Wajax Corporation
Management's Discussion and Analysis – Q1 2026

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 March 31, 2026. 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 March 31, 2026. Information contained in this MD&A is based on information available to management as of May 4, 2026.

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.

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 2026, we are focusing on five 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, 2025, which is available on our website at 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.

Investing in Operational Efficiency, Process Optimization and Technology Enablement

Continuing to invest in infrastructure and structured continuous improvement initiatives to enhance customer service, streamline processes and procedures, and improve operating efficiency. Current programs include further optimization of the branch network, standardization and simplification of operating workflows to drive consistency and effectiveness, disciplined cost management and prudent balance sheet oversight to support sustainable operating leverage.

With our enterprise resource planning ("**ERP**") system substantially implemented, the focus of our technology enablement efforts has shifted to optimizing system performance and leveraging enhanced data capabilities to generate better operational insights, improve decision-making and drive further efficiency across the business.

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 2026, our focus continues to be fully integrating prior acquisitions to realize additional synergies while maintaining a disciplined approach to future opportunities.

Outlook

During 2025, management focused on cost control, inventory optimization and margin improvement to reduce leverage, enhance profitability and increase cash flow from operations. These actions represented initial steps in an ongoing program of operational improvements. In 2026, management continues to emphasize disciplined execution across these focus areas, supported by prudent capital allocation.

In the first quarter of 2026, Wajax reported revenue of $502.1 million, compared to $555.0 million in the same period of 2025. The year-over-year decrease in revenue reflects lower equipment volumes, including the delivery of one large mining shovel in the current quarter compared to two in the first quarter of the prior year, as well as continued customer uncertainty and increased caution across certain sectors. Gross profit margin improved to 20.6% in the quarter, up 150 basis points from 19.1% in the first quarter of 2025, primarily reflecting margin improvement initiatives and sales mix.(1)

Selling and administrative expenses were 14.8% of revenue, compared to 14.3% in the same period of 2025, driven by the year-over-year decline in revenue.(1) Management continues to maintain cost discipline, with some variability expected in relation to sales volumes.

Cash flow from operating activities was $46.8 million, compared to $25.7 million in the first quarter of 2025. Working capital efficiency improved to 24.6% from 25.1% at December 31, 2025, despite a targeted increase in inventory to support anticipated seasonal demand.(1) Leverage improved to 1.51 times from 1.62 times at December 31, 2025, and remains within the Corporation's target range of 1.5 to 2.0 times.(1)

Looking ahead, Wajax continues to see solid customer demand in the mining and energy sectors. Mining demand is supported by a backlog that includes one large mining shovel scheduled for delivery within the next four quarters. Market conditions in other sectors remain mixed across regions, with ongoing macroeconomic softness and uncertainty related to Canada–U.S. tariff and trade dynamics.

Wajax continues to maintain a strong balance sheet and a solid backlog. Inventory levels are within a normal operating range, while margin improvement and cost control remain key focus areas. Although demand visibility varies across end markets, the Corporation's diversified exposure and focused execution position it to manage current market conditions effectively.

Management believes that continued execution of its strategic priorities, supported by balance sheet strength and prudent capital allocation, will enable the Corporation to deliver sustainable long-term value.

See the Cautionary Statement Regarding Forward-Looking Information section.

Notes:

(1) "Gross profit margin", "Selling and administrative expenses as a percentage of revenue", "Working capital efficiency" and "Leverage ratio" do not have standardized meanings prescribed by generally accepted accounting principles ("**GAAP**"). See the Non-GAAP and Other Financial Measures section.

Highlights for the Quarter

- Revenue in the first quarter of 2026 decreased $52.9 million, or 9.5%, to $502.1 million, from $555.0 million in the first quarter of 2025. Regionally:
  - Revenue in western Canada of $227.4 million decreased 14.0% from the same period in the prior year due primarily to lower construction and forestry equipment sales and lower mining sales, reflecting the delivery of one large mining shovel in the first quarter of 2026 compared to two in the first quarter of the prior year.
  - Revenue in central Canada of $90.3 million decreased 9.5% from the same period in the prior year due primarily to lower revenue in the material handling and industrial parts categories.
  - Revenue in eastern Canada of $184.4 million decreased 3.3% from the same period in the prior year due primarily to lower equipment sales in the construction and forestry, and material handling categories, and lower industrial parts sales. These decreases were partially offset by higher ERS revenue and higher equipment sales in the power systems category.
- Gross profit margin of 20.6% in the first quarter of 2026 increased 150 basis points ("**bps**") compared with gross profit margin of 19.1% in the same period of 2025.(1) This increase in margin was primarily due to higher margins realized on industrial parts and ERS sales, and a lower proportion of equipment sales from a sales mix perspective. These increases were partially offset by lower margins realized on product support revenue.
- Selling and administrative expenses of $74.2 million in the first quarter of 2026 decreased $5.1 million compared with the first quarter of 2025. Excluding the $2.2 million unrealized gain on total return swaps (2025 – $1.4 million unrealized loss), selling and administrative expenses decreased $1.5 million compared with the same period in the prior year, due primarily to ongoing discipline in cost control and operational efficiency. Selling and administrative expenses as a percentage of revenue increased to 14.8% in the first quarter of 2026 from 14.3% in the same period of 2025, driven by the year-over-year decline in revenue.(1)
- Earnings before finance costs and income taxes ("**EBIT**") of $29.3 million in the first quarter of 2026 increased $2.6 million, or 9.6%, from $26.7 million in the same period of 2025. The year-over-year increase in EBIT resulted primarily from higher margins realized on industrial parts and ERS sales, cost discipline, and a $2.2 million unrealized gain on total return swaps in the first quarter of 2026 versus a $1.4 million unrealized loss in the same period of 2025. These increases were partially offset by lower sales volume. Adjusted EBIT decreased $2.6 million, or 9.2%, to $25.4 million in the first quarter of 2026 from $28.0 million in the first quarter of 2025, and adjusted EBIT margin increased to 5.1% in the first quarter of 2026 from 5.0% in the same quarter of 2025.(1)
- Finance costs of $5.1 million in the first quarter of 2026 decreased $3.9 million compared with the same quarter last year. Excluding the unrealized gain on interest rate derivatives of $0.5 million in the quarter and the unrealized loss of $1.2 million in the same period of the prior year, finance costs decreased $2.2 million, due primarily to lower average borrowings under Wajax's bank credit facility.
- The Corporation generated net earnings of $17.8 million, or $0.82 per share, in the first quarter of 2026 versus $13.1 million, or $0.60 per share, in the same period of 2025. The Corporation generated adjusted net earnings of $14.6 million, or $0.67 per share, in the first quarter of 2026 versus $14.9 million, or $0.69 per share, in the same period of 2025.(1) Adjusted net earnings in the first quarter of 2026 excludes non-cash gains on mark to market of derivative instruments of $3.2 million after tax, or $0.15 per share (2025 – losses of $1.8 million after tax, or $0.08 per share).(1)
- Adjusted EBITDA margin increased to 8.1% in the first quarter of 2026 from 7.8% in the first quarter of 2025.(1)

