

WAJAX 2025 ANNUAL REPORT

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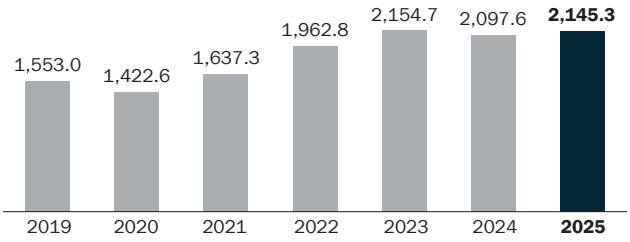
FINANCIAL HIGHLIGHTS

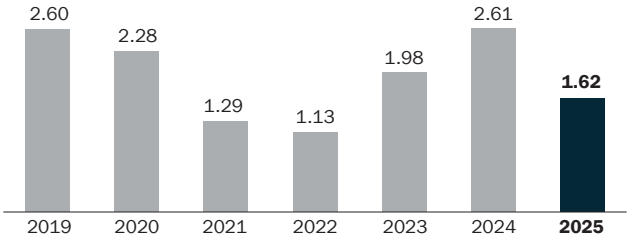
In 2025, Wajax's financial performance improved against a backdrop of continued macroeconomic uncertainty. A focus on driving margin improvement, managing costs and optimizing inventory contributed to revenue growth of 2.3% and adjusted basic earnings per share growth of 19.2%. The Corporation also generated a meaningful improvement in cash flow from operating activities versus 2024 and its leverage ratio is now within its target range, supporting greater financial flexibility in the execution of Wajax's strategic priorities. Management remains focused on building resilience and capacity in the business to help support long-term growth as market conditions improve.[1]

	2025	2024
Revenue (millions)	**$2,145.3**	$2,097.6
Adjusted EBITDA[1] (millions)	**$176.7**	$168.0
Adjusted Basic Earnings Per Share[1]	**$2.90**	$2.44
Cash Flows Generated from Operating Activities (millions)	**$194.0**	$75.1

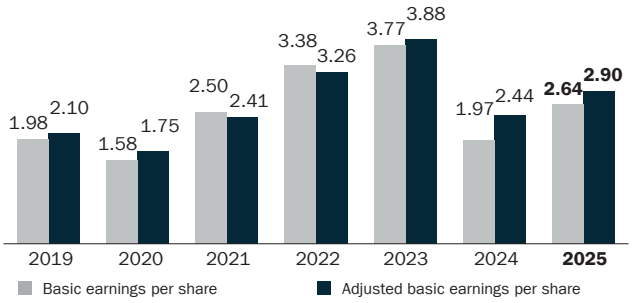
Revenue ($ millions)



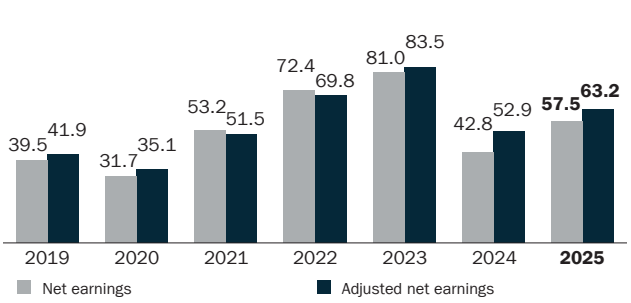
Leverage Ratio[1] (%)



Earnings and Adjusted Basic Earnings Per Share[1] ($ millions)



Net Earnings and Adjusted Net Earnings[1] ($ millions)



(1) "Leverage ratio", "Adjusted EBITDA", "Adjusted basic earnings per share" and "Adjusted net earnings" do not have standardized meanings prescribed by generally accepted accounting principles ("**GAAP**"). See Management's Discussion and Analysis, page 13.

Forward-Looking Statements and Information: This Annual Report, including the accompanying Management's Discussion and Analysis, includes forward-looking statements and information that is based on Wajax's current beliefs, expectations, estimates and assumptions in light of information currently available. Actual results, performance and achievements may differ materially from those anticipated or implied in such forward-looking statements or information. Please see page 34 for a discussion of the risks and uncertainties related to such statements and information.

IMPROVING TOGETHER



With 105 locations and more than 167 years of experience offering world-class brands, exceptional support and advanced technical expertise to diverse industries, Wajax provides solutions that help customers nationwide get more done, efficiently and effectively.

2025 Highlights:

- Exited the year with backlog of $516.6 million.(2)
- Reduced inventory by $202.7 million from its peak in March 2024.
- Safely delivered a record six large mining shovels.
- Earned multiple "Supplier of the Year" awards from leading original equipment manufacturers ("**OEMs**").
- Employees completed more than 30,000 hours of training through WajaxU, equivalent to approximately one full day of training per employee.
- Substantially completed our Enterprise Resource Planning ("**ERP**") system rollout to support improved data collection and decision-making organization wide.
- Improved our Total Recordable Incident Frequency ("**TRIF**") rate to 0.93.

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(2) "Backlog" does not have a standardized meaning prescribed by GAAP. See Management's Discussion and Analysis, page 13.

MESSAGE TO SHAREHOLDERS

During its 167th year in business, Wajax demonstrated the resilience required to operate in an uncertain and increasingly volatile macroeconomic environment. Against this backdrop, revenues increased by 2.3% to $2.15 billion and our teams delivered a 19.2% improvement in adjusted basic earnings per share through a series of operational improvements and efficiency initiatives. Cash flow from operating activities grew 158.1% to $194 million and we exited the year with a strong backlog of $516.6 million, putting us in a solid position to begin 2026.(1) Overall, 2025 represented an important turning point for Wajax as we improved performance and reinforced the operational discipline required to deliver more consistent results.



Ignacy (Iggy) Domagalski, President and Chief Executive Officer

Facing a second consecutive year of softer demand and more cautious customer behaviour, we looked inward to identify opportunities to strengthen financial performance. Over the year, we concentrated on margin improvement, exercised greater discipline in cost control, and continued to optimize inventory mix and levels. These actions supported an improvement in our leverage ratio to 1.62 times, returning it to our target range, and contributed to adjusted basic earnings per share of $2.90, up from $2.44 in 2024 on similar sales volume.(1)

A Clear Focus on Resilience and Competitiveness

Investing In Our People

The safety, well-being and success of our 2,939 team members remains central to everything we do. When our employees thrive, our business thrives, and in 2025, we continued to invest in our people.

In 2025, this included expanded total rewards, such as a fitness reimbursement, broader mental health coverage, and increased tools and tuition funding. Our teammates also completed more than 30,000 hours of training through WajaxU, equivalent to approximately one full day of training per employee. We also delivered targeted courses in leadership development, operational excellence and mental health first aid.

We are committed to advancing opportunities for groups under-represented in the trades, including women and Indigenous peoples. Our Women of Wajax initiative continued to expand with a formal mentorship program, and we continued partnerships with organizations that are cultivating the next generation of skilled tradespeople, including Jill of All Trades, Indspire and Catalyst.

Safety remains our number one priority. In 2025, we delivered a strong TRIF of 0.93, an improvement from 0.94 last year, and exceeding the 1.0 benchmark for diversified industrial companies.

By focusing on people, we strive to attract, develop and retain top talent across the organization. More than 400 Wajax employees have over 20 years of service and our average tenure is nearly a decade, reflecting deep knowledge and supporting continuity, efficiency and performance.

Unlocking the Potential of our Enhanced Direct Relationship with Hitachi

In 2025, we safely delivered six large mining shovels, an annual record for Wajax. While deliveries of ultra-class units can fluctuate year to year, we expect Hitachi's growing traction in North America – and its reputation for quality – to drive increased sales across its full product range as customers respond to rising demand for Canadian resources and higher infrastructure spending. In anticipation, we are preparing to scale our sales and service capabilities to support a broader and increased flow of machines and parts.

As our direct distribution relationship with Hitachi matures, so too does the efficiency of our supply chain. All machines and most parts now arrive directly from Japan, allowing us to better manage the shifting tariff landscape, reduce warehousing and transportation costs, and decrease our environmental footprint. Over time, this enhanced relationship is expected to support improved aftermarket revenue, margin stability and long-term earnings quality.

Revenue Sources
($ millions)



For the year ended December 31	2025	2024	% change
Equipment Sales	**$ 684.7**	$ 618.6	11%
Product Support	**527.1**	535.0	(1)%
Industrial Parts	**552.7**	572.0	(3)%
ERS	**334.3**	326.5	2%
Equipment Rental	**46.5**	45.5	2%
	$ 2,145.3	$ 2,097.6	2%

Revenue by Geographic Region
($ millions)



For the year ended December 31	2025	2024	% change
Western Canada	**$ 985.6**	$ 944.5	4%
Central Canada (Ontario)	**381.8**	375.2	2%
Eastern Canada*	**778.0**	777.9	0%
	$ 2,145.3	$ 2,097.6	2%

*Includes Quebec and the Atlantic provinces.

Revenue by End Market



For the year ended December 31	2025	2024
Construction	**14%**	15%
Oil Sands	**14%**	10%
Mining	**13%**	14%
Oil and Gas	**11%**	11%
Forestry	**9%**	10%
Metal Processing	**8%**	6%
Industrial/ Commercial	**7%**	10%
Transportation	**7%**	8%
Government and Utilities	**7%**	7%
Other	**10%**	9%

(1) "Backlog" and "leverage ratio" do not have standardized meanings prescribed by GAAP. See Management's Discussion and Analysis, page 13.

A Focus on Margin Improvement and Managing Inventory Levels

In 2025, we concentrated on supply chain initiatives to reduce SKUs, optimize product flow and accelerate inventory turns, resulting in a total inventory reduction of $203 million from its March 2024 peak. This progress helped reduce our leverage ratio to within our target range of 1.5 to 2.0 times by year-end, providing greater financial flexibility to execute our strategy and allocate capital in support of long-term value creation.

We also continued to deliver strong support to our customers, achieving 90% parts fill rates and a Net Promoter Score of +68, consistent with the prior year. These actions supported meaningful improvement in product support margins versus 2024, and improved industrial parts ("**IP**") and engineered repair services ("**ERS**") margins in the latter half of 2025 versus the latter half of 2024.

We are pleased with the progress we made in 2025 and will continue to further refine these initiatives in 2026 and beyond as we pursue further operational efficiency and excellence.

Driving Efficiency and Operational Excellence

Our business has continued to experience cyclicality in recent years, amplified by the COVID-19 pandemic and its aftermath. A core focus at both the board and management levels has been to deliver more consistent performance through the cycle by making structural improvements to how we operate the business – resulting in less volatility when conditions soften and capturing upside when they strengthen.

