added services to our customers.

## **Unlocking the Potential of Our Enhanced Direct Relationship with Hitachi**

Continuing to leverage and expand our enhanced direct distribution relationship with Hitachi will also be a key driver of our success. Our ability to source world-class Hitachi equipment and parts directly from Japan, coupled with Hitachi's technological innovation and dedicated financing programs, allows us to better serve our customers.

## **Acquiring and Integrating Industrial Parts and Engineered Repair Services Businesses**

Our national infrastructure and extensive customer relationships position us as an aggregator in the highly fragmented engineered repair services ("ERS") and related industrial parts market – and adding sought-after technical capabilities and expanding the services we offer will allow us to better serve our customers and drive improved product mix and margin profile. In 2025, our focus will be on fully integrating our prior acquisitions to realize additional synergies while maintaining a disciplined approach to future opportunities.

## **Improving Cost Structure and Processes**

Investing in infrastructure and continuous improvement initiatives to enhance customer service and to improve operating efficiency and leverage in our business. Our current programs include the ongoing optimization of our branch network, reviewing operating processes for efficiency and effectiveness, and prudently managing our balance sheet.

## **Continuing ERP System Roll-out and Technology Improvements**

Investing in information technology platforms to improve operating efficiencies and to improve customer and employee experience. Our enterprise resource planning ("ERP") system roll-out continues to be an area of focus and is now over 90% complete.

## Outlook

Wajax delivered steady performance in the third quarter of 2025, reflecting management's efforts to drive margin improvement, maintain disciplined cost control and sustain focus on inventory optimization.

Revenue for the third quarter of 2025 was \$483.1 million, an increase of \$2.1 million, or 0.4%, compared to the third quarter of 2024. The year-over-year increase was primarily driven by higher mining equipment sales, including the delivery of one large mining shovel, with no comparable delivery in the prior year. This was partially offset by lower equipment sales in the construction and forestry category in western and eastern Canada, reflecting increased market pressures in this category.

Adjusted basic earnings per share was \$0.75 in the third quarter of 2025 versus \$0.44 in the third quarter of 2024.<sup>(1)</sup>

Gross profit margin increased to 20.8%, up 160 basis points ("**bps**") from 19.2% a year ago and up 370 basis points from 17.1% in the fourth quarter of 2024.<sup>(1)</sup> The improvement was driven primarily by higher margins realized across most revenue sources, reflecting the progress of management's margin improvement initiatives. These gains were partially offset by lower equipment margins due to competitive market dynamics.

Selling and administrative expenses represented 14.7% of revenue, consistent with the prior year.<sup>(1)</sup> Sequentially, expenses declined to \$70.8 million in the third quarter of 2025 from \$73.4 million in the second quarter of 2025, reflecting continued discipline in cost control and operational efficiency.

As at September 30, 2025, the Corporation's backlog was \$506.5 million, a decline of \$17.8 million, or 3.4%, from June 30, 2025.<sup>(1)</sup> The reduction was primarily due to lower material handling and industrial parts orders and the delivery of a large mining shovel during the quarter. Despite this decrease, backlog remains robust and includes four large mining shovels scheduled for delivery over the next six quarters.

Inventory optimization remains a key focus, with total inventory of \$605.7 million as at September 30, 2025, down \$144.4 million from its peak in March 2024. Ongoing discipline in inventory management continues to support improved cash flow from operations, which was \$18.5 million generated in the third quarter of 2025, compared with cash used of \$36.6 million in the prior year period.

The Corporation's leverage ratio improved to 2.28 times at September 30, 2025, from 2.35 times at June 30, 2025.<sup>(1)</sup> This improvement reflects continued focus on debt reduction and working capital optimization, with the objective of returning leverage to within the Corporation's target range of 1.5 to 2.0 times.

Effective October 24, 2025, the Corporation extended the maturity of its \$500.0 million senior secured bank credit facility from October 1, 2027 to October 24, 2029. This extension enhances financial flexibility in support of Wajax's long-term strategic priorities.

Looking ahead to the balance of 2025, Wajax continues to see strong customer demand in the mining and energy sectors, with the former supported by a robust equipment backlog. The broader end-market environment remains challenging, with macroeconomic softness and ongoing uncertainty related to Canada-U.S. tariff dynamics.

On October 15, 2025, Wajax announced that its Board of Directors and Iggy Domagalski, President and CEO, have jointly agreed to initiate a CEO succession process. As part of this planned transition, Mr. Domagalski will continue to serve as President and CEO and as a director of Wajax until the conclusion of the process, ensuring continuity and a seamless handover of responsibilities to his successor. Completion of the search process is expected in the first quarter of 2026. During this period, management will remain sharply focused on Wajax's six strategic priorities and key operational areas: inventory optimization, cost management and margin improvement.

Management believes that continued execution of these priorities and key areas of focus, supported by prudent capital allocation and a strong balance sheet, will drive sustainable value creation over the long term. Wajax remains well-positioned to benefit from its diverse market exposure, disciplined growth strategy and focus on operational excellence.

See the Cautionary Statement Regarding Forward-Looking Information section.

Notes:

- (1) "Backlog", "Leverage ratio", "Gross profit margin", "Adjusted basic earnings per share", and "Selling and administrative expenses as a percentage of revenue" do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

## Highlights for the Quarter

---

- Revenue in the third quarter of 2025 increased \$2.1 million, or 0.4%, to \$483.1 million, from \$481.0 million in the third quarter of 2024. Regionally:
  - Revenue in western Canada of \$210.3 million increased 0.3% from the same period in the prior year due primarily to higher mining equipment sales, including the delivery of a large mining shovel in the third quarter of 2025 with no such delivery in the third quarter of the prior year. This increase was partially offset by lower ERS revenue and reduced equipment sales in the construction and forestry, and material handling categories.
  - Revenue in central Canada of \$91.4 million increased 3.3% from the same period in the prior year due primarily to stronger industrial parts and ERS revenue, and higher equipment sales in the construction and forestry, and power systems categories. These increases were partially offset by lower material handling equipment sales.
  - Revenue in eastern Canada of \$181.5 million decreased 0.7% from the same period in the prior year due primarily to lower equipment sales in the construction and forestry category, and reduced industrial parts sales. These decreases were partially offset by higher material handling equipment sales and ERS revenue.
- Gross profit margin of 20.8% in the third quarter of 2025 increased 160 bps compared with gross profit margin of 19.2% in the same period of 2024.<sup>(1)</sup> The increase in margin was driven primarily by higher margins realized on product support, industrial parts and ERS sales, reflecting management's focus on margin improvement initiatives in these areas of the business. These increases were partially offset by reduced equipment margins due to competitive market dynamics. Gross profit margin increased by 170 bps from 19.1% in the second quarter of 2025 and increased by 370 bps from 17.1% in the fourth quarter of 2024.<sup>(1)</sup>
- Selling and administrative expenses as a percentage of revenue remained flat at 14.7% in both the third quarter of 2025 and the same period of 2024.<sup>(1)</sup> Selling and administrative expenses in the third quarter of 2025 decreased \$0.1 million compared with the third quarter of 2024 and decreased \$2.6 million compared with the second quarter of 2025, driven by ongoing discipline in cost control and operational efficiency.
- EBIT of \$29.5 million in the third quarter of 2025 increased \$8.1 million, or 37.8%, from \$21.4 million in the same period of 2024. The year-over-year increase in EBIT resulted primarily from higher gross profit margin. Adjusted EBIT increased \$7.0 million, or 32.3%, to \$28.6 million in the third quarter of 2025 from \$21.6 million in the third quarter of 2024, and adjusted EBIT margin increased to 5.9% in the third quarter of 2025 from 4.5% in the same quarter of 2024.<sup>(1)</sup> Adjusted EBIT margin of 5.9% in the third quarter of 2025 improved from 5.4% in the second quarter of 2025 and 3.4% in the fourth quarter of 2024.<sup>(1)</sup>
- Finance costs of \$6.8 million in the third quarter of 2025 decreased \$6.2 million compared with the same quarter last year. Excluding the unrealized loss on interest rate swaps of \$0.3 million in the quarter and the unrealized loss of \$4.2 million in the same period of the prior year, finance costs decreased \$2.3 million compared with the same quarter of 2024 due primarily to lower interest rates and lower average borrowings when considering both Wajax's bank credit facility and any outstanding debentures combined. Wajax repaid its senior unsecured debentures on January 15, 2025. See the Bank and Other Credit Facilities and Debentures section for further details on the repayment of the debentures.