- Cash flows generated from operating activities amounted to $46.8 million in the first quarter of 2026, compared with cash generated of $25.7 million in the same quarter of the prior year. The increase in cash generated of $21.1 million was mainly attributable to an increase in accounts payable and accrued liabilities of $98.4 million during the quarter, compared to a decrease of $3.9 million in the same quarter of the prior year. This increase in cash generated was offset partially by a targeted increase in inventory of $44.0 million during the quarter to support anticipated seasonal demand, compared to a decrease of $15.2 million in the same quarter of the prior year, and an increase in trade and other receivables of $29.7 million in the quarter compared to an increase of $11.3 million in the same quarter of the previous year.

- The Corporation’s backlog of $521.7 million at March 31, 2026 increased $5.1 million, or 1.0%, compared to December 31, 2025 backlog of $516.6 million. This was due primarily to higher construction and forestry, and material handling backlog, offset partially by lower mining backlog, driven largely by the delivery of a large mining shovel in the quarter which was in backlog at December 31, 2025.(1) Backlog at March 31, 2026 decreased $39.6 million, or 7.0%, compared to March 31, 2025 backlog of $561.3 million due primarily to lower mining backlog, driven largely by the delivery of five large mining shovels since March 31, 2025, as well as lower material handling backlog.(1) These decreases were partially offset by an increase in power systems backlog, driven by the River Class Destroyer subcontract (the “**RCD Subcontract**”) entered into with Irving Shipbuilding Inc. (“**ISI**”) during the fourth quarter of 2025, and higher ERS orders. Backlog at March 31, 2026 included one large mining shovel (March 31, 2025 - six large mining shovels).

- Working capital of $479.6 million at March 31, 2026 decreased $18.9 million, from $498.6 million at December 31, 2025, due primarily to higher accounts payable and accrued liabilities, offset partially by higher inventory and higher trade and other receivables.(1) Working capital efficiency was 24.6%, an improvement in efficiency of 50 bps from 25.1% at December 31, 2025 due to the lower trailing four quarter average working capital.(1)

- The Corporation’s leverage ratio improved to 1.51 times at March 31, 2026, from 1.62 times at December 31, 2025.(1) The improvement in leverage ratio was due to the lower debt level driven by cash generated from operating activities during the quarter.(1)

- As previously announced on February 12, 2026, George McClean assumed the role of President and Chief Executive Officer effective March 3, 2026. Mr. McClean also joined the Corporation’s Board of Directors.

- Effective March 3, 2026, Andrew Tam was appointed Chief Legal Officer of the Corporation. Mr. Tam previously served as Senior Vice President, General Counsel and Corporate Secretary and first joined Wajax in 2011.

(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 March 31		
	2026	2025	% change
Revenue	**$ 502.1**	$ 555.0	(9.5)%
Gross profit	**$ 103.5**	$ 106.1	(2.4)%
Selling and administrative expenses	**74.2**	79.4	(6.5)%
Earnings before finance costs and income taxes	**$ 29.3**	$ 26.7	9.6 %
Finance costs	**5.1**	9.1	(43.6)%
Earnings before income taxes	**$ 24.2**	$ 17.7	36.9 %
Income tax expense	**6.3**	4.5	39.6 %
Net earnings	**$ 17.8**	$ 13.1	35.9 %
– Basic earnings per share(2)	**$ 0.82**	$ 0.60	35.8 %
– Diluted earnings per share(2)	**$ 0.80**	$ 0.59	35.0 %
Adjusted net earnings(1)(3)	**$ 14.6**	$ 14.9	(2.3)%
– Adjusted basic earnings per share(1)(2)(3)	**$ 0.67**	$ 0.69	(2.4)%
– Adjusted diluted earnings per share(1)(2)(3)	**$ 0.65**	$ 0.67	(3.0)%
Adjusted EBIT(1)	**$ 25.4**	$ 28.0	(9.2)%
Adjusted EBITDA(1)	**$ 40.5**	$ 43.2	(6.3)%
Key ratios:			
Gross profit margin(1)	**20.6%**	19.1%	
Selling and administrative expenses as a percentage of revenue(1)	**14.8%**	14.3%	
EBIT margin(1)	**5.8%**	4.8%	
Adjusted EBIT margin(1)	**5.1%**	5.0%	
Adjusted EBITDA margin(1)	**8.1%**	7.8%	
Effective income tax rate	**26.2%**	25.7%	