As she transitioned to the CFO role in March 2025, Tania Casadinho and her team immediately focused their efforts on margin improvement, cost discipline and inventory management. Those efforts have generated strong results and will remain a central focus as Tania continues to refine these initiatives in 2026.

In June 2025, we welcomed Michael Hachey as Chief Operating Officer. With extensive expertise in operational excellence and transformation, Michael is now building stronger processes, improving efficiency and expanding capacity across the business. These changes will help drive more consistent performance and allow us to capitalize on our investment in people, particularly as tailwinds associated with "Buy and Build Canadian" emerge.

Leveraging our Investment in Technology

In 2025, we continued to integrate technology to refine and automate processes, unify and streamline operations, support decision-making and improve reporting. Key initiatives included new accounts payable software and a new digital platform for environment, health and safety.

With our Infor M3 ERP implementation substantially complete, we have significantly enhanced data and business visibility. Our focus has now shifted to leveraging these insights to improve forecasting, working capital management and operational decision-making across the organization, ensuring we remain agile and responsive to our customers.

Complementing Organic Growth with Selective Acquisitions

Since 2018, Wajax has invested more than $200 million to acquire IP and ERS businesses. Today, the overall IP and ERS business represents 41% of total revenue, growing from $446 million in 2018 to $887 million in 2025.

These acquisitions are now largely integrated and we continue to pursue synergies and opportunities to expand their contributions. While we took a measured pause on new transactions in 2025 in light of higher post-pandemic valuations and ongoing market uncertainty, acquisitions remain a core element of our longer-term strategy, with a continued focus on disciplined, value-accretive growth. We continue to evaluate opportunities to broaden our geographic footprint and add adjacent services that complement our existing offerings.

Growing Commitment to Sustainability

We remain committed to advancing our broader sustainability plan. Tracking environmental performance with a high level of assurance is critical, and we are refining our approach with dedicated carbon accounting software. In 2025, we laid the groundwork to complete a materiality assessment in 2026 that will sharpen our ESG strategy and establish clear milestones that we can use to measure progress.

As an organization, we believe we have a responsibility to the many communities in which we operate. This year we continued to support groups such as the Canadian Cancer Society, Food Banks Canada and the Kids Cancer Care Foundation of Alberta through volunteering and participation in fundraising initiatives.

For more information on our environmental, social and governance initiatives, please see our annual Sustainability Report for the year-ended December 31, 2025 (the "**2025 Sustainability Report**"), which is available on our website at wajax.com.[2]

Building a Strong Future

As I reflect on 17 years with this organization, I am encouraged by what our teams have accomplished. We have expanded and diversified the business through a mix of acquisitions and organic growth, built a culture that helps our people succeed personally and professionally, and established a more resilient foundation to drive long-term value creation.

In the fourth quarter of 2025, the Board of Directors and I jointly agreed to initiate a CEO succession process. With that process now complete, I am excited to welcome George McClean as Wajax's new President and Chief Executive Officer. George is an experienced, thoughtful, driven, and people-focused leader. I believe he is exceptionally well suited to lead Wajax into its next chapter.

As the transition takes place, we remain guided by our core purpose: "Empowering People to Build a Better Tomorrow", which is grounded in our core values:

- 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.

Looking ahead, the leadership team remains focused on executing our strategy, delivering more consistent performance and, as market conditions improve, accelerating growth. We have taken our first steps in this journey, reflected in this year's improved financial performance, and while there is more work ahead, I am confident in the strength of our leadership team and the path forward.

In closing, I want to recognize the hard work, resilience and trust of our employees. Your commitment to the safety and success of our customers and each other is awe-inspiring.

To our leadership team, you are amongst the most talented and hardest working people I have ever met. It has been an honour to work alongside you.

To our customers, who are critical to our success, thank you for your continued business and trust. We strive every day to exceed your expectations.

To our manufacturing partners, who continue to innovate, evolve and support solutions that help our customers succeed, we appreciate the opportunity to represent your world-class products in key markets nationwide.

I also want to thank our Board for their trust and wise counsel over the years. Their deep experience and strong oversight will remain instrumental in shaping and supporting our broader strategy for years to come.

Last, but certainly not least, I want to recognize our shareholders, banking partners and analysts for their continued support and recognition of our vision to create and drive long-term value.

I firmly believe Wajax is well positioned to thrive in the months and years ahead and look forward to cheering the team on as it continues to build momentum.



Ignacy (Iggy) Domagalski
President and Chief Executive Officer

(2) The 2025 Sustainability Report is not incorporated by reference into this Annual Report.

THE CORE OF WAJAX

OUR STRATEGIC PRIORITIES

- Continue to build a people-first company.
- Grow our existing business with a focus on parts, service and margin improvement.
- Unlock the potential of our enhanced direct relationship with Hitachi.
- Invest in operational efficiency, process optimization and technology enablement.
- Acquire and integrate IP and ERS businesses.



OUR PILLARS

Operational Excellence

Delivering our best

Improving processes, inventory, communication and internal effectiveness.

Vendor Partnerships

Powering profitable growth

Strengthening vendor relationships and training to better support our customers.

Branch Performance

Enabling our operational teams

Making tools, technology and daily operations easier and more efficient.

Customer Experience

Dependability and consistency

Providing reliable service, consistent pricing and clear communication.

OUR PURPOSE

Empowering People to Build a Better Tomorrow

OUR VALUES

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



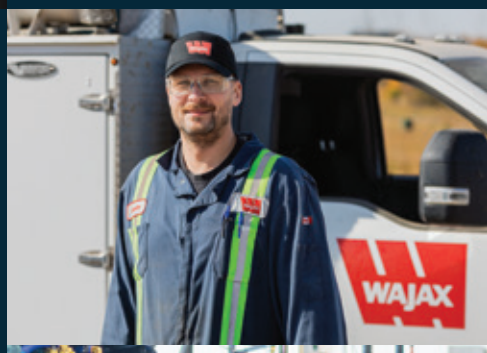


Tania S. Casadinho
Chief Financial Officer

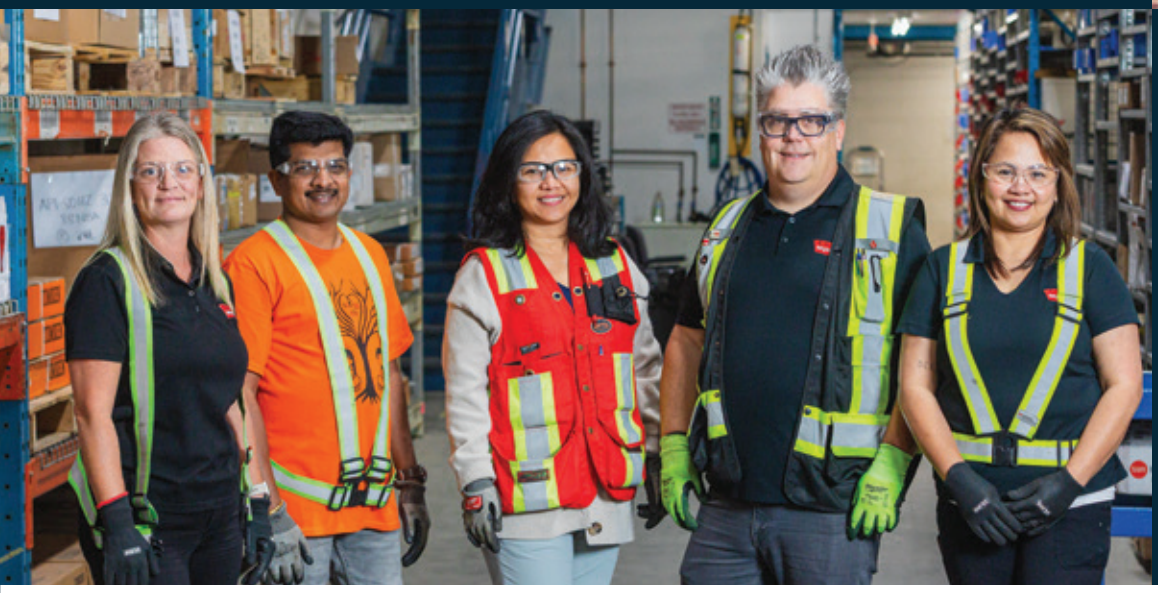
“In 2025, we focused on controlling costs, optimizing inventory and driving margin improvement. Our efforts paid off as profitability and cash flow generation grew meaningfully, even in the face of stable revenue versus the prior year. We also continued to successfully deleverage the balance sheet, returning net debt to EBITDA to within our target range of 1.5 to 2.0 times. Our progress during the past year was a preliminary step in our ongoing journey to build Wajax into an organization that operates increasingly efficiently, performs more consistently and allocates capital most effectively, all with the aim of driving enhanced long-term value for shareholders across a variety of macroeconomic conditions.”

Michael Hachey
Chief Operating Officer

“I joined Wajax in mid-2025, excited by the prospect of helping one of Canada’s longest-standing companies achieve operational excellence. My goal is to streamline and unify processes across our corporate offices and individual branches, empower our people to perform safely and effectively with higher capacity, and leverage our investments in technology. This includes using our widely implemented ERP system to make data-driven decisions that promote efficient operations and support a culture of continuous improvement. Working together will allow us to capitalize on opportunities afforded by the planned investment in Canadian businesses, communities and infrastructure expected in the years ahead.”

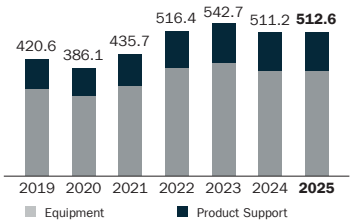




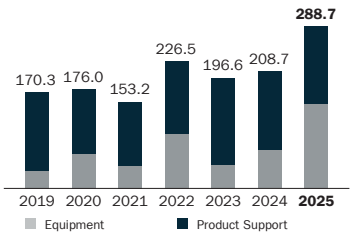


HEAVY EQUIPMENT AND POWER SYSTEMS

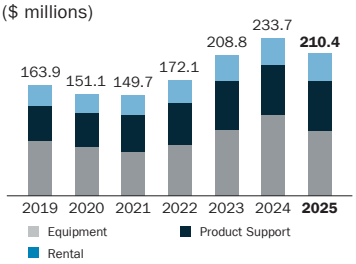
Construction, Forestry, Crane and Utility Revenue ($ millions)



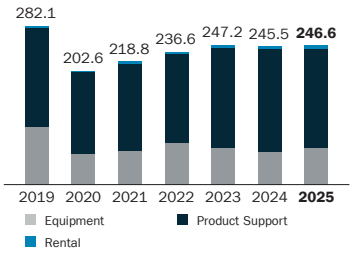
Mining Revenue ($ millions)



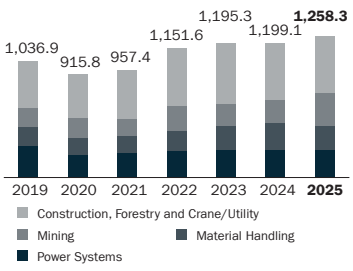
Material Handling Revenue ($ millions)



Power Systems Revenue ($ millions)



Heavy Equipment Revenue ($ millions)



Wajax sells and services a broad range of heavy equipment and power systems solutions that support resource extraction, the efficient movement of goods, industrial power needs and infrastructure development across Canada. Following strong order flow in 2024, six large mining shovels were successfully delivered in 2025. These deliveries contributed meaningful revenue and create the potential for long-term product support as operating hours climb in the coming years.