- The Corporation generated net earnings of \$16.7 million, or \$0.77 per share, in the third quarter of 2025 versus \$6.4 million, or \$0.29 per share, in the same period of 2024. The Corporation generated adjusted net earnings of \$16.2 million, or \$0.75 per share, in the third quarter of 2025 versus \$9.6 million, or \$0.44 per share, in the same period of 2024.<sup>(1)</sup> Adjusted net earnings in the third quarter of 2025 excludes non-cash gains on mark to market of derivative instruments of \$0.5 million after tax, or \$0.02 per share (2024 – losses of \$3.2 million after tax, or \$0.15 per share).<sup>(1)</sup>
- Adjusted EBITDA margin increased to 9.3% in the third quarter of 2025 from 7.8% in the third quarter of 2024 due primarily to higher gross profit margin.<sup>(1)</sup> Adjusted EBITDA margin of 9.3% in the third quarter of 2025 improved from 8.2% in the second quarter of 2025 and 6.2% in the fourth quarter of 2024.<sup>(1)</sup>
- Cash flows generated from operating activities amounted to \$18.5 million in the third quarter of 2025, compared with cash used of \$36.6 million in the same quarter of the prior year. The increase in cash generated of \$55.1 million was mainly attributable to a decrease in accounts payable and accrued liabilities of \$1.9 million during the quarter, compared to a decrease of \$76.0 million in the same quarter of the prior year, and rental equipment additions of \$0.3 million during the quarter, compared to \$9.0 million in the same quarter of the prior year. These increases in cash generated were offset partially by an increase in trade and other receivables of \$7.5 million in the quarter compared to a decrease of \$16.0 million in the same quarter of the prior year.
- The Corporation's backlog of \$506.5 million at September 30, 2025 decreased \$17.8 million, or 3.4%, compared to June 30, 2025 backlog of \$524.3 million due primarily to lower material handling and industrial parts orders, and lower mining backlog, driven largely by the sale of a large mining shovel in the quarter which was included in backlog at June 30, 2025.<sup>(1)</sup> These decreases were partially offset by higher construction and forestry, and ERS orders. Backlog decreased \$81.6 million, or 13.9%, compared to September 30, 2024 backlog of \$588.1 million due primarily to lower material handling orders and lower mining backlog, driven largely by the sale of six large mining shovels since September 30, 2024. These decreases were partially offset by higher ERS orders.<sup>(1)</sup> Backlog at September 30, 2025 included four large mining shovels.
- Working capital of \$550.2 million at September 30, 2025 increased \$19.5 million, from \$530.7 million at June 30, 2025 due primarily to higher trade and other receivables and higher deposits on inventory.<sup>(1)</sup> Working capital efficiency was 25.4%, a slight improvement in efficiency of 30 bps from 25.7% at June 30, 2025 due to lower trailing four quarter average working capital and higher trailing 12-month revenue.<sup>(1)</sup> Excluding the Corporation's senior unsecured debentures, which were repaid on January 15, 2025, working capital efficiency was 26.1%, an improvement of 90 bps from 27.1% at June 30, 2025.<sup>(1)</sup> See the Bank and Other Credit Facilities and Debentures section for further details on the repayment of the debentures.
- The Corporation's leverage ratio improved to 2.28 times at September 30, 2025, from 2.35 times at June 30, 2025.<sup>(1)</sup> The improvement in leverage ratio was due to the higher trailing 12-month pro-forma adjusted EBITDA.<sup>(1)</sup>
- Subsequent to quarter end, on October 15, 2025, Wajax announced that its Board of Directors and Iggy Domagalski, President and CEO, have jointly agreed to initiate a CEO succession process.
- Subsequent to quarter end, effective October 24, 2025, the Corporation extended the maturity of its \$500.0 million senior secured bank credit facility from October 1, 2027 to October 24, 2029. There was no change to the credit limit of the facility, but the additional interest-bearing debt limit of \$25.0 million was increased to \$50.0 million. Effective October 24, 2025, the margins range between 1.5% and 3.3% for Canadian dollar term CORRA loans and U.S. dollar SOFR borrowings, and between 0.5% and 2.3% for prime rate borrowings.

(1) "Backlog", "Working capital", "Gross profit margin", "Selling and administrative expenses as a percentage of revenue", "Working capital efficiency", "Leverage ratio", "Adjusted net earnings", "Adjusted basic and diluted earnings per share", "Adjusted EBIT", "Adjusted EBIT margin", and "Adjusted EBITDA margin" do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

## Summary of Operating Results

Statement of earnings highlights	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Revenue	\$ 483.1	\$ 481.0	\$ 1,585.3	\$ 1,531.7
Gross profit	\$ 100.3	\$ 92.3	\$ 310.8	\$ 317.2
Selling and administrative expenses	70.8	70.9	223.5	231.8
Restructuring and other related costs	—	—	3.8	—
Earnings before finance costs and income taxes	\$ 29.5	\$ 21.4	\$ 83.4	\$ 85.4
Finance costs	6.8	13.0	22.1	29.8
Earnings before income taxes	\$ 22.7	\$ 8.4	\$ 61.3	\$ 55.6
Income tax expense	6.0	2.0	15.9	13.8
Net earnings	\$ 16.7	\$ 6.4	\$ 45.3	\$ 41.8
– Basic earnings per share <sup>(2)</sup>	\$ 0.77	\$ 0.29	\$ 2.08	\$ 1.92
– Diluted earnings per share <sup>(2)</sup>	\$ 0.75	\$ 0.29	\$ 2.04	\$ 1.88
Adjusted net earnings <sup>(1)(3)</sup>	\$ 16.2	\$ 9.6	\$ 47.9	\$ 45.4
– Adjusted basic earnings per share <sup>(1)(2)(3)</sup>	\$ 0.75	\$ 0.44	\$ 2.20	\$ 2.09
– Adjusted diluted earnings per share <sup>(1)(2)(3)</sup>	\$ 0.73	\$ 0.43	\$ 2.15	\$ 2.04
Adjusted EBIT <sup>(1)</sup>	\$ 28.6	\$ 21.6	\$ 86.0	\$ 86.5
Adjusted EBITDA <sup>(1)</sup>	\$ 44.8	\$ 37.4	\$ 132.7	\$ 132.8
<b>Key ratios:</b>				
Gross profit margin <sup>(1)</sup>	20.8%	19.2%	19.6%	20.7%
Selling and administrative expenses as a percentage of revenue <sup>(1)</sup>	14.7%	14.7%	14.1%	15.1%
EBIT margin <sup>(1)</sup>	6.1%	4.5%	5.3%	5.6%
Adjusted EBIT margin <sup>(1)</sup>	5.9%	4.5%	5.4%	5.6%
Adjusted EBITDA margin <sup>(1)</sup>	9.3%	7.8%	8.4%	8.7%
Effective income tax rate	26.3%	24.0%	26.0%	24.9%

Statement of financial position highlights	September 30 2025	June 30 2025	December 31 2024
As at			
Trade and other receivables	\$ 287.5	\$ 279.6	\$ 303.5
Inventory	605.7	602.5	673.1
Accounts payable and accrued liabilities	(364.9)	(365.2)	(421.5)
Debentures - current <sup>(4)</sup>	—	—	(57.0)
Other working capital amounts <sup>(1)</sup>	21.9	13.8	34.3
Working capital <sup>(1)</sup>	\$ 550.2	\$ 530.7	\$ 532.4
Rental equipment	\$ 43.3	\$ 46.4	\$ 50.0
Property, plant and equipment	\$ 45.0	\$ 46.5	\$ 45.7
Funded net debt <sup>(1)</sup>	\$ 280.6	\$ 276.2	\$ 332.7
<b>Key ratios:</b>			
Leverage ratio <sup>(1)</sup>	2.28	2.35	2.61
Senior secured leverage ratio <sup>(1)</sup>	2.28	2.35	2.17

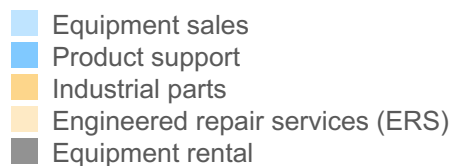
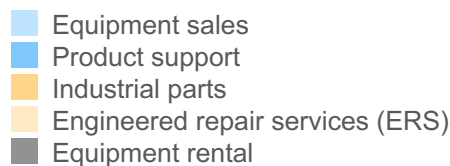
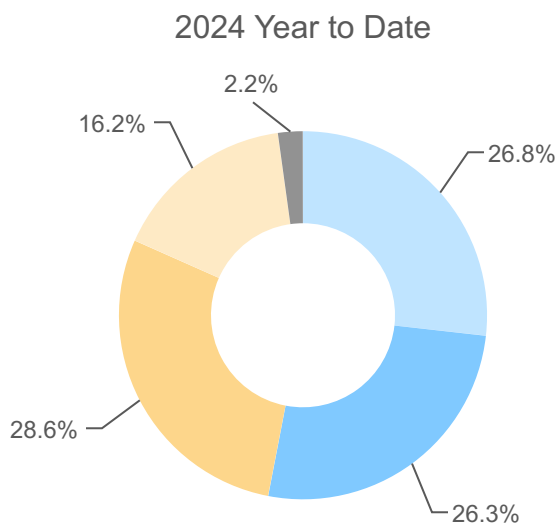
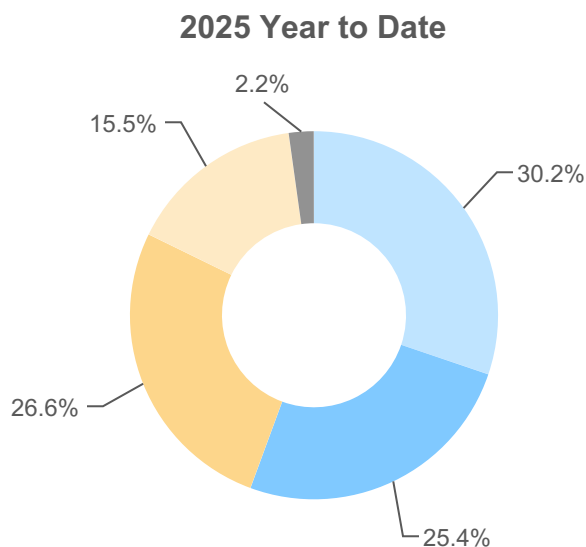
(1) These measures do not have a standardized meaning prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