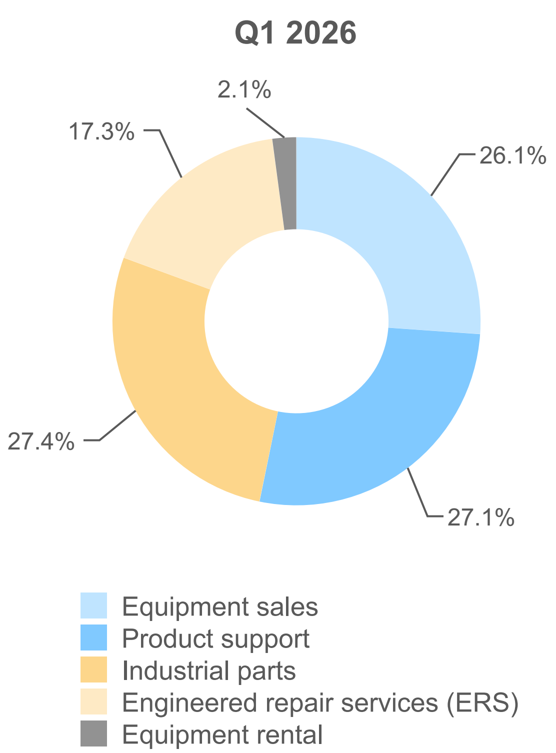
Statement of financial position highlights As at	**March 31 2026**	December 31 2025
Trade and other receivables	**$ 308.9**	$ 279.3
Inventory	**593.6**	547.6
Accounts payable and accrued liabilities	**(449.7)**	(351.4)
Other working capital amounts(1)	**26.8**	23.2
Working capital(1)	**$ 479.6**	$ 498.6
Rental equipment	**$ 39.7**	$ 40.3
Property, plant and equipment	**$ 45.4**	$ 45.5
Funded net debt(1)	**$ 192.6**	$ 213.8
Key ratios:		
Leverage ratio(1)	**1.51**	1.62

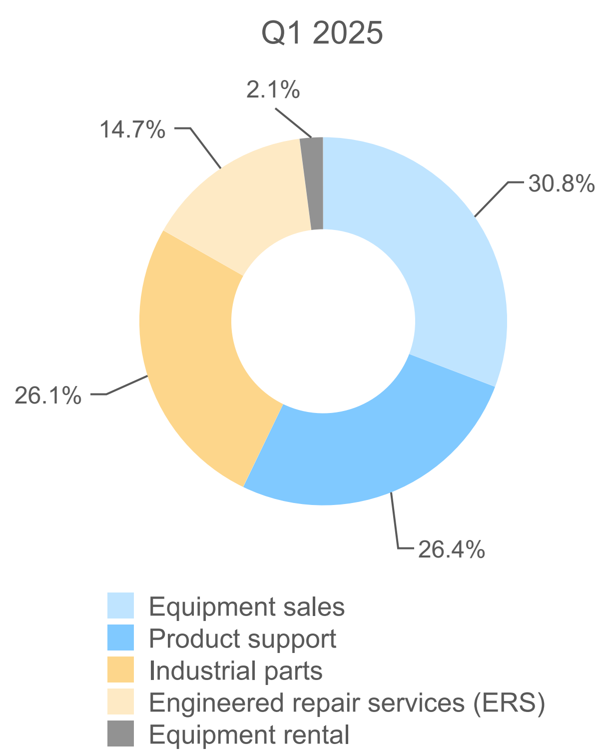
(1) These measures do not have a standardized meaning prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.
(2) For the three months ended March 31, 2026, the number of weighted average basic and diluted shares outstanding were 21,817,770 and 22,339,380, respectively (2025 - 21,802,252 and 22,191,930, respectively).
(3) Net earnings excluding the following:
    a. after-tax non-cash gains on mark to market of derivative instruments of $3.2 million (2025 – losses of $1.8 million), or basic and diluted earnings per share of $0.15 (2025 – basic and diluted loss per share of $0.08) for the first quarter of 2026.