Representing Leading OEMs Nationwide

Wajax represents leading OEMs that design and manufacture innovative, world-class products. Brands represented include Hyster-Yale Group, Tigercat, Hitachi Construction Machinery Americas Inc. ("**Hitachi**"), Bell Equipment, Rolls-Royce Power Systems and Allison Transmission. Wajax's carefully curated heavy equipment and power systems portfolio includes solutions for the mining, construction, forestry, oil and gas, transportation and material handling sectors. These solutions support customers by improving productivity, lowering operating costs and minimizing downtime.

Wajax's competitive advantage is its coast-to-coast network of branches and highly skilled technical professionals who support customers when and where they need it most. In 2025, we continued to invest in technical training, improved parts availability and responsive field service. Our national footprint allows us to deliver reliable support across Canada. We also offer competitive financing solutions that help our customers manage their equipment investments.

Allison Transmission

BELL

HYSTER

HITACHI
Reliable Solutions

LANDCROS

mtu A Rolls-Royce solution

Yale®
People. Products. Productivity.™

Tigercat®
Tough • Reliable • Productive

VOLVO PENTA





Hitachi ZX350-7 Super Long Front excavator.

Customer Story – Hitachi's Long Reach

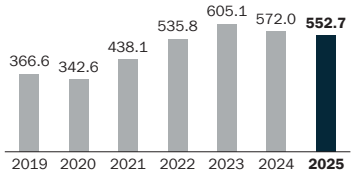
Les Entreprises FBDL Inc. ("**FBDL**"), a leading Quebec-based heavy equipment rental specialist serving civil engineering, infrastructure and roadwork contractors, called on Wajax to supply them with Hitachi product – more than 50 individual units since 2023 and more than 30 in 2025 alone. Among them was the first North American delivery of a Hitachi ZX350-7 Super Long Front excavator, allowing FBDL to be first to market with an innovative solution for its customer base. This unit has a maximum reach in excess of 70 feet and a dig depth of 57 feet, making it suitable for deep excavation, harbour work, dredging, slope finishing and agricultural applications. Given the specialized nature of this equipment, Hitachi has engineered controls and systems that support operator comfort and awareness, contributing to safe operation in difficult conditions with reduced visability. FBDL was so impressed with the performance of the unit, and the strong demand for it among its customer base, that it has ordered two more units for delivery during the first quarter of 2026.

Wajax's skilled team of heavy equipment technicians at the Chambly, Quebec branch worked to complete the pre-delivery inspections and assembly of every unit, ensuring each one operates well once deployed. In addition, Wajax worked closely with Hitachi to deliver competitive pricing and financing programs that supported volume purchases and individual customizations to meet FBDL's requirements. Our product support team fitted the ZX350-7 with a submersible three-dimensional GPS system that enables underwater operation in harsh environments. The ability to deploy powerful, sophisticated and reliable solutions, complemented by technologically advanced add-on accessories, is one of the reasons why Wajax partners with industry leaders like Hitachi.

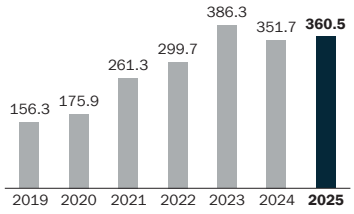
INDUSTRIAL PARTS AND ENGINEERED REPAIR SERVICES

Wajax offers a comprehensive selection of industrial components and equipment including bearings, power transmission products, bulk material handling systems, filtration solutions, fluid handling equipment, hydraulics, pneumatics, motors and drives, valves, instrumentation and analytical products. Our Engineered Repair Services business supports customers by improving operational efficiency and reducing downtime, drawing on in-house expertise in maintenance, repair and overhaul, process optimization, and custom design and fabrication. Wajax supplements customers' internal capabilities through its nationwide branch network by providing service on customers' sites, in our shops and in the field.

IP Revenue ($ millions)

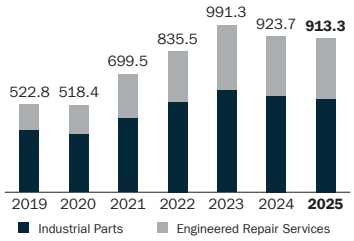


ERS Revenue[1] ($ millions)



(1) Consolidated category revenue may not match total revenue due to adjustments and eliminations not allocated to the categories.

Total IP and ERS Revenue[1]
($ millions)



Disciplined Inventory Management

Wajax aims to deliver an excellent customer experience by maintaining an inventory of the parts that customers need to run their businesses, particularly in our distribution centres located in Alberta, Ontario and Quebec. Our national presence means that the right component is not far away and can be sent quickly and efficiently. Fill rates and customer Net Promoter Scores have consistently remained around 90% and +68, respectively, demonstrating our commitment to service. A core priority in 2025 was inventory optimization with the goal of improving turns. Meaningful progress was delivered and further improvements are targeted in 2026.

Attracting New Business

In 2025, Wajax's ERS business attracted many new customers across a range of sectors. The key accounts team continues to focus on maintaining competitiveness and expanding Wajax's presence across key geographic markets and industry sectors, while delivering the quality and service Wajax is known for.

A Focus on Operational Excellence

A shifting political and macroeconomic environment is expected to drive capital spending domestically. Being ready to capitalize on the opportunities this investment will create is a key focus for Wajax. Management continues to focus on efficiency by building on the expertise of skilled teammates, and utilizing insights from data generated through our ERP system to strengthen decision making across the organization.



Customer Story – Supporting Growing Demand for Electrification

In 2025, Wajax completed one of its largest engineering projects. Bruce Power, a leading provider of emissions-free power in central Canada, is in the middle of a major, multi-year initiative to refurbish key components of its nuclear reactors. This initiative is intended to extend the facility's useful life into the 2060s, while simultaneously working to boost peak generation to 7,000 MW within the next decade.

With expertise gained from the Delom Services Inc. and NorthPoint Technical Services ULC acquisitions, Wajax was called upon to refurbish a specialized standby generator that had experienced significant deterioration. A critical generator component was determined to be beyond repair. Wajax's engineering team oversaw the replacement of the component in collaboration with the original equipment manufacturer of the unit, while ensuring the product was compliant with client and industry standards.

The Wajax engineering team assumed responsibility for the complete scope of work, including unit disassembly, inspection, repair, reassembly and testing, as well as on-site technical support during installation. The refurbished standby generator serves as a critical safety-related electrical backup system, ensuring continuity of operations in the event of a power outage. This project exemplifies Wajax's ability to draw on multiple teams' expertise to collaborate and deliver projects focused on critical, high-stakes infrastructure. Wajax's capabilities in the broader power and energy sectors make it a strong partner to support ongoing consumer and utility demand for electrification nationwide.



Rebuilt back-up power generation component for Bruce Power.

PEOPLE AND SUSTAINABILITY

As part of our people-first ambition, Wajax continues to invest in its teammates to support engagement, well-being and long-term retention. Employee experience is fundamental to broader organizational performance. Setting our teams up for success requires effective leadership and, in 2025, we remained focused on providing our leaders with the tools and resources required to support their teams. We also worked to further improve our environmental practices and reduce our overall environmental footprint, while reinforcing our broader sustainability efforts with good governance and a continued focus on ethical business practices.

Listening to Our Employees

In 2024, we committed to proactively gathering feedback from our people on their experience working at Wajax and how we could improve as an organization. This included engagement and total rewards surveys, in addition to a series of focus groups. In 2025, we focused on implementing initiatives based on the insights gathered. These initiatives included increasing awareness of the full breadth of Wajax's competitive total rewards program and implementing several improvements to that program, including a fitness reimbursement, a doubling of certain mental health benefits and expanded tool and tuition reimbursement.

Building Effective Leadership to Support Operational Excellence

Effective managers build successful teams that deliver high levels of operational execution. Developing our leaders remains a priority for Wajax. This year, we implemented leadership development training to help grow the next generation of leaders, operational efficiency training through a new "Lean" management training program, mental health first aid training, aimed at supporting a healthier workplace, and French/English second language training to support higher levels of customer service and enhanced collaboration across the organization.

Wajax strengthened its safety culture in 2025 by expanding training, improving data collection systems, upgrading contractor management guidelines and offering safety refresher training, as well as advancing a Serious Incident and Fatality (SIF) Prevention Program. We also delivered another year of excellent safety performance with a TRIF rate of 0.93.

Refining Our Sustainability Strategy

Beyond the considerable progress we made on the social aspects outlined above, we leveraged our now fully implemented carbon accounting software, helping us measure a reduction in greenhouse gas emissions of 8.4% from our 2022 baseline. To support our ongoing sustainability journey, Wajax plans to conduct a materiality assessment in 2026 that will help update future objectives and identify milestones that we can use to assess progress. For additional information regarding Wajax's sustainability strategy, please see our 2025 Sustainability Report, which is available in digital form on our website.[1]



Mark Edgar
Chief People Officer

"Our focus on putting people first means that in 2025 we proactively acted on feedback from our team members to make improvements to their experience at Wajax. We continued to invest in the health and well-being of our people and expanded our benefits program by instituting a fitness allowance and doubling certain mental health benefits. We also continued to focus on technical training and hiring, as well as developing critical leadership skills to help set us up for success in 2026."

(1) The 2025 Sustainability Report is not incorporated by reference into this Annual Report.

Run for the Cure

Wajax supports multiple charities focused on helping children and adults who are battling cancer. Team members once again joined thousands of other Canadians in the fight against breast cancer by participating in the CIBC Run for the Cure, the largest single-day, volunteer-led event in Canada in support of breast cancer. In 2025, the Wajax team raised approximately $10,000, with proceeds from the event helping to fund innovative research, shape healthcare policy and create support networks for those fighting the disease.