- (2) Weighted average shares, net of shares held in trust, outstanding for calculation of basic and diluted earnings per share for the third quarter of 2025 were 21,745,685 (2024 – 21,723,944) and 22,289,874 (2024 – 22,256,608), respectively.  
Weighted average shares, net of shares held in trust, outstanding for calculation of basic and diluted earnings per share for the nine months ended September 30, 2025 were 21,767,794 (2024 - 21,701,141) and 22,205,746 (2024 - 22,248,541), respectively.
- (3) Net earnings excluding the following:
- after-tax non-cash gains on mark to market of derivative instruments of \$0.5 million (2024 – losses of \$3.2 million), or basic and diluted earnings per share of \$0.02 (2024 – basic and diluted loss per share of \$0.15 and \$0.14, respectively) for the third quarter of 2025.
  - after-tax non-cash gains on mark to market of derivative instruments of \$0.3 million (2024 – losses of \$3.6 million), or basic and diluted earnings per share of \$0.02 and \$0.01, respectively (2024 – basic and diluted loss per share of \$0.17 and \$0.16, respectively) for the nine months ended September 30, 2025.
  - after-tax facility closure, restructuring and other related costs of \$2.8 million (2024 – nil), or basic and diluted loss per share of \$0.13 (2024 – nil) for the nine months ended September 30, 2025.
- (4) On January 15, 2025, the Corporation repaid in full the \$57.0 million in principal amount owed under its 6.00% senior unsecured debentures, along with accrued interest up to but excluding the maturity date.

## Results of Operations

### Revenue Sources

	Three months ended September 30				Nine months ended September 30			
	2025	2024	\$ change	% change	2025	2024	\$ change	% change
Equipment sales	\$ 131.3	\$ 131.7	\$ (0.3)	(0.3)%	\$ 478.9	\$ 410.2	\$ 68.7	16.8 %
Product support	122.9	123.1	(0.2)	(0.1)%	402.8	402.3	0.5	0.1 %
Industrial parts	136.4	136.4	0.0	— %	422.2	438.4	(16.2)	(3.7)%
Engineered repair services (ERS)	80.8	78.1	2.7	3.5 %	246.5	247.4	(0.9)	(0.4)%
Equipment rental	11.7	11.8	(0.1)	(0.8)%	34.9	33.4	1.5	4.5 %
<b>Total revenue</b>	<b>\$ 483.1</b>	<b>\$ 481.0</b>	<b>\$ 2.1</b>	<b>0.4 %</b>	<b>\$1,585.3</b>	<b>\$1,531.7</b>	<b>\$ 53.6</b>	<b>3.5 %</b>



## Revenue

Revenue in the third quarter of 2025 increased 0.4%, or \$2.1 million, to \$483.1 million from \$481.0 million in the third quarter of 2024. The following key factors contributed to the increase in revenue:

- ERS sales increased 3.5% due to higher sales in central and eastern Canada.
- Equipment sales decreased 0.3% due to lower sales in construction and forestry, and material handling, offset partially by higher mining sales in western Canada driven by the delivery of a large mining shovel in the third quarter of 2025 with no such delivery in the third quarter of the prior year.

For the nine months ended September 30, 2025, revenue increased 3.5%, or \$53.6 million, to \$1,585.3 million, from \$1,531.7 million in 2024. The following key factors contributed to the increase in revenue:

- Equipment sales increased 16.8% due primarily to higher mining sales in western Canada driven by the delivery of four large mining shovels in 2025 with no such deliveries in the prior year, and higher construction and forestry sales in central Canada. These increases were partially offset by lower material handling sales in western and central Canada, and lower construction and forestry sales in western and eastern Canada.
- Industrial parts sales decreased 3.7% due primarily to lower sales in eastern Canada driven by softer market conditions.

## Backlog

The Corporation's backlog of \$506.5 million at September 30, 2025 decreased \$17.8 million, or 3.4%, compared to June 30, 2025 backlog of \$524.3 million due primarily to lower material handling and industrial parts orders, and lower mining backlog, driven largely by the sale of a large mining shovel in the quarter which was in backlog at June 30, 2025.<sup>(1)</sup> These decreases were partially offset by higher construction and forestry, and ERS orders. Backlog decreased \$81.6 million, or 13.9%, compared to September 30, 2024 backlog of \$588.1 million due primarily to lower material handling orders, and lower mining backlog, driven largely by the sale of six large mining shovels since September 30, 2024. These decreases were partially offset by higher ERS orders.<sup>(1)</sup> Backlog at September 30, 2025 included four large mining shovels.

## Gross profit

Gross profit increased \$8.0 million, or 8.7%, in the third quarter of 2025 compared to the third quarter of 2024 due primarily to higher margins realized on product support, industrial parts and ERS sales, reflecting management's focus on margin improvement initiatives in these areas of the business. These increases were partially offset by reduced equipment margins due to competitive market dynamics.

Gross profit margin of 20.8% in the third quarter of 2025 increased 160 bps compared with gross profit margin of 19.2% in the same period of 2024.<sup>(1)</sup> The increase in margin was driven primarily by higher margins realized on product support, industrial parts and ERS sales, reflecting management's focus on margin improvement initiatives in these areas of the business. These increases were partially offset by reduced equipment margins due to competitive market dynamics. Gross profit margin increased by 170 bps from 19.1% in the second quarter of 2025 and increased by 370 bps from 17.1% in the fourth quarter of 2024.<sup>(1)</sup>

For the nine months ended September 30, 2025, gross profit decreased \$6.4 million, or 2.0%, compared with the same period last year. This decrease was primarily due to reduced margins realized on equipment, industrial parts and ERS revenue, reflecting more competitive market dynamics, particularly in the first half of 2025 versus the first half of 2024. The decrease in gross profit was also driven by a higher proportion of equipment sales relative to product support, industrial parts and ERS sales. These decreases were partially offset by higher margins realized on product support revenue, reflecting management's focus on margin improvement initiatives in this area of the business.

For the nine months ended September 30, 2025, gross profit margin of 19.6% decreased 110 bps compared with gross profit margin of 20.7% in the same period of 2024.<sup>(1)</sup> This decrease in margin was primarily due to reduced margins realized on equipment, industrial parts and ERS revenue, reflecting more competitive market dynamics, particularly in the first half of 2025 versus the first half of 2024. The decrease in margin was also driven by a higher proportion of equipment sales relative to product support, industrial parts and ERS sales. These decreases were partially offset by higher margins realized on product support revenue, reflecting management's focus on margin improvement initiatives in this area of the business.

### **Selling and administrative expenses**

Selling and administrative expenses in the third quarter of 2025 decreased \$0.1 million compared with the third quarter of 2024 and decreased \$2.6 million compared with the second quarter of 2025, driven by ongoing discipline in cost control and operational efficiency.

Selling and administrative expenses as a percentage of revenue remained flat at 14.7% in both the third quarter of 2025 and the same period of 2024.<sup>(1)</sup>

For the nine months ended September 30, 2025, selling and administrative expenses decreased \$8.3 million compared with the same period last year. Excluding the \$1.4 million unrealized gain on total return swaps (2024 – \$1.6 million unrealized loss), selling and administrative expenses decreased \$5.3 million compared with the same period in the prior year, due primarily to lower spending on personnel, travel and entertainment, and supplies and marketing, driven by ongoing discipline in cost control and operational efficiency.

Selling and administrative expenses as a percentage of revenue decreased to 14.1% in 2025, from 15.1% in the same period of 2024.<sup>(1)</sup> Excluding the unrealized gain/loss on total return swaps in both periods, selling and administrative expenses as a percentage of revenue decreased to 14.2% in 2025, from 15.0% in the same period of 2024.<sup>(1)</sup>

### **Facility closure, restructuring and other related costs**

During the second quarter of 2025, the Corporation implemented a workforce reduction in response to economic conditions. For the nine months ended September 30, 2025, a restructuring cost of \$3.8 million was recognized relating primarily to severance. This cost was recorded to the restructuring and other related costs line in the statement of earnings in the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2025.

### **Finance costs**

Finance costs of \$6.8 million in the third quarter of 2025 decreased \$6.2 million compared with the same quarter last year. Excluding the unrealized loss on interest rate swaps of \$0.3 million in the quarter and the unrealized loss of \$4.2 million in the same period of the prior year, finance costs decreased \$2.3 million compared with the same quarter of 2024 due primarily to lower interest rates and lower average borrowings when considering both Wajax's bank credit facility and any outstanding debentures combined. Wajax repaid its senior unsecured debentures on January 15, 2025. See the Bank and Other Credit Facilities and Debentures section for further details on the repayment of the debentures. See also the Liquidity and Capital Resources section.

For the nine months ended September 30, 2025, finance costs of \$22.1 million decreased \$7.7 million compared with the same period in 2024. Excluding the unrealized loss on interest rate swaps of \$0.8 million in 2025 and the unrealized loss of \$3.8 million in 2024, finance costs decreased \$4.7 million, due primarily to lower interest rates and lower average borrowings when considering both Wajax's bank credit facility and any outstanding debentures combined. Wajax repaid its senior unsecured debentures on January 15, 2025. See the Bank and Other Credit Facilities and Debentures section for further details on the repayment of the debentures. See also the Liquidity and Capital Resources section.