Results of Operations

Revenue Sources

	Three months ended March 31			
	2026	2025	$ change	% change
Equipment sales	**$ 131.1**	$ 170.9	$ (39.8)	(23.3)%
Product support	**136.1**	146.4	(10.3)	(7.0)%
Industrial parts	**137.6**	144.7	(7.1)	(4.9)%
Engineered repair services (ERS)	**86.7**	81.6	5.1	6.3 %
Equipment rental	**10.6**	11.4	(0.9)	(7.7)%
Total revenue	**$ 502.1**	$ 555.0	$ (52.9)	(9.5)%





Revenue
Revenue in the first quarter of 2026 decreased 9.5%, or $52.9 million, to $502.1 million, from $555.0 million in the first quarter of 2025. The following key factors contributed to the decrease in revenue:

- Equipment sales decreased 23.3% due primarily to lower construction and forestry sales in western and eastern Canada, lower material handling sales in all regions, and lower mining sales in western Canada, reflecting the delivery of one large mining shovel in the first quarter of 2026 compared to two in the first quarter of the prior year.
- Product support sales decreased 7.0% due primarily to lower mining revenue in western Canada.
- Industrial parts sales decreased 4.9% due primarily to lower sales in central and eastern Canada driven by softer market conditions.
- ERS sales increased 6.3% due primarily to higher sales in eastern Canada driven largely by the timing of projects.

Backlog
The Corporation's backlog of $521.7 million at March 31, 2026 increased $5.1 million, or 1.0%, compared to December 31, 2025 backlog of $516.6 million due primarily to higher construction and forestry, and material handling backlog, offset partially by lower mining backlog, driven largely by the delivery of a large mining shovel in the quarter which was in backlog at December 31, 2025.(1) Backlog at March 31, 2026 decreased $39.6 million, or 7.0%, compared to March 31, 2025 backlog of $561.3 million due primarily to lower mining backlog, driven largely by the delivery of five large mining shovels since March 31, 2025, and lower material handling backlog.(1) These decreases were partially offset by an increase in power systems backlog, driven by the RCD Subcontract entered into with ISI during the fourth quarter of 2025, and higher ERS orders. Backlog at March 31, 2026 included one large mining shovel (March 31, 2025 - six large mining shovels).

Gross profit
Gross profit of $103.5 million decreased $2.6 million, or 2.4%, in the first quarter of 2026 compared with the same quarter of 2025. This decrease was primarily due to lower sales volume. This decrease was partially offset by sales mix and higher margins realized on industrial parts and ERS sales.

Gross profit margin of 20.6% in the first quarter of 2026 increased 150 bps compared with gross profit margin of 19.1% in the same period of 2025.(1) This increase in margin was primarily due to higher margins realized on industrial parts and ERS sales, and a lower proportion of equipment sales from a sales mix perspective. These increases were partially offset by lower margins realized on product support revenue.

Selling and administrative expenses
Selling and administrative expenses of $74.2 million in the first quarter of 2026 decreased $5.1 million compared with the first quarter of 2025. Excluding the $2.2 million unrealized gain on total return swaps (2025 – $1.4 million unrealized loss), selling and administrative expenses decreased $1.5 million compared with the same period in the prior year, due primarily to ongoing discipline in cost control and operational efficiency.

Selling and administrative expenses as a percentage of revenue increased to 14.8% in the first quarter of 2026 from 14.3% in the same period of 2025, driven by the year-over-year decline in revenue.(1)

Finance costs
Finance costs of $5.1 million in the first quarter of 2026 decreased $3.9 million compared with the same quarter last year. Excluding the unrealized gain on interest rate derivatives of $0.5 million in the quarter and the unrealized loss of $1.2 million in the same period of the prior year, finance costs decreased $2.2 million, due primarily to lower average borrowings under Wajax's bank credit facility. See the Liquidity and Capital Resources section.

At March 31, 2026, 77.9% of the Corporation's funded net debt was at a fixed interest rate.(1)

Income tax expense

The Corporation's effective income tax rate of 26.2% for the first quarter of 2026 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 25.7% for the same period in 2025 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 first quarter of 2026, the Corporation generated net earnings of $17.8 million, or $0.82 per share, compared with $13.1 million, or $0.60 per share, in the first quarter of 2025. The $4.7 million increase in net earnings resulted primarily from higher margins realized on industrial parts and ERS sales, cost discipline, lower finance costs, and a $2.2 million unrealized gain on total return swaps in the first quarter of 2026 versus a $1.4 million unrealized loss in the same period of 2025. These increases were partially offset by lower sales volume.

Adjusted net earnings

Adjusted net earnings for the first quarter of 2026 excludes non-cash gains on mark to market of derivative instruments of $3.2 million after tax, or $0.15 per share (2025 – losses of $1.8 million after tax, or $0.08 per share).(1)

As a result, adjusted net earnings decreased $0.3 million to $14.6 million, or $0.67 per share, for the first quarter of 2026 from $14.9 million, or $0.69 per share, in the same period of 2025.(1)

Comprehensive income

Total comprehensive income of $17.8 million in the first quarter of 2026 included net earnings of $17.8 million and an other comprehensive loss of less than $0.1 million.

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.