After the Bell – Food Banks Canada

Wajax has been a long-time supporter of Food Banks Canada, helping people and communities facing food insecurity. The ‘After the Bell’ program is focused on relieving child hunger, especially during the summer months when school nutrition programs are unavailable. Wajax senior leaders once again volunteered their time to assemble healthy food packs for those in need.

MESSAGE FROM THE CHAIR

Wajax delivered materially improved profitability and leverage in 2025, while navigating persistent macroeconomic uncertainty. Although meaningful progress was achieved, more work lies ahead – and management remains focused on further operational improvements to build a more resilient and competitive organization. The board is confident these actions will position Wajax to capitalize on opportunities as investment in Canada grows and market conditions improve.



Edward M. Barrett, Board Chair

End-market conditions remained challenging in 2025, with modest GDP growth, persistent underlying inflation and ongoing trade uncertainty constraining business investment and capital spending. In response, Iggy and the senior management team prioritized margin improvement, disciplined cost control and inventory optimization; the board closely monitored these efforts, which produced meaningful gains over the year. That focus will continue in 2026 as management executes further operational improvement initiatives that support Wajax's longer-term strategic priorities – which remain unchanged – and will position Wajax to seize on "Build Canada Strong" opportunities as they arise.

As noted in Iggy's Message to Shareholders, Wajax regained significant commercial momentum in 2025, evidenced by robust bookings and backlog, strong customer service metrics, vendor recognition, and the delivery and securing of major projects and contracts. Building on the corporation's investment in the Infor M3 ERP system, management expanded digital capabilities and streamlined finance and safety processes. Concurrently, Wajax continued to invest in its people and culture – maintaining a strong safety record, increasing training, expanding rewards and mental-health supports, and launching mentorship and recognition programs that strengthen engagement and leadership across the company. The board was pleased with the strides made in these areas.

A key board focus during the year was governance and succession, including oversight of senior leadership transitions such as Tania Casadinho's move into the CFO role in March 2025 and Michael Hachey's onboarding as COO in June 2025. Tania played a central role in managing costs and leverage and helped deliver improved financial performance over the year, while Michael began laying the groundwork to drive process and operational improvements. Of course, the key leadership development was the announcement in October 2025 that Iggy and the board had jointly agreed to initiate a CEO succession process.

Since his appointment as CEO in early 2022, Iggy has guided Wajax through significant change with exceptional dedication. He led the company's response to pent-up post-pandemic industrial demand and, over the past year, drove inventory optimization, strengthened the balance sheet, substantially completed the M3 roll-out, and appointed Michael as COO to advance operational excellence and organizational capability. Under his leadership, Wajax has streamlined back-office operations, tightened cost and inventory discipline, and prioritized people development, health and wellness, and community initiatives. In short, Iggy has built a strong foundation for Wajax's next phase of growth, and we are indebted to him for his 17 years of service within the Tundra and Wajax organizations.

In conducting its CEO search process, the board's intent was to identify a candidate whose experience aligns with Wajax's next phase – someone focused on accelerating the company's growth trajectory and capitalizing on emerging opportunities. Consistent with that objective, this transition is not about changing direction but about building strategically on Wajax's momentum. In selecting George McClean, whose appointment as CEO was announced February 12, 2026, the board considered George's deep experience in distribution, services and engineered solutions, gained over many years in senior leadership roles in Canada and abroad. The board also considered his demonstrated ability to build strong organizational culture and his experience leading major transformations, driving operational excellence and growing businesses. On that basis, the board believes George is the ideal candidate to lead Wajax into its next phase and we look forward to his contributions.

As part of the board's own renewal process, I have elected to retire as a director at the close of Wajax's 2026 annual meeting. Reflecting on my 20 years on the board, including four as board Chair, I am immensely gratified by how Wajax has grown and evolved, and I am confident in its bright future. Jane Craighead – a director since 2021 and Chair of the Human Resources and Compensation Committee since 2024 – has been nominated by the members of the board to assume the duties of Chair following the 2026 annual meeting. Jane has exceptional experience, both as a senior executive and corporate director, and will do an excellent job in leading the board forward.

As I prepare to leave the board, I want to express my heartfelt thanks to our shareholders for their continued trust, to our leadership team and employees for their tireless dedication, and to our customers and suppliers for their partnership. I am deeply grateful to the communities where we operate for their support, and to my fellow directors for their wise counsel and commitment during this period of renewal. Serving Wajax has been one of the great privileges of my career, and I leave confident in the company's direction and excited to watch its next chapter unfold. Thank you for your confidence and support.



Edward M. Barrett
Board Chair

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 year ended December 31, 2025. This MD&A should be read in conjunction with the information contained in the consolidated financial statements and accompanying notes for the year ended December 31, 2025. Information contained in this MD&A is based on information available to management as of March 2, 2026.

Management is responsible for the information disclosed in this MD&A and the consolidated 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 consolidated 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 consolidated 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 will continue to be fully integrating prior acquisitions to realize additional synergies while maintaining a disciplined approach to future opportunities.

Outlook

During the year, management focused on cost control, inventory optimization and margin improvement to reduce leverage, enhance profitability and increase cash flow from operations. In 2025, Wajax delivered revenue of $2,145.3 million compared to $2,097.6 million in 2024, adjusted basic earnings per share of $2.90 versus $2.44 in 2024, and cash flow from operating activities of $194.0 million compared to $75.1 million in 2024. Inventory was reduced by $126.4 million to $547.6 million, and leverage improved to 1.62 times, returning to management's target leverage range of 1.5 to 2.0 times.(1)

These actions represent initial steps in a broader, ongoing program of operational improvements. In 2026, management will continue to focus on disciplined cost control, inventory optimization and margin improvement, supported by prudent capital allocation and effective execution, to enhance efficiency, strengthen cash flow and support sustainable performance.

Looking ahead, Wajax continues to see strong customer demand in the mining and energy sectors, with mining demand reflected in a backlog of two large mining shovels for delivery over the next five quarters. Market conditions in other sectors remain mixed across regions with continued macroeconomic softness and uncertainty related to Canada–U.S. tariff and trade dynamics.

Wajax enters 2026 with a strengthened balance sheet, a solid backlog and improved operating performance. Inventory levels are within a normal operating range, margin and cost control remain a focus, and leverage is within the Corporation's target range. While demand visibility varies across end markets, the Corporation's diversified exposure and approach to capital allocation and execution supports its ability to manage current conditions.

Management believes that continued execution of its priorities, underpinned by prudent capital allocation and balance sheet strength, will support sustainable long-term value creation.

See the Cautionary Statement Regarding Forward-Looking Information section.

(1) "Leverage ratio" and "Adjusted basic earnings per share" do not have standardized meanings prescribed by generally accepted accounting principles ("**GAAP**"). See the Non-GAAP and Other Financial Measures section.

Annual and Fourth Quarter Highlights

2025 Full Year Highlights

- Revenue increased $47.7 million, or 2.3%, to $2,145.3 million in 2025 from $2,097.6 million in 2024. From a regional perspective:
  - Revenue in western Canada of $985.6 million increased 4.3% from the prior year due primarily to higher equipment sales in the mining category, reflecting the delivery of six large mining shovels in 2025 compared to two in the prior year. This increase was partially offset by lower equipment sales in the material handling, and construction and forestry categories, and lower product support revenue in the power systems category.
  - Revenue in central Canada of $381.8 million increased 1.8% from the prior year due primarily to higher equipment sales in the construction and forestry category, and higher ERS sales. These increases were partially offset by lower equipment sales in the material handling category.
  - Revenue in eastern Canada of $778.0 million remained relatively flat versus the prior year, with higher equipment sales in the material handling and power systems categories, and higher ERS sales, mostly offset by lower industrial parts sales.
- Gross profit margin of 19.2% in 2025 decreased 50 basis points ("**bps**") compared with gross profit margin of 19.7% in 2024.(1) This decrease in margin was primarily due to a higher proportion of equipment sales from a sales mix perspective, and 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. 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 in 2025 decreased $14.7 million from 2024. Excluding the contingent consideration revaluation recovery of $1.2 million (2024 – $2.3 million expense), the $2.6 million unrealized gain on total return swaps (2024 – $3.4 million unrealized loss), and the $1.3 million loss on settlement of defined benefit pension obligations under the Wajax Limited Supplemental Executive Retirement Plan (the "**SERP**") (2024 – nil), selling and administrative expenses decreased $6.5 million compared with 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 13.8% in 2025, from 14.9% in 2024.(1) Excluding the contingent consideration revaluation recovery/expense and the unrealized gain/loss on total return swaps in both years, and the loss on settlement of obligations under the SERP in 2025, selling and administrative expenses as a percentage of revenue decreased to 14.0% in 2025, from 14.6% in 2024.(1)
- During the year, the Corporation implemented a workforce reduction in response to economic conditions and incurred costs for executive separation benefits. A cost of $8.2 million was recognized in the year relating primarily to severance costs and executive separation benefits.
- EBIT increased $10.2 million, or 10.6%, to $106.7 million in 2025 from $96.5 million in 2024.(1) The year-over-year increase resulted primarily from higher sales volume, higher margins realized on product support revenue and cost saving initiatives. These increases were partially offset by lower overall gross profit margin and a $2.4 million increase in restructuring and other related costs. Adjusted EBIT increased $8.3 million, or 7.8%, to $114.1 million in 2025 from $105.8 million in 2024, and adjusted EBIT margin increased to 5.3% in 2025 from 5.0% in 2024.(1)
- Finance costs of $29.0 million in 2025 decreased $9.2 million compared with 2024. Excluding the unrealized loss on interest rate derivatives of $0.9 million in 2025 and the unrealized loss of $3.6 million in 2024, finance costs decreased $6.5 million compared with 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 $57.5 million, or $2.64 per share, in 2025 versus $42.8 million, or $1.97 per share, in 2024. The Corporation generated adjusted net earnings of $63.2 million, or $2.90 per share, in 2025 versus $52.9 million, or $2.44 per share, in 2024.(1) Adjusted net earnings for the year ended December 31, 2025 excludes facility closure, restructuring and other related costs of $6.1 million after tax, or $0.28 per share (2024 – $4.3 million after tax, or $0.20 per share), gains on the change in fair value of contingent consideration of $1.2 million after tax, or $0.06 per share (2024 – losses of $2.3 million after tax, or $0.10 per share), non-cash losses on mark to market of derivative instruments of $0.2 million after tax, or $0.01 per share (2024 – losses of $3.6 million, or $0.16 per share), gains recorded on sale of properties of $0.3 million after tax, or $0.01 per share (2024 – nil), and loss on settlement of obligations under the SERP of $1.0 million after tax, or $0.04 per share (2024 – nil).(1)
- Adjusted EBITDA margin increased to 8.2% in 2025 from 8.0% in 2024.(1)

(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.