At September 30, 2025, 53.5% of the Corporation's funded net debt was at a fixed interest rate.<sup>(1)</sup>

### **Income tax expense**

The Corporation's effective income tax rate of 26.3% for the third quarter of 2025 was higher compared with the statutory rate of 26.0% due mainly to the impact of expenses not deductible for tax purposes. The Corporation's effective income tax rate of 24.0% for the same period in 2024 was lower compared with the statutory rate of 26.0% due mainly to the impact of changes in estimates related to prior years.

The Corporation's effective income tax rate of 26.0% for the nine months ended September 30, 2025 was consistent with the statutory rate of 26.0%. The Corporation's effective income tax rate of 24.9% for the same period in 2024 was lower compared with the statutory rate of 26.0% due mainly to the impact of changes in estimates related to prior years.

### **Net earnings**

In the third quarter of 2025, the Corporation generated net earnings of \$16.7 million, or \$0.77 per share, compared with net earnings of \$6.4 million, or \$0.29 per share, in the third quarter of 2024. The \$10.3 million increase in net earnings resulted primarily from higher gross profit margin and lower finance costs.

For the nine months ended September 30, 2025, the Corporation generated net earnings of \$45.3 million, or \$2.08 per share, compared with \$41.8 million, or \$1.92 per share, in 2024. The \$3.6 million increase in net earnings resulted primarily from higher sales volume, cost saving initiatives and lower finance costs. These increases were partially offset by lower gross profit margin and a \$3.8 million restructuring cost for the workforce reduction implemented during the second quarter.<sup>(1)</sup>

### **Adjusted net earnings**

Adjusted net earnings for the third quarter of 2025 excludes non-cash gains on mark to market of derivative instruments of \$0.5 million after tax, or \$0.02 per share (2024 – losses of \$3.2 million after tax, or \$0.15 per share).<sup>(1)</sup>

As a result, adjusted net earnings increased \$6.6 million to \$16.2 million, or \$0.75 per share, for the third quarter of 2025 from \$9.6 million, or \$0.44 per share, in the same period of 2024.<sup>(1)</sup>

Adjusted net earnings for the nine months ended September 30, 2025 excludes facility closure, restructuring and other related costs of \$2.8 million after tax, or \$0.13 per share (2024 - nil), and non-cash gains on mark to market of derivative instruments of \$0.3 million after tax, or \$0.02 per share (2024 – losses of \$3.6 million, or \$0.17 per share).<sup>(1)</sup>

As a result, adjusted net earnings increased \$2.5 million to \$47.9 million, or \$2.20 per share, for the nine months ended September 30, 2025 from \$45.4 million, or \$2.09 per share, in 2024.<sup>(1)</sup>

### **Comprehensive income**

Total comprehensive income of \$17.3 million in the third quarter of 2025 included net earnings of \$16.7 million and an other comprehensive gain of \$0.6 million. The other comprehensive gain of \$0.6 million in the quarter resulted from \$0.3 million of unrealized after-tax gains on derivatives designated as cash flow hedges, and \$0.3 million of realized after-tax losses on derivatives designated as cash flow hedges, reclassified to net earnings during the period.

For the nine months ended September 30, 2025, the total comprehensive income of \$42.3 million included net earnings of \$45.3 million and an other comprehensive loss of \$3.0 million. The other comprehensive loss of \$3.0 million in the current year resulted from \$1.9 million of unrealized after-tax losses on derivatives designated as cash flow hedges, and \$1.0 million of realized after-tax gains on derivatives designated as cash flow hedges, reclassified to net earnings during the period.

Notes:

- (1) "Funded net debt", "Backlog", "Gross profit margin", "Selling and administrative expenses as a percentage of revenue", "Adjusted net earnings", and "Adjusted basic earnings per share" do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

## Selected Quarterly Information

The following table summarizes unaudited quarterly consolidated financial data for the eight most recently completed quarters.

	2025			2024			2023	
	Q3 <sup>(2)</sup>	Q2 <sup>(2)</sup>	Q1 <sup>(3)</sup>	Q4 <sup>(3)</sup>	Q3	Q2	Q1	Q4
Revenue	\$ 483.1	\$ 547.1	\$ 555.0	\$ 565.9	\$ 481.0	\$ 568.3	\$ 482.3	\$ 542.6
Net earnings	\$ 16.7	\$ 15.5	\$ 13.1	\$ 1.0	\$ 6.4	\$ 20.6	\$ 14.7	\$ 11.1
Earnings per share								
- Basic	\$ 0.77	\$ 0.71	\$ 0.60	\$ 0.05	\$ 0.29	\$ 0.95	\$ 0.68	\$ 0.52
- Diluted	\$ 0.75	\$ 0.70	\$ 0.59	\$ 0.05	\$ 0.29	\$ 0.93	\$ 0.66	\$ 0.50
Adjusted net earnings <sup>(1)</sup>	\$ 16.2	\$ 16.7	\$ 14.9	\$ 7.5	\$ 9.6	\$ 22.9	\$ 12.8	\$ 17.8
Adjusted earnings per share <sup>(1)</sup>								
- Basic	\$ 0.75	\$ 0.77	\$ 0.69	\$ 0.35	\$ 0.44	\$ 1.06	\$ 0.59	\$ 0.83
- Diluted	\$ 0.73	\$ 0.75	\$ 0.67	\$ 0.34	\$ 0.43	\$ 1.03	\$ 0.58	\$ 0.80
Dividends declared per share	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.33
Weighted average common shares outstanding - basic (in thousands)	21,746	21,756	21,802	21,774	21,724	21,697	21,682	21,570

(1) These measures do not have a standardized meaning prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

(2) One large mining shovel was sold in the quarter.

(3) Two large mining shovels were sold in the quarter.

Although quarterly fluctuations in revenue and net earnings are difficult to predict, during times of weak resource sector activity, the first quarter will tend to have seasonally lower revenues. However, the project timing of large mining trucks and shovels and power generation packages can shift revenue and net earnings throughout the year. In addition, the sale of large construction units can also impact revenue due to the seasonality in that industry.

A discussion of Wajax's previous quarterly results can be found in Wajax's quarterly MD&A available under the Corporation's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

# Consolidated Financial Condition

## Capital Structure and Key Financial Condition Measures

	September 30 2025	June 30 2025	December 31 2024
Shareholders' equity	\$ 532.6	\$ 522.0	\$ 512.3
Funded net debt <sup>(1)</sup>	280.6	276.2	332.7
Total capital <sup>(1)</sup>	\$ 813.2	\$ 798.2	\$ 844.9
Funded net debt to total capital <sup>(1)</sup>	34.5%	34.6%	39.4%
Leverage ratio <sup>(1)</sup>	2.28	2.35	2.61
Senior secured leverage ratio <sup>(1)</sup>	2.28	2.35	2.17

(1) These measures do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

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 either to support key growth initiatives or fluctuations in working capital levels during changes in economic cycles. The Corporation may also maintain a leverage ratio above the stated range as a result of investments in 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 Corporation's leverage ratio is currently above the target range primarily due to debt accumulated from investments in working capital and acquisitions over recent years. See the Funded Net Debt section.

## Shareholders' Equity

The Corporation's shareholders' equity at September 30, 2025 of \$532.6 million increased \$10.6 million from June 30, 2025, due primarily to total comprehensive income of \$17.3 million, offset partially by dividends declared of \$7.6 million. For the nine months ended September 30, 2025, the Corporation's shareholders' equity increased \$20.3 million from December 31, 2024, due primarily to total comprehensive income of \$42.3 million, offset partially by dividends declared of \$22.9 million.

The Corporation's share capital included in shareholders' equity on the condensed consolidated interim statements of financial position, consists of:

	Number of Common Shares	Amount
Issued and outstanding, December 31, 2024 and September 30, 2025	21,908,689	\$ 212.5
Shares held in trust, December 31, 2024	(112,773)	\$ (1.1)
Released for settlement of certain share-based compensation awards	23,367	0.2
Purchased for future settlement of certain share-based compensation awards	(73,598)	(0.7)
Shares held in trust, September 30, 2025	(163,004)	\$ (1.6)
<b>Issued and outstanding, net of shares held in trust, September 30, 2025</b>	<b>21,745,685</b>	<b>\$ 211.0</b>

At the date of this MD&A, the Corporation had 21,745,685 common shares issued and outstanding, net of shares held in trust.

At September 30, 2025, Wajax had 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") (with MTIP awards being composed of performance share units ("PSUs") and restricted share units ("RSUs")) and the Deferred Share Unit Plan (the "DSUP").

Each fully vested unit under the SOP and DDSUP is settled by the issuance of a common share from treasury. As of September 30, 2025, there were a total of 423,648 units outstanding under the SOP and DDSUP, of which 414,838 were fully vested. Each fully vested MTIP PSU and certain fully vested deferred share units issued under the DSUP (“**equity settled DSUs**”) are settled by the delivery of a market-purchased common share. As of September 30, 2025, a total of 341,597 MTIP PSUs and equity settled DSUs were outstanding, of which 22,012 were fully vested. Each fully vested MTIP RSU and non-equity settled DSUs (“**cash settled DSUs**”) are settled in cash. As of September 30, 2025, a total of 427,590 MTIP RSUs and cash settled DSUs were outstanding, of which 4,688 were fully vested. Depending on the actual level of achievement of the performance targets associated with the outstanding MTIP PSUs, the number of market-purchased shares required to satisfy the Corporation’s obligations thereunder could be higher or lower.