	2026	2025				2024		
	Q1[(2)]	Q4[(3)]	Q3[(2)]	Q2[(2)]	Q1[(3)]	Q4[(3)]	Q3	Q2
Revenue	**$ 502.1**	$ 560.0	$ 483.1	$ 547.1	$ 555.0	$ 565.9	$ 481.0	$ 568.3
Net earnings	**$ 17.8**	$ 12.1	$ 16.7	$ 15.5	$ 13.1	$ 1.0	$ 6.4	$ 20.6
Earnings per share								
- Basic	**$ 0.82**	$ 0.56	$ 0.77	$ 0.71	$ 0.60	$ 0.05	$ 0.29	$ 0.95
- Diluted	**$ 0.80**	$ 0.54	$ 0.75	$ 0.70	$ 0.59	$ 0.05	$ 0.29	$ 0.93
Adjusted net earnings[(1)]	**$ 14.6**	$ 15.4	$ 16.2	$ 16.7	$ 14.9	$ 7.5	$ 9.6	$ 22.9
Adjusted earnings per share[(1)]								
- Basic	**$ 0.67**	$ 0.71	$ 0.75	$ 0.77	$ 0.69	$ 0.35	$ 0.44	$ 1.06
- Diluted	**$ 0.65**	$ 0.69	$ 0.73	$ 0.75	$ 0.67	$ 0.34	$ 0.43	$ 1.03
Dividends declared per share	**$ 0.35**	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35
Weighted average common shares outstanding - basic (in thousands)	**21,818**	21,775	21,746	21,756	21,802	21,774	21,724	21,697

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

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

	March 31 2026	December 31 2025
Shareholders’ equity	**$ 546.4**	$ 537.5
Funded net debt[(1)]	**192.6**	213.8
Total capital[(1)]	**$ 739.1**	$ 751.3
Funded net debt to total capital[(1)]	**26.1%**	28.5%
Leverage ratio[(1)]	**1.51**	1.62

(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 within the target range. See the Funded Net Debt section.

Shareholders’ Equity

The Corporation’s shareholders’ equity at March 31, 2026 of $546.4 million increased $8.9 million, from $537.5 million at December 31, 2025 due primarily to total comprehensive income of $17.8 million, offset partially by dividends declared of $7.6 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, 2025	21,956,164	$ 213.2
Common shares issued to settle share-based compensation awards	14,434	0.3
Issued and outstanding, March 31, 2026	21,970,598	$ 213.4
Shares held in trust, December 31, 2025	(152,626)	$ (1.5)
Released for settlement of certain share-based compensation awards	12,036	0.1
Purchased for future settlement of certain share-based compensation awards	(40,000)	(0.4)
Shares held in trust, March 31, 2026	(180,590)	$ (1.7)
Issued and outstanding, net of shares held in trust, March 31, 2026	**21,790,008**	**$ 211.7**

At the date of this MD&A, the Corporation had 21,779,948 common shares issued and outstanding, net of shares held in trust.

At March 31, 2026, 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 March 31, 2026, there were a total of 389,439 units outstanding under the SOP and DDSUP, of which 380,388 were fully vested. Each fully vested MTIP PSU and each fully vested deferred share unit issued under the DSUP ("**DSUs**") is settled by the delivery of a market-purchased common share. As of March 31, 2026, a total of 375,967 MTIP PSUs and DSUs were outstanding, 3,392 of which were fully vested. Each fully vested MTIP RSU is settled in cash. As of March 31, 2026, a total of 508,420 MTIP RSUs were outstanding, 131,765 of which 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 $2.1 million for the three months ended March 31, 2026 (2025 – expense of $0.9 million) in respect of these plans.

Funded Net Debt

	March 31 2026	December 31 2025
Cash	**$ (3.0)**	$ (8.3)
Long-term debt	**195.6**	222.1
Funded net debt[(1)]	**$ 192.6**	$ 213.8

Funded net debt of $192.6 million at March 31, 2026 decreased $21.2 million compared to $213.8 million at December 31, 2025.[(1)] The decrease during the quarter was due primarily to cash generated from operating activities of $46.8 million, partially offset by the payment of lease liabilities of $11.9 million and dividends paid of $7.6 million.

The Corporation's ratio of funded net debt to total capital decreased to 26.1% at March 31, 2026 from 28.5% at December 31, 2025 due primarily to lower funded net debt in the quarter.[(1)]

The Corporation's leverage ratio of 1.51 times at March 31, 2026 improved from the December 31, 2025 ratio of 1.62 times due to the lower debt level driven by cash generated from operating activities during the quarter.[(1)]

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 derivative contracts to minimize exposure to interest rate fluctuations on its variable rate debt. All interest rate derivatives are recorded in the unaudited condensed consolidated interim financial statements at fair value. Wajax had the following interest rate derivatives outstanding:

As at March 31, 2026	**Notional Amount**		**Interest Rate**	**Counterparty Optional Early Termination Date**	**Maturity**
Interest rate swap	$	75.0	2.35%	October 2027	October 2029
Interest rate collar[(1)]	$	75.0	2.30% - 2.67%	n/a	October 2027

As at December 31, 2025	**Notional Amount**		**Interest Rate**	**Counterparty Optional Early Termination Date**	**Maturity**
Interest rate swap	$	75.0	2.35%	October 2027	October 2029
Interest rate collar[(1)]	$	75.0	2.30% - 2.67%	n/a	October 2027

(1) The interest rate collar has a notional value of $75.0 million with an interest rate floor of 2.30% and an interest rate cap of 2.67%, and matures October 1, 2027, subject to the counterparty's option to extend as an interest rate swap from October 1, 2027 to October 24, 2029 with the same notional value of $75.0 million but at a fixed interest rate of 3.36%.