- Cash flows generated from operating activities amounted to $194.0 million in 2025, compared to cash generated of $75.1 million in 2024. The increase in cash generated of $118.8 million was mainly attributable to a decrease in inventory of $126.4 million compared to an increase of $38.0 million in the prior year, and rental equipment additions of $3.9 million compared to $25.4 million in the prior year. These increases in cash generated were offset partially by a decrease in accounts payable and accrued liabilities of $67.2 million compared to an increase of $9.6 million in the prior year.
- Backlog at December 31, 2025 decreased $47.8 million, or 8.5%, compared to December 31, 2024 backlog of $564.4 million due primarily to lower mining backlog, driven largely by the delivery of six large mining shovels since December 31, 2024, and lower material handling backlog.(1) These decreases were partially offset by an increase in power systems backlog, driven by a subcontract (the"**RCD Subcontract**") with Irving Shipbuilding Inc. ("**ISI**") entered into during the fourth quarter of 2025, pursuant to which the Corporation will supply diesel generator sets for the first batch of three River Class Destroyers to be delivered to the Royal Canadian Navy, and higher ERS orders. Backlog at December 31, 2025 included two large mining shovels (December 31, 2024 – seven large mining shovels).
- Working capital of $498.6 million at December 31, 2025 decreased $33.9 million from $532.4 million at December 31, 2024, due primarily to lower inventory and trade and other receivables, offset partially by lower accounts payable and accrued liabilities and the repayment of the Corporation's senior unsecured debentures in 2025.(1) Working capital efficiency was 25.1%, an improvement of 90 bps from 26.0% in 2024, due to the lower trailing four quarter average working capital, largely resulting from lower average inventory levels, and higher trailing 12-month revenue. Excluding the Corporation's debentures, which were repaid on January 15, 2025, working capital of $498.6 million at December 31, 2025 decreased $90.8 million from $589.4 million at December 31, 2024, and working capital efficiency was 25.1%, an improvement of 360 bps from 28.7% at December 31, 2024.(1)
- The Corporation's leverage ratio improved to 1.62 times at December 31, 2025 from 2.61 times at December 31, 2024. The improvement in leverage ratio was primarily due to the lower debt level driven by cash generated from operating activities during the year. The Corporation's leverage ratio is currently within the target range of 1.5 to 2.0 times.(1)
- On January 15, 2025, Wajax announced the repayment in full of 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's existing bank credit facility was used to complete the repayment.
- Effective March 4, 2025, Tania Casadinho was appointed Chief Financial Officer, succeeding Stuart Auld. Prior to this, Ms. Casadinho had served as Vice President, Corporate Controller of Wajax since 2018.
- Effective April 11, 2025, Andrew Tam was appointed Senior Vice President, General Counsel and Corporate Secretary. Prior to this, Mr. Tam had served as General Counsel and Corporate Secretary of Wajax since 2011.
- Effective June 2, 2025, Michael Hachey was appointed to the role of Chief Operating Officer. Mr. Hachey is an experienced senior executive with a strong background in operations and leadership across various sectors, including industrial and food services, automotive and retail.
- On October 15, 2025, Wajax announced that its Board of Directors and Iggy Domagalski, President and CEO, had jointly agreed to initiate a CEO succession process.
- Effective October 24, 2025, the Corporation amended its $500.0 million senior secured bank credit facility, extending its maturity date from October 1, 2027 to October 24, 2029. There was no change to the credit limit. As of the amendment date, the margins ranged 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 noted above, during the fourth quarter of 2025, the Corporation entered into the RCD Subcontract. Pursuant to the terms of the subcontract, the generator sets are expected to be delivered and commissioned over the next ten years. The estimated value of the subcontract is approximately $114.0 million.
- Subsequent to year end, in January 2026, the Corporation made lump sum payments totaling $1.7 million to settle defined benefit pension obligations related to remaining participants under the SERP. Following the settlement of obligations under the Pension Plan for Executive Employees of Wajax Limited (the "**Executive Pension Plan**") earlier in 2025 and the settlement of the remaining SERP obligations in January 2026, the Corporation has no outstanding defined benefit pension obligations.
- Subsequent to year end and effective February 6, 2026, Andre Dube resigned from his role as Senior Vice President, Sales and Operations.
- Subsequent to year end, on February 12, 2026, the Corporation announced the appointment of George J. McClean as President and Chief Executive Officer, effective March 3, 2026. Mr. McClean will also join the Corporation's Board of Directors.

Fourth Quarter Highlights

- Revenue in the fourth quarter of 2025 decreased $5.9 million, or 1.0%, to $560.0 million, from $565.9 million in the fourth quarter of 2024. Regionally:
  - Revenue in western Canada of $261.4 million decreased 4.9% from the same period in the prior year due primarily to lower construction and forestry sales, partially offset by higher equipment sales in the mining category and higher ERS sales.
  - Revenue in central Canada of $95.3 million decreased 4.4% from the same period in the prior year due primarily to lower equipment sales in the material handling category and lower industrial parts sales. These decreases were partially offset by higher equipment sales in the construction and forestry category and higher ERS sales.
  - Revenue in eastern Canada of $203.3 million increased 6.2% from the same period in the prior year due primarily to higher ERS sales and higher equipment sales in the power systems, and construction and forestry categories. These increases were partially offset by lower equipment sales in the material handling category.
- Gross profit margin of 18.0% in the fourth quarter of 2025 increased 100 bps compared with gross profit margin of 17.1% in the same period of 2024.(1) This increase in margin was driven primarily by higher margins realized on industrial parts, product support and equipment revenue, reflecting management's focus on margin improvement initiatives in these areas of the business. The increase in margin was also driven by a higher proportion of ERS sales from a sales mix perspective.
- Selling and administrative expenses in the fourth quarter of 2025 decreased $6.4 million compared with the fourth quarter of 2024. Excluding the $1.2 million contingent consideration revaluation recovery (2024 – $2.3 million expense), the $1.3 million unrealized gain on total return swaps (2024 – $1.8 million unrealized loss), and the $1.3 million loss on settlement of obligations under the SERP (2024 – nil), selling and administrative expenses decreased $1.2 million compared with the same period in the prior year. Cost reductions from management's continued focus on cost discipline were partially offset by higher incentive accruals driven by improved financial results compared to the prior year. Selling and administrative expenses as a percentage of revenue decreased to 13.1% in the fourth quarter of 2025 from 14.1% in the same period of 2024.(1) Excluding the contingent consideration revaluation recovery/expense and the unrealized gain/loss on total return swaps in both periods, and the loss on settlement of obligations under the SERP in 2025, selling and administrative expenses as a percentage of revenue decreased to 13.3% in the fourth quarter of 2025, from 13.4% in the same quarter of 2024.(1)
- During the quarter, the Corporation recognized $4.3 million of restructuring and other related costs, relating primarily to executive separation benefits.

- EBIT of $23.3 million in the fourth quarter of 2025 increased $12.2 million, or 109.5%, from $11.1 million in the same period of 2024. The year-over-year increase in EBIT resulted primarily from higher gross profit margin. Adjusted EBIT increased $8.8 million, or 45.6%, to $28.1 million in the fourth quarter of 2025 from $19.3 million in the fourth quarter of 2024, and adjusted EBIT margin increased to 5.0% in the fourth quarter of 2025 from 3.4% in the same quarter of 2024.(1)
- Finance costs of $6.9 million in the fourth quarter of 2025 decreased $1.5 million compared with the same quarter last year. Excluding the unrealized loss on interest rate derivatives of less than $0.1 million in the quarter and the unrealized gain of $0.2 million in the same period of the prior year, finance costs decreased $1.8 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.
- The Corporation generated net earnings of $12.1 million, or $0.56 per share, in the fourth quarter of 2025 versus $1.0 million, or $0.05 per share, in the same period of 2024. The Corporation generated adjusted net earnings of $15.4 million, or $0.71 per share, in the fourth quarter of 2025 versus $7.5 million, or $0.35 per share, in the same period of 2024.(1) Adjusted net earnings for the fourth quarter of 2025 excludes facility closure, restructuring and other related costs of $3.2 million after tax, or $0.15 per share (2024 - $4.3 million after tax, or $0.20 per share), gains on the change in fair value of contingent consideration of $1.2 million after tax, or $0.06 per share (2024 – losses of $2.3 million after tax, or $0.10 per share), non-cash losses on mark to market of derivative instruments of $0.5 million after tax, or $0.02 per share (2024 – gains of less than $0.1 million after tax, or less than $0.01 per share), gains recorded on sale of properties of $0.3 million after tax, or $0.01 per share (2024 – nil), and loss on settlement of obligations under the SERP of $1.0 million after tax, or $0.04 per share (2024 – nil).(1)
- Adjusted EBITDA margin increased to 7.9% in the fourth quarter of 2025 from 6.2% in the fourth quarter of 2024 due primarily to higher gross profit margin.(1)
- Cash flows generated from operating activities amounted to $81.5 million in the fourth quarter of 2025, compared with cash generated of $81.4 million in the same quarter of the prior year. The increase in cash generated of $0.1 million was driven primarily by a decrease in trade and other receivables of $7.8 million in the quarter compared to an increase of $36.0 million in the same quarter of the prior year, a decrease in inventory of $58.2 million in the quarter compared to a decrease of $48.4 million in the same quarter of the prior year, and an increase in net earnings excluding items not affecting cash flow of $8.0 million. These increases in cash generated were mostly offset by a decrease in accounts payable and accrued liabilities of $13.8 million during the quarter, compared to an increase of $43.0 million in the same quarter of the prior year.
- Backlog of $516.6 million at December 31, 2025 increased $10.1 million, or 2.0%, compared to September 30, 2025 backlog of $506.5 million due to an increase in power systems backlog, driven by the RCD Subcontract entered into with ISI during the fourth quarter of 2025.(1) This increase was partially offset by lower backlog in all other categories, most notably in mining, driven largely by the delivery of two large mining shovels in the quarter which were in backlog at September 30, 2025. Backlog at December 31, 2025 included two large mining shovels (September 30, 2025 – four large mining shovels).
- Working capital of $498.6 million at December 31, 2025 decreased $51.7 million from $550.2 million at September 30, 2025, due primarily to lower inventory.(1) Working capital efficiency was 25.1% at December 31, 2025, compared to 25.4% at September 30, 2025, due to the lower trailing four quarter average working capital, largely resulting from lower average inventory levels.(1) Excluding the Corporation's debentures, which were repaid on January 15, 2025, working capital efficiency of 25.1% at year-end represented an improvement of 100 bps from 26.1% at September 30, 2025.(1) 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 1.62 times at December 31, 2025 from 2.28 times at September 30, 2025.(1) The improvement in leverage ratio was primarily due to the lower debt level driven by cash generated from operating activities during the quarter.