Wajax recorded compensation expense of \$1.9 million for the third quarter (2024 – expense of \$1.5 million) and compensation expense of \$5.0 million for the nine months ended September 30, 2025 (2024 – expense of \$5.8 million) in respect of these plans.

## Funded Net Debt

	September 30 2025	June 30 2025	December 31 2024
Bank indebtedness (cash)	\$ 0.6	\$ 0.9	\$ (7.4)
Debentures	—	—	57.0
Long-term debt	280.1	275.3	283.0
<b>Funded net debt<sup>(1)</sup></b>	<b>\$ 280.6</b>	<b>\$ 276.2</b>	<b>\$ 332.7</b>

On January 15, 2025, the Corporation used borrowings under its bank credit facility to complete the repayment of its \$57.0 million senior unsecured debentures. See the Bank and Other Credit Facilities and Debentures section for further details on the repayment of the debentures.

Funded net debt of \$280.6 million at September 30, 2025 increased \$4.4 million compared to \$276.2 million at June 30, 2025.<sup>(1)</sup> The increase during the quarter was due primarily to the payment of lease liabilities of \$11.6 million and dividends paid of \$7.6 million, partially offset by cash generated from operating activities of \$18.5 million.

Funded net debt of \$280.6 million at September 30, 2025 decreased \$52.0 million compared to \$332.7 million at December 31, 2024.<sup>(1)</sup> The decrease during the year was due primarily to cash generated from operating activities of \$112.5 million, partially offset by the payment of lease liabilities of \$32.7 million and dividends paid of \$22.9 million.

The Corporation’s ratio of funded net debt to total capital decreased to 34.5% at September 30, 2025 from 39.4% at December 31, 2024 due to lower funded net debt and higher shareholders’ equity in the current quarter.<sup>(1)</sup>

The Corporation’s leverage ratio of 2.28 times at September 30, 2025 improved from the December 31, 2024 ratio of 2.61 times due to the lower debt level driven largely by cash generated from operating activities during the period.<sup>(1)</sup>

See the Liquidity and Capital Resources section.

Notes:

(1) “Funded net debt”, “Funded net debt to total capital”, “Total capital”, and “Leverage ratio” do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

## Financial Instruments

Wajax uses derivative financial instruments in the management of its foreign currency, interest rate and share-based compensation exposures. Wajax policy restricts the use of derivative financial instruments for trading or speculative purposes.

Wajax monitors the proportion of variable rate debt to its total debt portfolio and may enter into interest rate hedge contracts to mitigate a portion of the interest rate risk on its variable rate debt. A change in interest rates, in particular related to the Corporation's unhedged variable rate debt, is not expected to have a material impact on the Corporation's results of operations or financial condition over the long term.

Wajax has entered into interest rate swap contracts to minimize exposure to interest rate fluctuations on its variable rate debt. All interest rate swap contracts are recorded in the unaudited condensed consolidated interim financial statements at fair value. As at September 30, 2025, Wajax had the following interest rate swap contracts outstanding:

- \$150.0 million, expiring October 2027, with a weighted average interest rate of 2.57% (December 31, 2024 – \$150.0 million, expiring October 2027, with a weighted average interest rate of 2.57%)

Wajax enters into foreign exchange forward contracts to hedge the exchange risk associated with the cost of certain inbound inventory and foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at September 30, 2025, Wajax had the following contracts outstanding:

- to buy USD \$147.3 million (December 31, 2024 – to buy USD \$164.2 million),
- to buy EUR less than €0.1 million (December 31, 2024 – to buy EUR €0.8 million),
- to buy AUD \$2.9 million (December 31, 2024 – to buy AUD \$7.3 million),
- to sell USD \$66.2 million (December 31, 2024 – to sell USD \$87.3 million), and
- to sell EUR €4.0 million (December 31, 2024 – to sell EUR €1.0 million).

The U.S. dollar contracts expire between October 2025 and April 2027, with an average U.S./Canadian dollar rate of 1.3742.

The Euro contracts expire between October 2025 and August 2026, with an average Euro/Canadian dollar rate of 1.5716.

The Australian dollar contracts expire between October 2025 and December 2025, with an average Australian/Canadian dollar rate of 0.9000.

Wajax has entered into total return swap contracts to hedge the exposure to share price market risk on a class of MTIP units that are cash-settled. All total return swap contracts are recorded in the unaudited condensed consolidated interim financial statements at fair value. As at September 30, 2025, Wajax had the following total return swap contracts outstanding:

- contracts totaling 426,000 shares at an initial share value of \$10.7 million (December 31, 2024 – contracts totaling 366,000 shares at an initial share value of \$9.9 million).

The total return swap contracts expire between March 2026 and March 2028.

A portion of borrowings under the revolving term portion of the bank credit facility are denominated in U.S. dollars. Concurrent with these issuances, the Corporation enters into cross currency swaps to obtain a more favourable interest rate, while mitigating any foreign exchange risk associated with these revolving borrowings. Cross currency swap contracts are recorded in the unaudited condensed consolidated interim financial statements at fair value. As at September 30, 2025, Wajax had the following cross currency swap contract outstanding:

- to receive USD \$145.5 million at 5.19% and pay CAD \$200.0 million at 5.01% (December 31, 2024 - to receive USD \$162.4 million at 5.94% and pay CAD \$230.0 million at 5.64%)

The cross currency swap contract expires in October 2025.

## **Contractual Obligations**

There have been no material changes to the Corporation's contractual obligations since December 31, 2024, except for the following:

### **Defined Benefit Executive Pension Plan Annuity Settlement**

The Corporation sponsored four pension plans: two defined contribution plans – the Wajax Limited Defined Contribution Pension Plan and the Simplified Pension Plan for employees resident in the province of Québec; 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**”).

During the first quarter of 2025, the Corporation contributed \$2.9 million to the Executive Plan to fully fund the plan prior to purchasing buyout annuities from a third-party financial services company at a cost of \$6.8 million. As a result of the annuities purchase, the third-party financial services company became responsible for the payment of Executive Plan members' pension benefits starting May 1, 2025, and the Corporation has settled its defined benefit obligations in respect of all such plan members. As a result of this settlement, the Executive Plan assets and benefit obligation declined by \$6.8 million and \$6.4 million, respectively, resulting in a loss on settlement of \$0.5 million which the Corporation recorded in the condensed consolidated interim statements of earnings during the first quarter of 2025.

As at September 30, 2025, the employee benefits liability of \$4.1 million (December 31, 2024 - \$6.5 million) consists of a net pension asset of \$0.1 million (December 31, 2024 - net pension liability of \$2.2 million) relating to the Executive Plan and a pension liability of \$4.2 million (December 31, 2024 - \$4.3 million) relating to the SERP, which is not funded.

As at September 30, 2025, the Corporation estimates it will make additional contributions of \$6.0 million to the SERP by January 2026, which takes into account the possibility of the Corporation fully funding and settling the SERP benefit obligation near the end of 2025 or in early 2026. The potential 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.

## **Off-Balance Sheet Arrangements**

The Corporation has no off-balance sheet arrangements as at September 30, 2025.

## Liquidity and Capital Resources

---

The Corporation's liquidity is maintained through various sources, including bank and other credit facilities, debentures and cash generated from operations.

### Bank and Other Credit Facilities and Debentures

As at September 30, 2025, Wajax had a \$500.0 million credit limit on its bank credit facility, composed of a \$50.0 million non-revolving term facility and a \$450.0 million revolving term facility, maturing on October 1, 2027.

At September 30, 2025, Wajax had borrowed \$280.6 million and issued \$3.9 million of letters of credit for a total utilization of \$284.4 million of its \$500.0 million bank credit facility. Borrowing capacity under the bank credit facility is dependent on the level of inventories on-hand and outstanding trade accounts receivable. At September 30, 2025, borrowing capacity under the bank credit facility was equal to \$500.0 million, of which \$215.6 million was accessible to the Corporation.

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 September 30, 2025. The Corporation's senior secured leverage ratio was 2.28 times at September 30, 2025.

As at September 30, 2025, borrowings under the bank credit facility were subject to floating rates of interest at margins over Canadian dollar term Canadian Overnight Repo Rate Average ("**CORRA**") loan yields, U.S. dollar Secured Overnight Financing Rate ("**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.

On January 15, 2025, Wajax repaid in full the \$57.0 million in principal amount owed under its 6.00% senior unsecured debentures due January 15, 2025, along with accrued interest up to but excluding the maturity date. The Corporation used borrowings under its bank credit facility to complete the repayment. As a result, at September 30, 2025, the Corporation did not have any debentures outstanding (December 31, 2024 - \$57.0 million).

Under the terms of the bank credit facility, Wajax is permitted to have additional interest bearing debt of \$25.0 million. As such, Wajax has up to \$25.0 million of demand inventory equipment financing capacity with three third-party financing companies. At September 30, 2025, Wajax had utilized just under \$25.0 million of the interest bearing equipment financing facilities.

In addition, the Corporation has an agreement with a financial institution to sell 100% of selected trade accounts receivable on a recurring, non-recourse basis. Under this facility, up to \$20.0 million of accounts receivable is permitted to be sold to the financial institution and can remain outstanding at any point in time. After the sale, Wajax does not retain any interests in the accounts receivable but continues to service and collect the outstanding accounts receivable on behalf of the financial institution. As at September 30, 2025, the Corporation continues to service and collect \$6.2 million in accounts receivable on behalf of the financial institution.