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. Wajax had the following contracts outstanding:

As at March 31, 2026	**Notional Amount**		**Average Exchange Rate**	**Maturity**
Purchase contracts	USD	88.2	1.3711	April 2026 to April 2027
	EUR	12.3	1.6074	April 2026 to June 2026
Sales contracts	USD	31.1	1.3830	June 2026 to April 2027
	EUR	14.2	1.5907	May 2026 to October 2027

As at December 31, 2025	**Notional Amount**		**Average Exchange Rate**	**Maturity**
Purchase contracts	USD	113.8	1.3833	January 2026 to March 2027
	EUR	—	1.6152	January 2026
Sales contracts	USD	42.6	1.3748	March 2026 to April 2027
	EUR	2.6	1.5741	March 2026 to August 2026

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 March 31, 2026, Wajax had the following total return swap contracts outstanding:

- contracts totaling 386,000 shares at an initial share value of $10.7 million (December 31, 2025 – contracts totaling 426,000 shares at an initial share value of $10.7 million).

The total return swap contracts expire between March 2027 and March 2029.

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 March 31, 2026, Wajax had the following cross currency swap contract outstanding:

- to receive USD $103.1 million at 4.86% and pay CAD $140.0 million at 4.69% (December 31, 2025 - to receive USD $126.5 million at 4.83% and pay CAD $175.0 million at 4.67%)

The cross currency swap contract expired in April 2026, and a new cross currency swap was entered into at that time.

Contractual Obligations

There have been no material changes to the Corporation's contractual obligations since December 31, 2025, except for the following:

Defined Benefit Pension Plan Settlements

The Corporation sponsors 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 2025, the Corporation purchased buyout annuities from a third-party financial services company for the Executive Plan, releasing the Corporation of any defined benefit obligation in respect of all plan members.

During 2025, the Corporation also made contributions and lump sum payments to settle defined benefit pension obligations under the SERP relating to the majority of participants. In January 2026, the Corporation made contributions and lump sum payments totaling $1.7 million to settle the remaining defined benefit pension obligations under the SERP.

As at March 31, 2026, the Corporation has no defined benefit pension obligations, and the two defined benefit plans are in the process of being wound up.

As at March 31, 2026, the employee benefits asset of less than $0.1 million (December 31, 2025 - employee benefits liability of $1.6 million) relates fully to the Executive Plan, to cover remaining administrative expenses until the plan is wound up. As at December 31, 2025, the employee benefits liability of $1.6 million consisted of a net pension asset of $0.1 million relating to the Executive Plan and a pension liability of $1.7 million relating to the SERP, which was not funded.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements as at March 31, 2026.

Liquidity and Capital Resources

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

Bank and Other Credit Facilities

As at March 31, 2026, 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 24, 2029.

At March 31, 2026, Wajax had borrowed $196.8 million and issued $1.1 million of letters of credit for a total utilization of $197.8 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 March 31, 2026, borrowing capacity under the bank credit facility was equal to $500.0 million, of which $302.2 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 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 March 31, 2026. The Corporation’s leverage ratio was 1.51 times at March 31, 2026.

As at March 31, 2026, 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 1.5% 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.

Under the terms of the bank credit facility, Wajax is permitted to have additional interest bearing debt of $50.0 million. As such, Wajax has up to $50.0 million of demand inventory equipment financing capacity with three third-party financing companies. At March 31, 2026, Wajax had utilized $9.1 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 March 31, 2026, the Corporation continues to service and collect $4.0 million in accounts receivable on behalf of the financial institution.

As of May 4, 2026, 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 March 31, 2026, 77.9% 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 March 31		
	2026	2025	$ change
Net earnings	**$ 17.8**	$ 13.1	$ 4.7
Items not affecting cash flow	**21.9**	28.6	(6.6)
Net change in non-cash operating working capital	**24.2**	(5.1)	29.3
Finance costs paid on debts	**(3.8)**	(6.8)	3.0
Finance costs paid on lease liabilities	**(2.6)**	(2.7)	0.2
Income taxes paid	**(8.2)**	—	(8.3)
Rental equipment additions	**(4.3)**	(1.3)	(3.0)
Other	**1.7**	(0.1)	1.8
Cash generated from operating activities	**$ 46.8**	$ 25.7	$ 21.1
Cash generated from (used in) investing activities	**$ 1.1**	$ (2.9)	$ 3.9
Cash used in financing activities	**$ (53.2)**	$ (30.3)	$ (22.9)

Operating Activities
Cash flows generated from operating activities amounted to $46.8 million in the first quarter of 2026, compared with cash generated of $25.7 million in the same quarter of the prior year. The increase in cash generated of $21.1 million was mainly attributable to an increase in accounts payable and accrued liabilities of $98.4 million during the quarter, compared to a decrease of $3.9 million in the same quarter of the prior year. This increase in cash generated was offset partially by a targeted increase in inventory of $44.0 million during the quarter to support anticipated seasonal demand, compared to a decrease of $15.2 million in the same quarter of the prior year, and an increase in trade and other receivables of $29.7 million in the quarter compared to an increase of $11.3 million in the same quarter of the previous year.

Rental equipment additions in the first quarter of 2026 of $4.3 million (2025 – $1.3 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(1)	Three months ended March 31		
	2026	2025	$ change
Trade and other receivables	**$ (29.7)**	$ (11.3)	$ (18.3)
Contract assets	**(0.4)**	0.2	(0.6)
Inventory	**(44.0)**	15.2	(59.2)
Deposits on inventory	**(13.2)**	1.4	(14.6)
Prepaid expenses	**(0.5)**	(3.8)	3.3
Accounts payable and accrued liabilities	**98.4**	(3.9)	102.3
Provisions	**(5.1)**	(1.5)	(3.6)
Contract liabilities	**18.6**	(1.4)	20.0
Total Changes in Non-cash Operating Working Capital	**$ 24.2**	$ (5.1)	$ 29.3

(1) Increase (decrease) in cash flow.