Summary of Annual Operating Results

Statement of earnings highlights

		2025		2024	% change
Revenue	$	**2,145.3**	$	2,097.6	2.3 %
Gross profit	$	**411.7**	$	413.8	(0.5)%
Selling and administrative expenses		**296.8**		311.5	(4.7)%
Restructuring and other related costs		**8.2**		5.8	41.9 %
Earnings before finance costs and income taxes	$	**106.7**	$	96.5	10.6 %
Finance costs		**29.0**		38.2	(24.0)%
Earnings before income taxes	$	**77.7**	$	58.3	33.3 %
Income tax expense		**20.2**		15.5	30.4 %
Net earnings	$	**57.5**	$	42.8	34.3 %
– Basic earnings per share(2)	$	**2.64**	$	1.97	34.0 %
– Diluted earnings per share(2)	$	**2.58**	$	1.93	34.0 %
Adjusted net earnings(1)(3)	$	**63.2**	$	52.9	19.5 %
– Adjusted basic earnings per share(1)(2)(3)	$	**2.90**	$	2.44	19.2 %
– Adjusted diluted earnings per share(1)(2)(3)	$	**2.84**	$	2.38	19.2 %
Adjusted EBIT(1)	$	**114.1**	$	105.8	7.8 %
Adjusted EBITDA(1)	$	**176.7**	$	168.0	5.2 %
Key ratios:					
Gross profit margin(1)		**19.2%**		19.7%	
Selling and administrative expenses as a percentage of revenue(1)		**13.8%**		14.9%	
EBIT margin(1)		**5.0%**		4.6%	
Adjusted EBIT margin(1)		**5.3%**		5.0%	
Adjusted EBITDA margin(1)		**8.2%**		8.0%	
Effective income tax rate		**26.0%**		26.6%	

(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.

Statement of financial position highlights

As at December 31	2025	2024
Trade and other receivables	$ **279.3**	$ 303.5
Inventory	**547.6**	673.1
Accounts payable and accrued liabilities	**(351.4)**	(421.5)
Debentures – current[4]	**—**	(57.0)
Other working capital amounts[1]	**23.2**	34.3
Working capital[1]	$ **498.6**	$ 532.4
Rental equipment	$ **40.3**	$ 50.0
Property, plant and equipment	$ **45.5**	$ 45.7
Funded net debt[1]	$ **213.8**	$ 332.7
Key ratios:		
Leverage ratio[1]	**1.62**	2.61
Senior secured leverage ratio[1]	**1.62**	2.17

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

(2) For the year ended December 31, 2025, the number of weighted average basic and diluted shares outstanding were 21,769,553 and 22,239,538, respectively (2024 – 21,719,568 and 22,188,628, respectively).

(3) Net earnings excluding the following:

a. after-tax facility closure, restructuring and other related costs of $6.1 million (2024 – $4.3 million), or basic and diluted loss per share of $0.28 and $0.27, respectively (2024 – basic and diluted loss per share of $0.20 and $0.19, respectively) for the year ended December 31, 2025.

b. after-tax non-cash losses on mark to market of derivative instruments of $0.2 million (2024 – losses of $3.6 million), or basic and diluted loss per share of $0.01 (2024 – loss per share of $0.16) for the year ended December 31, 2025.

c. after-tax gains on the change in fair value of contingent consideration of $1.2 million (2024 – losses of $2.3 million), or basic and diluted earnings per share of $0.06 and $0.05, respectively (2024 – loss per share of $0.10) for the year ended December 31, 2025.

d. after-tax gains recorded on the sale of properties of $0.3 million (2024 – nil), or basic and diluted earnings per share of $0.01 (2024 – nil) for the year ended December 31, 2025.

e. after-tax loss on the settlement of obligations under the SERP of $1.0 million (2024 – nil), or basic and diluted loss per share of $0.04 (2024 – nil) for the year ended December 31, 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.

Annual Results of Operations

Revenue

For the year ended December 31, 2025, revenue increased 2.3%, or $47.7 million, to $2,145.3 million, from $2,097.6 million in 2024. The following key factors contributed to the increase in revenue:

- Equipment sales increased 10.7% due primarily to higher mining sales in western Canada, reflecting the delivery of six large mining shovels in 2025 compared to two in the prior year. Additional contributors to the increase in equipment sales were higher construction and forestry sales in central Canada, and higher power systems and material handling sales in eastern Canada. These increases were partially offset by lower material handling sales in western and central Canada, and lower construction and forestry sales in western Canada.
- ERS sales increased 2.4% due to higher sales in central and eastern Canada due to timing of projects, and industrial parts sales decreased 3.4% due primarily to lower sales in eastern Canada driven by softer market conditions.
- Product support sales decreased 1.5% due primarily to lower power systems revenue in western Canada and lower mining revenue in eastern Canada.

Backlog

Backlog at December 31, 2025 decreased $47.8 million, or 8.5%, compared to December 31, 2024 backlog of $564.4 million due primarily to lower mining backlog, driven largely by the delivery of six large mining shovels since December 31, 2024, 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 December 31, 2025 included two large mining shovels (December 31, 2024 – seven large mining shovels).

Revenue by Geographic Region ($ millions)



For the year ended December 31	2025	$ change	% change
Western Canada	$ **985.6**	$ 41.0	4.3 %
Central Canada	**381.8**	6.6	1.8 %
Eastern Canada[1]	**778.0**	0.1	— %
Total revenue	**$ 2,145.3**	$ 47.7	2.3 %

(1) Includes Quebec and the Atlantic provinces.



For the year ended December 31	2024
Western Canada	$ 944.5
Central Canada	375.2
Eastern Canada[1]	777.9
Total revenue	$ 2,097.6

Revenue by End Market



For the year ended December 31	2025
Construction	**14%**
Oil Sands	**14%**
Mining	**13%**
Oil and Gas	**11%**
Forestry	**9%**
Metal Processing	**8%**
Industrial/Commercial	**7%**
Transportation	**7%**
Government and Utilities	**7%**
Other	**10%**



For the year ended December 31	2024
Construction	15%
Oil Sands	10%
Mining	14%
Oil and Gas	11%
Forestry	10%
Metal Processing	6%
Industrial/Commercial	10%
Transportation	8%
Government and Utilities	7%
Other	9%

Revenue Sources ($ millions)



For the year ended December 31	2025	$ change	% change
Equipment sales	$ **684.7**	$ 66.2	10.7 %
Product support	**527.1**	(8.0)	(1.5) %
Industrial parts	**552.7**	(19.3)	(3.4) %
Engineered repair services (ERS)	**334.3**	7.8	2.4 %
Equipment rental	**46.5**	0.9	2.1 %
Total revenue	**$ 2,145.3**	$ 47.7	2.3 %



For the year ended December 31	2024
Equipment sales	$ 618.6
Product support	535.0
Industrial parts	572.0
Engineered repair services (ERS)	326.5
Equipment rental	45.5
Total revenue	$ 2,097.6

Gross profit

For the year ended December 31, 2025, gross profit decreased $2.1 million, or 0.5%, compared with the same period last year. This decrease was primarily due to sales mix and 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. These decreases were mostly offset by higher sales volume and higher margins realized on product support revenue, reflecting management's focus on margin improvement initiatives in this area of the business.

For the year ended December 31, 2025, gross profit margin of 19.2% decreased 50 bps compared with gross profit margin of 19.7% for 2024.[(1)] This decrease in margin was primarily due to a higher proportion of equipment sales from a sales mix perspective and 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. 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

For the year ended December 31, 2025, selling and administrative expenses decreased $14.7 million compared with the same period last year. Excluding the contingent consideration revaluation recovery of $1.2 million (2024 – $2.3 million expense), the $2.6 million unrealized gain on total return swaps (2024 – $3.4 million unrealized loss), and the $1.3 million loss on settlement of obligations under the SERP (2024 – nil), selling and administrative expenses decreased $6.5 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 13.8% in 2025, from 14.9% in 2024.[(1)] Excluding the contingent consideration revaluation recovery/expense and the unrealized gain/loss on total return swaps in both years, and the loss on settlement of obligations under the SERP in 2025, selling and administrative expenses as a percentage of revenue decreased to 14.0% in 2025, from 14.6% in 2024.[(1)]

Restructuring and other related costs

During 2025, the Corporation implemented a workforce reduction in response to economic conditions and incurred costs for executive separation benefits. A cost of $8.2 million was recognized in the year relating primarily to severance costs and executive separation benefits.

During 2024, the Corporation implemented workforce reductions in response to market conditions. A cost of $5.8 million was recognized in 2024 relating primarily to severance costs.

Finance costs

For the year ended December 31, 2025, finance costs of $29.0 million decreased $9.2 million compared with the same period in 2024. Excluding the unrealized loss on interest rate derivatives of $0.9 million in 2025 and the unrealized loss of $3.6 million in 2024, finance costs decreased $6.5 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 December 31, 2025, 70.2% 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 26.0% for the year ended December 31, 2025 was consistent with the statutory rate of 26.0%. The Corporation's effective income tax rate of 26.6% for the same period in 2024 was higher compared with the statutory rate of 26.0% due to the impact of expenses not deductible for tax purposes.

Net earnings

For the year ended December 31, 2025, the Corporation generated net earnings of $57.5 million, or $2.64 per share, compared with $42.8 million, or $1.97 per share, in 2024. The $14.7 million increase in net earnings resulted primarily from higher sales volume, higher margins realized on product support revenue, cost saving initiatives and lower finance costs. These increases were partially offset by lower overall gross profit margin and a $2.4 million increase in restructuring and other related costs.

Adjusted net earnings

Adjusted net earnings for the year ended December 31, 2025 excludes facility closure, restructuring and other related costs of $6.1 million after tax, or $0.28 per share (2024 – $4.3 million after tax, or $0.20 per share), gains on the change in fair value of contingent consideration of $1.2 million after tax, or $0.06 per share (2024 – losses of $2.3 million after tax, or $0.10 per share), non-cash losses on mark to market of derivative instruments of $0.2 million after tax, or $0.01 per share (2024 – losses of $3.6 million, or $0.16 per share), gains recorded on sale of properties of $0.3 million after tax, or $0.01 per share (2024 – nil), and loss on settlement of obligations under the SERP of $1.0 million after tax, or $0.04 per share (2024 – nil).[(1)]

As a result, adjusted net earnings increased $10.3 million to $63.2 million, or $2.90 per share, for the year ended December 31, 2025 from $52.9 million, or $2.44 per share, in 2024.[(1)]

Comprehensive income

For the year ended December 31, 2025, the total comprehensive income of $54.0 million included net earnings of $57.5 million and an other comprehensive loss of $3.5 million. The other comprehensive loss of $3.5 million in the current year resulted primarily from $2.3 million of unrealized after-tax losses on derivatives designated as cash flow hedges, and $0.8 million of realized after-tax gains on derivatives designated as cash flow hedges, reclassified to net earnings during the period.