Subsequent to quarter end, effective October 24, 2025, the Corporation extended the maturity of the bank credit facility from October 1, 2027 to October 24, 2029. There was no change to the credit limit of the facility, but the additional interest-bearing debt limit of \$25.0 million was increased to \$50.0 million. Effective October 24, 2025, the margins range between 1.5% and 3.3% for Canadian dollar term CORRA loans and U.S. dollar SOFR borrowings, and between 0.5% and 2.3% for prime rate borrowings.

As of November 3, 2025, Wajax continues to maintain its \$500.0 million bank credit facility and an additional \$50.0 million in credit facilities with third-party financing companies. Wajax maintains sufficient liquidity to meet short-term normal course working capital and maintenance capital requirements and fund certain strategic investments. However, Wajax may be required to access the equity or debt capital markets to fund significant acquisitions.

The Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. At September 30, 2025, 53.5% of the Corporation's funded net debt was at a fixed interest rate which is within the Corporation's interest rate risk policy.

## Cash Flow

The following table highlights the major components of cash flow as reflected in the Condensed Consolidated Interim Statements of Cash Flows:

	Three months ended September 30			Nine months ended September 30		
	2025	2024	\$ change	2025	2024	\$ change
Net earnings	\$ 16.7	\$ 6.4	\$ 10.3	\$ 45.3	\$ 41.8	\$ 3.6
Items not affecting cash flow	29.2	31.9	(2.7)	84.9	94.5	(9.6)
Net change in non-cash operating working capital	(16.4)	(47.6)	31.2	18.3	(67.3)	85.6
Finance costs paid on debts	(3.8)	(6.4)	2.6	(15.9)	(18.1)	2.2
Finance costs paid on lease liabilities	(2.7)	(2.7)	(0.1)	(8.2)	(7.8)	(0.4)
Income taxes paid	(4.7)	(7.4)	2.7	(8.9)	(24.7)	15.8
Rental equipment additions	(0.3)	(9.0)	8.7	(3.8)	(25.1)	21.3
Other	0.5	(1.9)	2.3	0.7	0.5	0.2
Cash generated from (used in) operating activities	\$ 18.5	\$ (36.6)	\$ 55.1	\$ 112.5	\$ (6.2)	\$ 118.7
Cash generated from (used in) investing activities	\$ 2.7	\$ (0.1)	\$ 2.8	\$ (0.6)	\$ (0.2)	\$ (0.3)
Cash (used in) generated from financing activities	\$ (20.9)	\$ 24.1	\$ (45.0)	\$ (119.8)	\$ (1.9)	\$ (117.9)

## Operating Activities

Cash flows generated from operating activities amounted to \$18.5 million in the third quarter of 2025, compared with cash used of \$36.6 million in the same quarter of the prior year. The increase in cash generated of \$55.1 million was mainly attributable to a decrease in accounts payable and accrued liabilities of \$1.9 million during the quarter, compared to a decrease of \$76.0 million in the same quarter of the prior year, and rental equipment additions of \$0.3 million during the quarter, compared to \$9.0 million in the same quarter of the prior year. These increases in cash generated were offset partially by an increase in trade and other receivables of \$7.5 million in the quarter compared to a decrease of \$16.0 million in the same quarter of the previous year.

Rental equipment additions in the third quarter of 2025 of \$0.3 million (2024 – \$9.0 million) related to material handling lift trucks.

For the nine months ended September 30, 2025, cash flows generated from operating activities amounted to \$112.5 million, compared with cash used of \$6.2 million for the previous year. The increase in cash generated of \$118.7 million was mainly attributable to a decrease in inventory of \$68.2 million during the year compared to an increase of \$86.4 million in the prior year, and rental equipment additions of \$3.8 million during the year, compared to \$25.1 million in the prior year. These increases in cash generated were offset partially by a decrease in trade and other receivables of \$14.5 million during the year compared to a decrease of \$43.5 million in the prior year, and by a decrease in accounts payable and accrued liabilities of \$53.4 million during the year compared to a decrease of \$33.4 million in the prior year.

For the nine months ended September 30, 2025, rental equipment additions of \$3.8 million (2024 – \$25.1 million) related primarily to material handling lift trucks.

Changes in significant components of non-cash operating working capital include the following:

Changes in Non-cash Operating Working Capital <sup>(1)</sup>	Three months ended September 30			Nine months ended September 30		
	2025	2024	\$ change	2025	2024	\$ change
Trade and other receivables	\$ (7.5)	\$ 16.0	\$ (23.5)	\$ 14.5	\$ 43.5	\$ (29.0)
Contract assets	(1.4)	6.2	(7.5)	(5.7)	16.4	(22.1)
Inventory	(3.0)	1.2	(4.2)	68.2	(86.4)	154.6
Deposits on inventory	(6.8)	3.5	(10.3)	(3.8)	(8.3)	4.5
Prepaid expenses	0.9	2.8	(1.9)	0.4	(4.4)	4.8
Accounts payable and accrued liabilities	(1.9)	(76.0)	74.2	(53.4)	(33.4)	(19.9)
Provisions	(0.7)	(0.2)	(0.5)	0.1	0.1	0.1
Contract liabilities	3.9	(1.0)	4.9	(2.1)	5.4	(7.5)
<b>Total Changes in Non-cash Operating Working Capital</b>	<b>\$ (16.4)</b>	<b>\$ (47.6)</b>	<b>\$ 31.2</b>	<b>\$ 18.3</b>	<b>\$ (67.3)</b>	<b>\$ 85.6</b>

(1) Increase (decrease) in cash flow.

Significant components of the changes in non-cash operating working capital for the third quarter of 2025 compared to the third quarter of 2024 are as follows:

- Trade and other receivables increased \$7.5 million in the third quarter of 2025, compared with a decrease of \$16.0 million in the same period of 2024. The increase in the third quarter of 2025 was due primarily to timing of billings and customer receipts. The decrease in the third quarter of the prior year was due primarily to lower sales activity in the quarter compared to the previous quarter.
- Deposits on inventory increased \$6.8 million in the third quarter of 2025, compared with a decrease of \$3.5 million in the same period of 2024. The increase in the third quarter of 2025 was due primarily to timing of deposits made to suppliers on long term projects.
- Accounts payable and accrued liabilities decreased \$1.9 million in the third quarter of 2025 compared with a decrease of \$76.0 million in the same period of 2024. The decrease in the third quarter of the prior year resulted primarily from lower trade payables driven largely by timing of inventory payments and from lower personnel cost accruals.

Significant components of the changes in non-cash operating working capital for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024 are as follows:

- Inventory decreased \$68.2 million in 2025, compared with an increase of \$86.4 million in 2024. The decrease in 2025 resulted from lower inventory in most categories driven largely by the Corporation's focus on optimizing inventory levels, partially offset by higher mining inventory. Inventory at September 30, 2025 included one additional large mining shovel compared to December 31, 2024. The increase in the prior year resulted primarily from higher equipment inventory in all categories, due partially to higher backlog, most notably in the mining category.
- Trade and other receivables decreased \$14.5 million in 2025, compared with a decrease of \$43.5 million in 2024. The decrease in 2025 resulted primarily from timing of billings and customer receipts. The decrease in 2024 was due primarily to lower sales activity.
- Accounts payable and accrued liabilities decreased \$53.4 million in 2025 compared to a decrease of \$33.4 million in 2024. The decrease in 2025 resulted primarily from a reduction in trade payables driven by the Corporation's focus on optimizing inventory levels, as well as timing of inventory and vendor payments. The decrease in the prior year resulted primarily from lower personnel cost accruals.
- Contract assets increased \$5.7 million in 2025, compared with a decrease of \$16.4 million in 2024. The decrease in 2024 was due primarily to lower sales activity.

## Investing Activities

The Corporation generated \$2.7 million of cash from investing activities in the third quarter of 2025 compared with cash used of \$0.1 million in the same quarter of 2024. Investing activities in the quarter included property, plant and equipment additions of \$1.2 million (2024 – \$2.3 million), and the collection of lease receivables of \$2.9 million (2024 – \$2.1 million).

For the nine months ended September 30, 2025, the Corporation used \$0.6 million of cash in investing activities compared with cash used of \$0.2 million in 2024. Investing activities in 2025 included property, plant and equipment additions of \$6.2 million (2024 – \$6.7 million), net post-acquisition settlement payments of \$2.8 million (2024 – net receipts of \$0.9 million), and the collection of lease receivables of \$7.8 million (2024 – \$5.6 million).

## Financing Activities

The Corporation used \$20.9 million of cash in financing activities in the third quarter of 2025 compared with cash generated of \$24.1 million in the same quarter of 2024. Financing activities in the quarter included a net bank credit facility borrowing of \$1.0 million (2024 – net borrowing of \$45.0 million), the payment of lease liabilities of \$11.6 million (2024 – \$10.2 million), dividends paid to shareholders of \$7.6 million (2024 – \$7.6 million), and the payment of contingent consideration of \$2.7 million (2024 - \$3.0 million).

For the nine months ended September 30, 2025, the Corporation used \$119.8 million of cash in financing activities compared with cash used of \$1.9 million in 2024. Financing activities in 2025 included the repayment of debentures of \$57.0 million (2024 – nil), the payment of lease liabilities of \$32.7 million (2024 – \$29.0 million), dividends paid to shareholders of \$22.9 million (2024 – \$22.3 million), the payment of contingent consideration of \$3.3 million (2024 - \$3.0 million), and a net bank credit facility repayment of \$2.1 million (2024 – net borrowing of \$56.0 million).