Significant components of the changes in non-cash operating working capital for the first quarter of 2026 compared to the first quarter of 2025 are as follows:

- Accounts payable and accrued liabilities increased $98.4 million in the first quarter of 2026, compared with a decrease of $3.9 million in the same period of 2025. The increase in the first quarter of 2026 resulted primarily from higher trade payables on increased inventory purchasing to support anticipated seasonal demand.

- Contract liabilities increased $18.6 million in the first quarter of 2026, compared with a decrease of $1.4 million in the same period of 2025. The increase in the first quarter of 2026 resulted primarily from advance billing of large customer projects.

- Inventory increased $44.0 million in the first quarter of 2026, compared to a decrease of $15.2 million in the same period of 2025. The increase in the first quarter of 2026 resulted primarily from targeted equipment inventory purchasing in the construction and forestry category to support anticipated seasonal demand. The decrease in the first quarter of 2025 resulted from lower inventory in most categories driven largely by the Corporation's focus on managing inventory levels, partially offset by higher mining inventory.

- Trade and other receivables increased $29.7 million in the first quarter of 2026, compared with an increase of $11.3 million in the same period of 2025. The increase in the first quarter of 2026 resulted primarily from advance billing of large customer projects. The increase in the first quarter of the prior year was due primarily to timing of billings and customer receipts.

- Deposits on inventory increased $13.2 million in the first quarter of 2026, compared with a decrease of $1.4 million in the same period of 2025. The increase in the first quarter of 2026 was due primarily to advance supplier billing for large projects.

Investing Activities

The Corporation generated $1.1 million of cash from investing activities in the first quarter of 2026 compared with cash used of $2.9 million in the same quarter of 2025. Investing activities in the quarter included the collection of lease receivables of $3.0 million (2025 – $2.4 million) and property, plant and equipment additions of $2.2 million (2025 – $2.9 million). In the first quarter of the prior year, the Corporation also made net post-acquisition settlement payments of $2.8 million.

Financing Activities

The Corporation used $53.2 million of cash in financing activities in the first quarter of 2026 compared with cash used of $30.3 million in the same quarter of 2025. Financing activities in the quarter included a net bank credit facility repayment of $32.0 million (2025 – net borrowing of $47.0 million), the payment of lease liabilities of $11.9 million (2025 – $10.4 million), and dividends paid to shareholders of $7.6 million (2025 – $7.6 million). In the first quarter of the prior year, the Corporation also made a debentures repayment of $57.0 million.

Dividends

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

Record Date	Payment Date	Per Share	Amount
March 16, 2026	April 2, 2026	$ 0.35	$ 7.6
Three months ended March 31, 2026		**$ 0.35**	**$ 7.6**

On May 4, 2026, the Corporation declared a dividend of $0.35 per share for the second quarter of 2026 payable on July 3, 2026 to shareholders of record on June 15, 2026.

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 following are the critical accounting judgements and key estimates concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Sales of power and energy systems and engineered repair services
For sales of power and energy systems and engineered repair services where control transfers to the customer over time, judgement is involved in selecting an appropriate measure of progress. For such performance obligations, the Corporation generally recognizes revenue over time using an input method, based on costs incurred to date relative to total estimated costs at completion. Under this method, costs that do not contribute to the performance of the Corporation in transferring control of goods or services to the customer are excluded from the measurement of progress toward satisfying the performance obligation. Significant assumptions can be required to estimate total contract costs, which are recognized as expenses in the period in which they are incurred. The determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors such as potential variances in scheduling and cost of materials along with productivity and the availability and cost of qualified labour and subcontractors. If it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized in the consolidated statements of 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 first quarter of 2026 was a charge of $0.3 million (2025 – charge of $2.3 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
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 first quarter of 2026.

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 $2.4 million allowance for credit losses at March 31, 2026 increased $0.2 million from $2.1 million at December 31, 2025. 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.

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, 2025, which can be found under the Corporation's profile on SEDAR+ at 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 March 31, 2026, 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 March 31, 2026, 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 three months ended March 31, 2026 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.

Non-GAAP financial measures are identified and defined below:

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

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

Non-GAAP ratios are identified and defined below:

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

Supplementary financial measures are identified and defined below:

EBIT margin	Defined as EBIT divided by revenue, as presented in the condensed consolidated interim statements of earnings.
Backlog	Backlog is a management measure which includes the total sales value of customer purchase commitments for future delivery or commissioning of equipment, parts and related services, including ERS projects. There is no directly comparable GAAP financial measure for Backlog.
Gross profit margin	Defined as gross profit divided by revenue, as presented in the condensed consolidated interim statements of earnings.
Selling and administrative expenses as a percentage of revenue	Defined as selling and administrative expenses divided by revenue, as presented in the 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 March 31	
	2026	2025
Net earnings	**$ 17.8**	$ 13.1
Non-cash (gains) losses on mark to market of derivative instruments, after tax	**(3.2)**	1.8
Adjusted net earnings	**$ 14.6**	$ 14.9
Adjusted basic earnings per share[(1)]	**$ 0.67**	$ 0.69
Adjusted diluted earnings per share[(1)]	**$ 0.65**	$ 0.67

(1) For the three months ended March 31, 2026, the number of weighted average basic and diluted shares outstanding were 21,817,770 and 22,339,380, respectively (2025 - 21,802,252 and 22,191,930, respectively).