Selected Annual Information

The following selected annual information has been prepared on the same basis as the 2025 annual audited consolidated financial statements.

For the year ended December 31	**2025**[(1)]	2024[(2)]	2023[(2)]
Revenue	**$ 2,145.3**	$ 2,097.6	$ 2,154.7
Net earnings	**$ 57.5**	$ 42.8	$ 81.0
Basic earnings per share	**$ 2.64**	$ 1.97	$ 3.77
Diluted earnings per share	**$ 2.58**	$ 1.93	$ 3.64
Total assets	**$ 1,367.8**	$ 1,551.3	$ 1,473.3
Non-current liabilities	**$ 393.4**	$ 477.1	$ 493.7
Dividends declared per share	**$ 1.40**	$ 1.40	$ 1.32

(1) Six large mining shovels were delivered in the year.

(2) Two large mining shovels were delivered in the year.

(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.

Revenue in 2025 of $2,145.3 million increased $47.7 million compared to 2024. The increase in 2025 was driven by higher overall sales in all regions, particularly in western Canada, and from a category perspective was driven primarily by strong mining equipment and ERS sales. These increases were partially offset by lower material handling equipment and industrial parts sales. Revenue in 2024 of $2,097.6 million decreased $57.1 million compared to 2023. The decrease in 2024 was driven by lower overall sales in all regions, and from a category perspective was driven primarily by lower industrial parts and ERS sales resulting from weaker market conditions, and lower construction and forestry equipment sales. These decreases were offset partially by higher mining and material handling equipment sales.

Net earnings in 2025 of $57.5 million increased $14.7 million, or 34.3%, from 2024. The increase in net earnings resulted primarily from higher sales volume, higher margins realized on product support revenue, cost saving initiatives and lower finance costs. These increases were partially offset by lower overall gross profit margin and a $2.4 million increase in restructuring and other related costs. The Corporation generated adjusted net earnings of $63.2 million, or $2.90 per share in 2025, versus $52.9 million, or $2.44 per share in 2024. Net earnings in 2024 of $42.8 million decreased $38.2 million, or 47.2%, from 2023. The decrease in net earnings resulted primarily from lower sales volume and gross profit margin, higher finance costs and a $5.8 million restructuring cost for workforce reductions. The Corporation generated adjusted net earnings of $52.9 million, or $2.44 per share in 2024, versus $83.5 million, or $3.88 per share in 2023.

The $105.6 million decrease in total assets from December 31, 2023 to December 31, 2025 was mainly attributable to a reduction in inventory of $83.4 million and a decrease in trade and other receivables of $29.8 million.

Non-current liabilities at December 31, 2025 of $393.4 million decreased $100.4 million from December 31, 2023, primarily attributable to a decrease in long-term debt of $45.6 million and a decrease in debentures of $56.3 million due to the repayment of the debentures in 2025.

Selected Quarterly Information

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

	2025				2024			
	Q4[2]	Q3[3]	Q2[3]	Q1[2]	Q4[2]	Q3	Q2	Q1
Revenue	**$ 560.0**	$ 483.1	$ 547.1	$ 555.0	$ 565.9	$ 481.0	$ 568.3	$ 482.3
Net earnings	**$ 12.1**	$ 16.7	$ 15.5	$ 13.1	$ 1.0	$ 6.4	$ 20.6	$ 14.7
Earnings per share								
– Basic	**$ 0.56**	$ 0.77	$ 0.71	$ 0.60	$ 0.05	$ 0.29	$ 0.95	$ 0.68
– Diluted	**$ 0.54**	$ 0.75	$ 0.70	$ 0.59	$ 0.05	$ 0.29	$ 0.93	$ 0.66
Adjusted net earnings[1]	**$ 15.4**	$ 16.2	$ 16.7	$ 14.9	$ 7.5	$ 9.6	$ 22.9	$ 12.8
Adjusted earnings per share[1]								
– Basic	**$ 0.71**	$ 0.75	$ 0.77	$ 0.69	$ 0.35	$ 0.44	$ 1.06	$ 0.59
– Diluted	**$ 0.69**	$ 0.73	$ 0.75	$ 0.67	$ 0.34	$ 0.43	$ 1.03	$ 0.58
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)	**21,775**	21,746	21,756	21,802	21,774	21,724	21,697	21,682

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

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

(3) One large mining shovel was 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

	December 31	
	2025	2024
Shareholders' equity	**$ 537.5**	$ 512.3
Funded net debt[1]	**213.8**	332.7
Total capital[1]	**$ 751.3**	$ 844.9
Funded net debt to total capital[1]	**28.5%**	39.4%
Leverage ratio[1]	**1.62**	2.61
Senior secured leverage ratio[1]	**1.62**	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 within the target range. See the Funded Net Debt section.

Shareholders' Equity

The Corporation's shareholders' equity at December 31, 2025 of $537.5 million increased $25.2 million, from $512.3 million at December 31, 2024 due primarily to total comprehensive income of $54.0 million, offset partially by dividends declared of $30.5 million.

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

	Number of Common Shares	Amount
Issued and outstanding, December 31, 2024	21,908,689	$ 212.5
Common shares issued to settle share-based compensation awards	47,475	0.6
Issued and outstanding, December 31, 2025	21,956,164	$ 213.2
Shares held in trust, December 31, 2024	(112,773)	$ (1.1)
Released for settlement of certain share-based compensation awards	33,745	0.3
Purchased for future settlement of certain share-based compensation awards	(73,598)	(0.7)
Shares held in trust, December 31, 2025	(152,626)	$ (1.5)
Issued and outstanding, net of shares held in trust, December 31, 2025	**21,803,538**	**$ 211.7**

At the date of this MD&A, the Corporation had 21,817,972 common shares issued and outstanding, net of shares held in trust.

At December 31, 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 December 31, 2025, there were a total of 391,211 units outstanding under the SOP and DDSUP, of which 382,273 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 December 31, 2025, a total of 324,685 MTIP PSUs and equity settled DSUs were outstanding, none of which were fully vested. Each fully vested MTIP RSU and non-equity settled DSUs ("**cash settled DSUs**") are settled in cash. As of December 31, 2025, a total of 428,626 MTIP RSUs were outstanding, none of which were fully vested. During the year, the last remaining cash settled DSUs were settled. As of December 31, 2025, there were no cash settled DSUs outstanding. 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 $9.0 million for the year ended December 31, 2025 (2024 – expense of $6.8 million) in respect of these plans.

Funded Net Debt

	December 31 2025	2024
Cash	**$ (8.3)**	$ (7.4)
Debentures	**—**	57.0
Long-term debt	**222.1**	283.0
Funded net debt[1]	**$ 213.8**	$ 332.7

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 $213.8 million at December 31, 2025 decreased $118.9 million compared to $332.7 million at December 31, 2024.[1] The decrease during the year was due primarily to cash generated from operating activities of $194.0 million, partially offset by the payment of lease liabilities of $44.1 million and dividends paid of $30.5 million.

The Corporation's ratio of funded net debt to total capital decreased to 28.5% at December 31, 2025 from 39.4% at December 31, 2024 due primarily to lower funded net debt in 2025.[1]

The Corporation's leverage ratio of 1.62 times at December 31, 2025 improved from the September 30, 2025 ratio of 2.28 times and the December 31, 2024 ratio of 2.61 times, primarily due to the lower debt level driven by cash generated from operating activities during the quarter and year.[1]

See the Liquidity and Capital Resources section.

(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 consolidated financial statements at fair value. Wajax had the following interest rate derivatives outstanding:

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

As at December 31, 2024		Notional Amount	Weighted Average Interest Rate	Maturity
Interest rate swaps	$	150.0	2.57%	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 at December 31, 2025 and 2024:

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

As at December 31, 2024		Notional Amount	Average Exchange Rate	Maturity
Purchase contracts	USD	164.2	1.3705	January 2025 to August 2026
	EUR	0.8	1.5001	January 2025 to March 2025
	AUD	7.3	0.9078	January 2025 to December 2025
Sales contracts	USD	87.3	1.3507	January 2025 to May 2026
	EUR	1.0	1.4774	January 2025 to November 2025

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 consolidated financial statements at fair value. As at December 31, 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 consolidated financial statements at fair value. As at December 31, 2025, Wajax had the following cross currency swap contract outstanding:

- to receive USD $126.5 million at 4.83% and pay CAD $175.0 million at 4.67% (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 expired in January 2026.

Wajax measures derivatives not designated as hedging instruments at fair value with subsequent changes in fair value being recorded in earnings. Derivatives designated as effective hedges are measured at fair value with subsequent changes in fair value being recorded in other comprehensive income until the related hedged item is recorded and affects income. The fair value of derivative instruments is estimated based upon market conditions using appropriate valuation models.

A change in foreign currency value, relative to the Canadian dollar, on transactions with customers that include unhedged foreign currency exposures is not expected to have a material impact on the Corporation's results of operations or financial condition over the longer term.

Wajax will periodically institute price increases to offset the negative impact of foreign exchange rate increases and volatility on imported goods to ensure margins are not eroded. However, a sudden strengthening of the U.S. dollar relative to the Canadian dollar can have a negative impact mainly on parts margins in the short term prior to price increases taking effect.

The impact of a change in the Corporation's share price on cash-settled MTIP units is not expected to have a material impact on the Corporation's results of operations or financial condition over the longer term.

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

Contractual Obligations

Contractual Obligations		Total	< 1 year	1 – 3 years	3 – 5 years	After 5 years
Accounts payable and accrued liabilities	**$**	**351.4**	$ 351.4	$ —	$ —	$ —
Undiscounted lease obligations		**308.2**	65.7	102.0	54.6	85.8
Long-term debt		**223.4**	—	—	223.4	—
Total	**$**	**883.1**	$ 417.1	$ 102.0	$ 278.0	$ 85.8

The lease obligations relate to contracts to lease properties for the Corporation's branch network, certain vehicles, computer hardware and equipment. The long-term debt obligation relates to the bank credit facility. See the Liquidity and Capital Resources section.

Defined Benefit Pension Plan Settlements

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 Executive Pension Plan and the SERP.

During the year, the Corporation contributed $2.9 million to the Executive Pension 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 was responsible for the payment of Executive Pension Plan members' pension benefits starting May 1, 2025, and the Corporation settled its defined benefit obligation in respect of all such plan members. As a result of the settlement, the Corporation recognized a loss of $0.5 million in the consolidated statements of earnings during the year.