## Dividends

Dividends to shareholders were declared and payable to shareholders of record as follows:

Record Date	Payment Date	Per Share	Amount
March 14, 2025	April 2, 2025	\$ 0.35	\$ 7.6
June 16, 2025	July 3, 2025	\$ 0.35	\$ 7.6
September 15, 2025	October 2, 2025	\$ 0.35	\$ 7.6
Nine months ended September 30, 2025		\$ 1.05	\$ 22.9

On November 3, 2025, the Corporation declared a dividend of \$0.35 per share for the fourth quarter of 2025 payable on January 6, 2026 to shareholders of record on December 15, 2025.

## Critical Accounting Estimates

The preparation of the unaudited condensed consolidated interim financial statements in conformity with International Financial Reporting Standards (“IFRS”) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Corporation’s financial results were a different estimate or assumption used.

Estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions are subject to change at any time based on experience and new information. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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, with no one customer accounting for more than 10% of the Corporation's annual consolidated sales. 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 deemed not recoverable and the financial asset is written off. The \$1.7 million allowance for credit losses at September 30, 2025 decreased \$0.6 million from \$2.3 million at December 31, 2024. As economic conditions change, there is risk that the Corporation could experience a greater number of defaults compared to prior periods which would result in an increased charge to earnings.

#### **Inventory obsolescence**

The value of the Corporation's new and used equipment and high value parts are 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 or 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. The inventory obsolescence impact on earnings for the three months ended September 30, 2025 was a charge of \$2.7 million (2024 – charge of \$2.4 million) and for the nine months ended September 30, 2025 was a charge of \$7.6 million (2024 – charge of \$4.6 million). As economic conditions change, there is risk that the Corporation could have an increase in inventory obsolescence compared to prior periods which would result in an increased charge to earnings.

#### **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.

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, 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.

Unanticipated changes in management's assumptions or estimates could materially affect the determination of the fair value of the Corporation and therefore, could reduce or eliminate the excess of fair value over the carrying value of the Corporation and could potentially result in an impairment charge in the future.

The Corporation performs an annual impairment test based on value in use of its goodwill and intangible assets with an indefinite life unless there is an early indication that the assets may be impaired, in which case the impairment tests would occur earlier. There was no early indication of impairment in the third quarter of 2025.

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.

#### **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.

## **Changes in Accounting Policies**

---

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

## **Risk Management and Uncertainties**

---

As with most businesses, the Corporation is subject to a number of marketplace and industry related risks and uncertainties which could have a material impact on operating results and the Corporation's ability to pay cash dividends to shareholders. The Corporation attempts to minimize many of these risks through diversification of core businesses and through the geographic diversity of its operations. In addition, the Corporation has adopted an enterprise risk management framework which is prepared by senior management and overseen by the Board of Directors and committees of the Board of Directors. The enterprise risk management framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively and consistently across the Corporation. There are however, a number of risks that deserve particular comment which are discussed in detail in the MD&A for the year ended December 31, 2024, which can be found under the Corporation's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Disclosure Controls and Procedures and Internal Control over Financial Reporting

---

Wajax's management, under the supervision of its Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”), is responsible for establishing and maintaining disclosure controls and procedures (“**DC&P**”) and internal control over financial reporting (“**ICFR**”).

As at September 30, 2025, Wajax's management, under the supervision of its CEO and CFO, had designed DC&P to provide reasonable assurance that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in such securities legislation. DC&P are designed to ensure that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is accumulated and communicated to Wajax's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

As at September 30, 2025, Wajax's management, under the supervision of its CEO and CFO, had designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its 2013 version of Internal Control – Integrated Framework. With regard to general controls over information technology, management also used the set of practices of Control Objectives for Information and related Technology created by the IT Governance Institute.

There was no change in Wajax's ICFR that occurred during the nine months ended September 30, 2025 that has materially affected, or is reasonably likely to materially affect, Wajax's ICFR.

## Non-GAAP and Other Financial Measures

---

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

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

Non-GAAP financial measures are identified and defined below:

<b>Funded net debt</b>	Funded net debt includes bank indebtedness, debentures and total long-term debt, net of cash. Funded net debt is relevant in calculating the Corporation's funded net debt to total capital, which is a non-GAAP ratio commonly used as an indicator of a company's ability to raise and service debt.
<b>Debt</b>	Debt is funded net debt plus letters of credit. Debt is relevant in calculating the Corporation's leverage ratio, which is a non-GAAP ratio commonly used as an indicator of a company's ability to raise and service debt.
<b>Total capital</b>	Total capital is shareholders' equity plus funded net debt.
<b>EBITDA</b>	Net earnings (loss) before finance costs, income tax expense, depreciation and amortization.
<b>Adjusted net earnings (loss)</b>	Net earnings (loss) before any facility closure, restructuring and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments and change in fair value of contingent consideration.

<b>Adjusted basic earnings (loss) per share and adjusted diluted earnings (loss) per share</b>	Basic and diluted earnings (loss) per share before any facility closure, restructuring and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.
<b>Adjusted EBIT</b>	EBIT before any facility closure, restructuring and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.
<b>Adjusted EBITDA</b>	EBITDA before any facility closure, restructuring and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, and change in fair value of contingent consideration.
<b>Pro-forma adjusted EBITDA</b>	Defined as adjusted EBITDA adjusted for the EBITDA of business acquisitions made during the period as if they were made at the beginning of the trailing 12-month period pursuant to the terms of the bank credit facility and the deduction of payments of lease liabilities. Pro-forma adjusted EBITDA is used in calculating the Leverage ratio and Senior secured leverage ratio.
<b>Working capital</b>	Defined as current assets less current liabilities, as presented in the condensed consolidated interim statements of financial position.
<b>Other working capital amounts</b>	Defined as working capital less trade and other receivables and inventory plus accounts payable and accrued liabilities and the current portion of debentures, as presented in the condensed consolidated interim statements of financial position.

Non-GAAP ratios are identified and defined below:

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

Supplementary financial measures are identified and defined below:

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

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

	Three months ended		Nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Net earnings	\$ 16.7	\$ 6.4	\$ 45.3	\$ 41.8
Facility closure, restructuring and other related costs, after tax	—	—	2.8	—
Non-cash (gains) losses on mark to market of derivative instruments, after tax	(0.5)	3.2	(0.3)	3.6
<b>Adjusted net earnings</b>	<b>\$ 16.2</b>	<b>\$ 9.6</b>	<b>\$ 47.9</b>	<b>\$ 45.4</b>
<b>Adjusted basic earnings per share<sup>(1)</sup></b>	<b>\$ 0.75</b>	<b>\$ 0.44</b>	<b>\$ 2.20</b>	<b>\$ 2.09</b>
<b>Adjusted diluted earnings per share<sup>(1)</sup></b>	<b>\$ 0.73</b>	<b>\$ 0.43</b>	<b>\$ 2.15</b>	<b>\$ 2.04</b>

(1) For the three months ended September 30, 2025, the number of weighted average basic and diluted shares outstanding were 21,745,685 and 22,289,874, respectively (2024 - 21,723,944 and 22,256,608, respectively). For the nine months ended September 30, 2025, the number of weighted average basic and diluted shares outstanding were 21,767,794 and 22,205,746, respectively (2024 - 21,701,141 and 22,248,541, respectively).

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

	Three months ended		Nine months ended		Twelve months ended		
	September 30 2025	September 30 2024	September 30 2025	September 30 2024	September 30 2025	June 30 2025	December 31 2024
<b>EBIT</b>	\$ 29.5	\$ 21.4	\$ 83.4	\$ 85.4	\$ 94.5	\$ 86.4	\$ 96.5
Depreciation and amortization	16.2	15.8	46.7	46.4	62.5	62.1	62.2
<b>EBITDA</b>	\$ 45.7	\$ 37.3	\$ 130.1	\$ 131.7	\$ 157.1	\$ 148.6	\$ 158.7
<b>EBIT</b>	\$ 29.5	\$ 21.4	\$ 83.4	\$ 85.4	\$ 94.5	\$ 86.4	\$ 96.5
Facility closure, restructuring and other related costs <sup>(1)</sup>	—	—	3.8	—	9.6	9.6	5.8
Non-cash (gains) losses on mark to market of derivative instruments, excluding interest rate swaps and cross currency swaps <sup>(2)</sup>	(1.0)	0.2	(1.3)	1.1	(1.1)	—	1.3
Change in fair value of contingent consideration <sup>(3)</sup>	—	—	—	—	2.3	2.3	2.3
<b>Adjusted EBIT</b>	\$ 28.6	\$ 21.6	\$ 86.0	\$ 86.5	\$ 105.3	\$ 98.3	\$ 105.8
Depreciation and amortization	16.2	15.8	46.7	46.4	62.5	62.1	62.2
<b>Adjusted EBITDA</b>	\$ 44.8	\$ 37.4	\$ 132.7	\$ 132.8	\$ 167.8	\$ 160.4	\$ 168.0
Payment of lease liabilities <sup>(4)</sup>					(42.9)	(41.5)	(39.2)
<b>Pro-forma adjusted EBITDA</b>					\$ 124.9	\$ 118.9	\$ 128.7

(1) Facility closure, restructuring and other related costs consists of costs relating to workforce reductions in response to economic conditions, incurred during the fourth quarter of 2024 and the second quarter of 2025.