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

	Three months ended		Twelve months ended	
	March 31 2026	March 31 2025	**March 31 2026**	December 31 2025
EBIT	**$ 29.3**	$ 26.7	**$ 109.3**	$ 106.7
Depreciation and amortization	**15.1**	15.2	**62.4**	62.6
EBITDA	**$ 44.4**	$ 42.0	**$ 171.7**	$ 169.3
EBIT	**$ 29.3**	$ 26.7	**$ 109.3**	$ 106.7
Facility closure, restructuring and other related costs(1)	**—**	—	**8.2**	8.2
Gain recorded on the sale of properties	**—**	—	**(0.3)**	(0.3)
Non-cash (gains) losses on mark to market of derivative instruments, excluding interest rate derivatives and cross currency swaps(2)	**(3.9)**	1.2	**(5.7)**	(0.6)
Change in fair value of contingent consideration(3)	**—**	—	**(1.2)**	(1.2)
Loss on settlement of obligations under the SERP(4)	**—**	—	**1.3**	1.3
Adjusted EBIT	**$ 25.4**	$ 28.0	**$ 111.5**	$ 114.1
Depreciation and amortization	**15.1**	15.2	**62.4**	62.6
Adjusted EBITDA	**$ 40.5**	$ 43.2	**$ 173.9**	$ 176.7
Payment of lease liabilities(5)			**(45.7)**	(44.1)
Pro-forma adjusted EBITDA			**$ 128.2**	$ 132.5

(1) In 2025, the Corporation implemented a workforce reduction in response to economic conditions, and also recognized executive separation benefits. This cost relates primarily to severance costs and separation benefits.

(2) Non-cash (gains) losses on mark to market of derivative instruments that are not effectively designated as hedging instruments under IFRS, excluding interest rate derivatives 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) In 2025, the Corporation made lump sum payments to settle defined benefit pension obligations under the SERP relating to the majority of participants. As a result of the settlement of obligations under the SERP, the Corporation recognized a loss.

(5) 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 and leverage ratio is as follows:

	March 31 2026	December 31 2025
Cash	$ **(3.0)**	$ (8.3)
Long-term debt	**195.6**	222.1
Funded net debt	$ **192.6**	$ 213.8
Letters of credit	**1.1**	1.2
Debt	$ **193.7**	$ 215.0
Pro-forma adjusted EBITDA(1)	$ **128.2**	$ 132.5
Leverage ratio(2)	**1.51**	1.62

(1) For the twelve months ended March 31, 2026 and December 31, 2025.
(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. 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:

	March 31 2026	December 31 2025
Shareholders’ equity	$ **546.4**	$ 537.5
Funded net debt	**192.6**	213.8
Total capital	$ **739.1**	$ 751.3
Funded net debt to total capital	**26.1%**	28.5%

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

	March 31 2026	December 31 2025
Total current assets	$ **1,025.0**	$ 935.5
Total current liabilities	**545.3**	436.9
Working capital	$ **479.6**	$ 498.6
Trade and other receivables	**(308.9)**	(279.3)
Inventory	**(593.6)**	(547.6)
Accounts payable and accrued liabilities	**449.7**	351.4
Other working capital amounts	$ **26.8**	$ 23.2

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 five strategic priorities for 2026: 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**"), investing in operational efficiency, process optimization and technology enablement, and acquiring and integrating industrial parts and ERS businesses, 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 continued investment in infrastructure and structured continuous improvement initiatives to enhance customer service, streamline processes and procedures, and improve operating efficiency; the focus of our technology enablement efforts; our belief that 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; our plan in 2026 to continue to focus on fully integrating prior acquisitions so that we may realize additional synergies, and to maintain a disciplined approach to future opportunities; our plan to carry on an ongoing program of operational improvements, as well as our continued emphasis in 2026 on cost control, inventory optimization and margin improvement, supported by prudent capital allocation; our continued maintenance of cost discipline, with some variability expected in relation to sales volumes; anticipated customer demand in the mining and energy sectors, the expected delivery of a large mining shovel currently in backlog within the next four quarters and management's outlook that market conditions in other sectors remain mixed across regions with continued macroeconomic softness and uncertainty related to Canada–U.S. tariff and trade dynamics; management's belief that the Corporation's diversified exposure and focused execution position it to manage current market conditions, and that continued execution of its strategic priorities, supported by balance sheet strength and prudent capital allocation, will enable the Corporation to deliver sustainable long-term value; 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; our expectation that the Executive Plan and SERP will be wound up; 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. trade 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 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. trade 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; a decrease in levels of customer confidence and spending; supply chain disruptions and shortages; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; decreased market acceptance of the products we offer; the termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters); our inability to attract and retain skilled staff and our inability to maintain strong relationships with our suppliers, employees and customers. The foregoing list of factors is not exhaustive.

Further information concerning the risks and uncertainties associated with these forward-looking statements and the Corporation’s business may be found in our Management’s Discussion and Analysis for the year-ended December 31, 2025 (the “**2025 MD&A**”) 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 2025 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 2025 Annual Report, is available under the Corporation’s profile on SEDAR+ at www.sedarplus.ca.