(2) Non-cash losses (gains) on mark to market of derivative instruments that are not effectively designated as hedging instruments under IFRS, excluding interest rate swaps as their fair value fluctuations impact finance costs, and excluding cross currency swaps as their fair value fluctuations offset against any foreign exchange gains and losses on the revolving credit facility.

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

(4) Effective with the reporting period beginning on January 1, 2019 and the adoption of IFRS 16, the Corporation amended the definition of Funded net debt to exclude lease liabilities not considered part of debt. As a result, the corresponding lease costs must also be deducted from EBITDA for the purpose of calculating the leverage ratio.

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

	September 30 2025	June 30 2025	December 31 2024
Bank indebtedness (cash)	\$ 0.6	\$ 0.9	\$ (7.4)
Debentures	—	—	57.0
Long-term debt	280.1	275.3	283.0
<b>Funded net debt</b>	<b>\$ 280.6</b>	<b>\$ 276.2</b>	<b>\$ 332.7</b>
Letters of credit	3.9	3.9	3.7
<b>Debt</b>	<b>\$ 284.5</b>	<b>\$ 280.1</b>	<b>\$ 336.3</b>
<b>Pro-forma adjusted EBITDA<sup>(1)</sup></b>	<b>\$ 124.9</b>	<b>\$ 118.9</b>	<b>\$ 128.7</b>
<b>Leverage ratio<sup>(2)</sup></b>	<b>2.28</b>	<b>2.35</b>	<b>2.61</b>
<b>Senior secured leverage ratio<sup>(3)</sup></b>	<b>2.28</b>	<b>2.35</b>	<b>2.17</b>

(1) For the twelve months ended September 30, 2025, June 30, 2025, and December 31, 2024.

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

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

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

	September 30 2025	June 30 2025	December 31 2024
Shareholders' equity	\$ 532.6	\$ 522.0	\$ 512.3
Funded net debt	280.6	276.2	332.7
<b>Total capital</b>	<b>\$ 813.2</b>	<b>\$ 798.2</b>	<b>\$ 844.9</b>
<b>Funded net debt to total capital</b>	<b>34.5%</b>	<b>34.6%</b>	<b>39.4%</b>

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

	September 30 2025	June 30 2025	December 31 2024
Total current assets	\$ 1,001.6	\$ 978.2	\$ 1,094.3
Total current liabilities	451.3	447.5	561.9
<b>Working capital</b>	<b>\$ 550.2</b>	<b>\$ 530.7</b>	<b>\$ 532.4</b>
Trade and other receivables	(287.5)	(279.6)	(303.5)
Inventory	(605.7)	(602.5)	(673.1)
Debentures - current	—	—	57.0
Accounts payable and accrued liabilities	364.9	365.2	421.5
<b>Other working capital amounts</b>	<b>\$ 21.9</b>	<b>\$ 13.8</b>	<b>\$ 34.3</b>

## Cautionary Statement Regarding Forward-Looking Information

---

This MD&A contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, “**forward-looking statements**”). These forward-looking statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “anticipates”, “intends”, “predicts”, “expects”, “is expected”, “scheduled”, “believes”, “estimates”, “projects” or “forecasts”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation’s ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward-looking statements. To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook within the meaning of applicable securities law, such information is being provided to demonstrate the potential of the Corporation and readers are cautioned that this information may not be appropriate for any other purpose. There can be no assurance that any forward-looking statement will materialize. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A are made as of the date of this MD&A, reflect management’s current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this MD&A includes forward looking statements regarding, among other things: our goal of achieving our corporate purpose by living our values and delivering an exceptional experience for our people, customers, suppliers, shareholders, and the communities we serve; our focus on six strategic priorities for 2025: continuing to build a people-first company, growing our existing business with a focus on parts, service and margin improvement, unlocking the potential of our enhanced direct relationship with Hitachi Construction Machinery Americas Inc. (“**Hitachi**”), acquiring and integrating industrial parts and ERS businesses, improving our cost structure and processes, and continuing our ERP system roll-out and additional technology improvements, as well as the initiatives and goals associated with such strategic priorities; the continued development of our environmental, social and governance programs; our plans to improve our mix and margin profile over time and to invest in tools, training and support to allow our people to deliver value-added services to our customers; our belief that our ability to source world-class Hitachi equipment and parts directly from Japan, coupled with Hitachi’s technological innovation and dedicated financing programs, allows us to better serve our customers; our plan in 2025 to focus on fully integrating our prior acquisitions so that we may realize additional synergies, and to maintain a disciplined approach to future opportunities; our plans to invest in infrastructure and continuous improvement initiatives to enhance customer service and to improve operating efficiency and leverage in our business; our plans to invest in information technology platforms to improve operating efficiencies and to improve customer and employee experience; the four large mining shovels scheduled for delivery over the next six quarters; our objective of returning leverage to within our target range of 1.5 to 2.0 times; our belief that the extension of our bank credit facility enhances our financial flexibility in support of our long-term strategic priorities; our outlook for the balance of 2025, including (i) our continued expectation of strong customer demand in the mining and energy sectors, and our belief that our expectation for the former is supported by robust equipment backlog, and (ii) our view that the broader end market environment remains challenging, with macroeconomic softness and ongoing uncertainty related to Canada-U.S. tariff dynamics; our planned CEO succession and transition process, including our plans for a smooth and seamless handover of responsibilities, our expectation that our search process will be completed in the first quarter of 2026, and our intention to remain sharply focused on our six strategic priorities and key operational areas: inventory optimization, cost management and margin improvement – together with our belief that continued execution of these priorities and key areas of focus, supported by prudent capital allocation and a strong balance sheet, will drive sustainable value creation over the long term; our belief that we remain well-positioned to benefit from our diverse market exposure, disciplined growth strategy and focus on operational excellence; our objective of managing our working capital and normal-course capital investment programs within a leverage range of 1.5 – 2.0 times, and to fund those programs through operating cash flow and our bank credit facilities as required; instances whereby we may be willing to maintain a leverage ratio outside our target range to support key growth initiatives or fluctuations in working capital levels during changes in economic cycles, and above this range as a result of investments in acquisitions, and that we may fund those acquisitions using our bank credit facilities and other debt instruments in accordance with our expectations of total future cash flows

financing costs and other factors; our expectation that a change in interest rates (in particular, related to unhedged variable rate debt), would not have a material impact on our results of operations or financial condition over the long term; the estimated additional contributions which may be made to the SERP by January 2026, taking into account the possibility of fully funding and settling the benefit obligations thereunder near the end of 2025 or in early 2026; and our belief that we maintain sufficient liquidity to meet short-term normal course working capital and maintenance capital requirements and fund certain strategic investments, as well as the potential we may be required to access the equity or debt capital markets to fund significant acquisitions.

These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding: the absence of significant negative changes to general business and economic conditions; our ability to manage our business through ongoing uncertainty related to Canada-U.S. tariff dynamics, including the imposition of new or changing trade tariffs; limited negative fluctuations in the supply and demand for, and the level and volatility of prices for, oil, natural gas and other commodities; the stability of financial market conditions, including interest rates; the ability of Hitachi and Wajax to develop and execute successful sales, marketing and other plans related to the enhanced direct distribution relationship which took effect on March 1, 2022; our continued ability to execute our strategic priorities, including our ability to execute on our organic growth priorities, complete and effectively integrate industrial parts and ERS acquisitions, and successfully implement new information technology platforms, systems and software, such as our ERP system; the availability of highly qualified and experienced candidates for the role of CEO; the future financial performance of the Corporation; limited fluctuations in our costs; the level of market competition; our continued ability to attract and retain skilled staff; our continued ability to procure quality products and inventory; and our ongoing maintenance of strong relationships with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to: a continued or prolonged deterioration in general business and economic conditions; continued or prolonged uncertainty related to Canada-U.S. tariff dynamics; new tariffs and/or counter-tariffs imposed on cross-border trade, particularly between Canada and the U.S.; negative fluctuations in the supply and demand for, and the level of prices for, oil, natural gas and other commodities; a continued or prolonged decrease in the price of oil or natural gas; the inability of Hitachi and Wajax to develop and execute successful sales, marketing and other plans related to the enhanced direct distribution relationship which took effect on March 1, 2022; the limited availability of highly qualified and experienced candidates for the role of CEO, or challenges in attracting such executive talent on commercially reasonable terms; a decrease in levels of customer confidence and spending; supply chain disruptions and shortages; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; decreased market acceptance of the products we offer; the termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters); our inability to attract and retain skilled staff and our inability to maintain strong relationships with our suppliers, employees and customers. The foregoing list of factors is not exhaustive.

Further information concerning the risks and uncertainties associated with these forward-looking statements and the Corporation's business may be found in our MD&A for the year-ended December 31, 2024 (the "**2024 MD&A**"), which has been filed under the Corporation's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), under the heading "Risk Management and Uncertainties". The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

Readers are cautioned that the risks described in the 2024 MD&A are not the only risks that could impact the Corporation. Risks and uncertainties not currently known to the Corporation, or currently deemed to be immaterial, may have a material effect on the Corporation's business, financial condition or results of operations.

Additional information, including Wajax's 2024 Annual Report, is available under the Corporation's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).