During the year, the Corporation made contributions and lump sum payments totaling $4.4 million to settle defined benefit pension obligations under the SERP relating to the majority of participants. Subsequent to year end, in January 2026, the Corporation made contributions and lump sum payments totaling $1.7 million to settle obligations relating to the remaining participants. As a result of the settlement of the SERP, the Corporation recognized a loss of $1.3 million in the consolidated statements of earnings during the year ended December 31, 2025.

As at December 31, 2025, the employee benefits liability of $1.6 million (December 31, 2024 – $6.5 million) consists of a net pension asset of $0.1 million relating to the Executive Pension Plan (December 31, 2024 – net pension liability of $2.2 million) and a pension liability of $1.7 million relating to the SERP (December 31, 2024 – $4.3 million), which is not funded. As stated above, subsequent to year end, in January 2026, the remaining $1.7 million pension liability relating to the SERP was fully settled.

Following the settlement of the Executive Pension Plan earlier in 2025 and the settlement of the remaining SERP obligations subsequent to year-end in January 2026, the Corporation has no outstanding defined benefit pension obligations.

Related Party Transactions

The Corporation's related party transactions, consisting of the compensation of the Board of Directors and key management personnel, totaled $13.6 million in 2025 (2024 – $8.7 million).

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements as at December 31, 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

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 December 31, 2025, the Corporation did not have any debentures outstanding (December 31, 2024 – $57.0 million).

On October 24, 2025, the Corporation amended its bank credit facility, extending the maturity date 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.

As at December 31, 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 24, 2029.

At December 31, 2025, Wajax had borrowed $223.4 million and issued $1.2 million of letters of credit for a total utilization of $224.6 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 December 31, 2025, borrowing capacity under the bank credit facility was equal to $491.6 million, of which $266.9 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 December 31, 2025. The Corporation's senior secured leverage ratio was 1.62 times at December 31, 2025.

As at December 31, 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 1.5% 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 December 31, 2025, Wajax had utilized $8.7 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 December 31, 2025, the Corporation continues to service and collect $5.2 million in accounts receivable on behalf of the financial institution.

As of March 2, 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 December 31, 2025, 70.2% 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 Consolidated Statements of Cash Flows for the years ended December 31, 2025 and December 31, 2024:

	2025	2024	$ change
Net earnings	**$ 57.5**	$ 42.8	$ 14.7
Items not affecting cash flow	**110.7**	123.5	(12.8)
Changes in non-cash operating working capital	**73.0**	(7.5)	80.4
Finance costs paid on debts	**(19.9)**	(23.0)	3.1
Finance costs paid on lease liabilities	**(10.8)**	(10.6)	(0.2)
Income taxes paid	**(13.2)**	(25.3)	12.1
Rental equipment additions	**(3.9)**	(25.4)	21.5
Other	**0.8**	0.7	—
Cash generated from operating activities	**$ 194.0**	$ 75.1	$ 118.8
Cash generated from investing activities	**$ 0.3**	$ 0.2	$ 0.1
Cash used in financing activities	**$ (193.3)**	$ (66.6)	$ (126.7)

Operating Activities

For the year ended December 31, 2025, cash flows generated from operating activities amounted to $194.0 million, compared to cash generated of $75.1 million for the prior year. The increase in cash generated of $118.8 million was mainly attributable to a decrease in inventory of $126.4 million compared to an increase of $38.0 million in the prior year, and rental equipment additions of $3.9 million compared to $25.4 million in the prior year. These increases in cash generated were offset partially by a decrease in accounts payable and accrued liabilities of $67.2 million compared to an increase of $9.6 million in the prior year.

For the year ended December 31, 2025, rental equipment additions of $3.9 million (2024 – $25.4 million) related primarily to material handling lift trucks.

Changes in significant components of non-cash operating working capital for the years ended December 31, 2025 and December 31, 2024 include the following:

Changes in Non-cash Operating Working Capital[1]	2025	2024	$ change
Trade and other receivables	**$ 22.3**	$ 7.5	$ 14.8
Contract assets	**(8.1)**	13.9	(22.0)
Inventory	**126.4**	(38.0)	164.4
Deposits on inventory	**3.8**	(4.8)	8.6
Prepaid expenses	**0.2**	(1.4)	1.6
Accounts payable and accrued liabilities	**(67.2)**	9.6	(76.8)
Provisions	**1.1**	4.4	(3.3)
Contract liabilities	**(5.6)**	1.3	(6.8)
Total Changes in Non-cash Operating Working Capital	**$ 73.0**	$ (7.5)	$ 80.4

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the year ended December 31, 2025 compared to the year ended December 31, 2024 are as follows:

- Inventory decreased $126.4 million in 2025 compared with an increase of $38.0 million in 2024. The decrease in 2025 resulted from lower inventory in all categories driven largely by the Corporation's focus on optimizing inventory levels. The increase in 2024 resulted primarily from higher equipment inventory in the construction and forestry, mining and material handling categories, due partially to higher backlog in the construction and forestry, and mining categories. These increases were partially offset by lower equipment inventory in the power systems category and lower industrial parts inventory.
- Trade and other receivables decreased $22.3 million in 2025, compared with a decrease of $7.5 million in 2024. The decrease in 2025 resulted primarily from timing of billings and customer receipts.
- Accounts payable and accrued liabilities decreased $67.2 million in 2025 compared to an increase of $9.6 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.
- Contract assets increased $8.1 million compared to a decrease of $13.9 million in 2024. The increase in 2025 resulted from timing of billings for work completed under customer contracts. The decrease in 2024 was due primarily to lower sales activity and timing of billings for customer contracts.

Investing Activities

For the year ended December 31, 2025, the Corporation generated $0.3 million of cash from investing activities compared with cash generated of $0.2 million in 2024. Investing activities in the year included collection of lease receivables of $10.7 million (2024 – $7.9 million), proceeds on disposal of property, plant and equipment of $1.4 million (2024 – $0.5 million), property, plant and equipment additions of $9.0 million (2024 – $8.9 million), and net post-acquisition settlement payments of $2.8 million (2024 – net receipts of $0.9 million).

Financing Activities

For the year ended December 31, 2025, the Corporation used $193.3 million of cash in financing activities compared with cash used of $66.6 million in 2024. Financing activities in the year included the repayment of debentures of $57.0 million (2024 – nil), a net bank credit facility repayment of $55.1 million (2024 – net borrowing of $10.0 million), the payment of lease liabilities of $44.1 million (2024 – $39.2 million), and dividends paid to shareholders of $30.5 million (2024 – $30.0 million).

Dividends

Dividends to shareholders for 2025 and 2024 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
December 15, 2025	January 6, 2026	0.35	7.6
Year Ended December 31, 2025		**$ 1.40**	**$ 30.5**

Record Date	Payment Date	Per Share	Amount
March 15, 2024	April 2, 2024	$ 0.35	$ 7.6
June 14, 2024	July 3, 2024	0.35	7.6
September 16, 2024	October 2, 2024	0.35	7.6
December 16, 2024	January 7, 2025	0.35	7.6
Year Ended December 31, 2024		**$ 1.40**	**$ 30.4**

On March 2, 2026, the Corporation declared a dividend of $0.35 per share for the first quarter of 2026, payable on April 2, 2026, to shareholders of record on March 16, 2026.

Fourth Quarter Consolidated Results

For the three months ended December 31		2025		2024	% change
Revenue	$	**560.0**	$	565.9	(1.0)%
Gross profit	$	**101.0**	$	96.6	4.5 %
Selling and administrative expenses		**73.3**		79.7	(8.0)%
Restructuring and other related costs		**4.3**		5.8	(24.8)%
Earnings before finance costs and income taxes	$	**23.3**	$	11.1	109.5 %
Finance costs		**6.9**		8.4	(18.0)%
Earnings before income taxes	$	**16.5**	$	2.7	499.6 %
Income tax expense		**4.3**		1.7	152.5 %
Net earnings	$	**12.1**	$	1.0	1,073.7 %
Basic earnings per share[2]	$	**0.56**	$	0.05	1,073.7 %
Diluted earnings per share[2]	$	**0.54**	$	0.05	1,067.2 %
Adjusted net earnings[1][3]	$	**15.4**	$	7.5	104.1 %
Adjusted basic earnings per share[1][2][3]	$	**0.71**	$	0.35	104.1 %
Adjusted diluted earnings per share[1][2][3]	$	**0.69**	$	0.34	103.0 %
Adjusted EBIT[1]	$	**28.1**	$	19.3	45.6 %
Adjusted EBITDA[1]	$	**44.0**	$	35.1	25.2 %
Key ratios:					
Gross profit margin[1]		**18.0%**		17.1%	
Selling and administrative expenses as a percentage of revenue[1]		**13.1%**		14.1%	
EBIT margin[1]		**4.2%**		2.0%	
Adjusted EBIT margin[1]		**5.0%**		3.4%	
Adjusted EBITDA margin[1]		**7.9%**		6.2%	
Effective income tax rate		**26.2%**		62.3%	

(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 December 31, 2025, the number of weighted average basic and diluted shares outstanding were 21,774,775 and 22,334,282, respectively (2024 – 21,774,451 and 22,210,260, respectively).

(3) Net earnings excluding the following:

a. after-tax facility closure, restructuring and other related costs of $3.2 million (2024 – $4.3 million), or basic and diluted loss per share of $0.15 and $0.14, respectively (2024 – basic and diluted loss per share of $0.20 and $0.19, respectively) for the fourth quarter of 2025.

b. after-tax non-cash losses on mark to market of derivative instruments of $0.5 million (2024 – gains of less than $0.1 million), or basic and diluted loss per share of $0.02 (2024 – basic and diluted earnings per share of less than $0.01) for the fourth quarter of 2025.

c. after-tax gains on the change in fair value of contingent consideration of $1.2 million (2024 – losses of $2.3 million), or basic and diluted earnings per share of $0.06 and $0.05, respectively (2024 – loss per share of $0.10) for the fourth quarter of 2025.

d. after-tax gains recorded on the sale of properties of $0.3 million (2024 – nil), or basic and diluted earnings per share of $0.01 (2024 – nil) for the fourth quarter of 2025.

e. after-tax loss on settlement of obligations under the SERP of $1.0 million (2024 – nil), or basic and diluted loss per share of $0.04 (2024 – nil) for the fourth quarter of 2025.

Revenue by Geographic Region

For the three months ended December 31		2025		2024	$ change	% change
Western Canada	$	**261.4**	$	274.9	$ (13.4)	(4.9)%
Central Canada		**95.3**		99.7	(4.3)	(4.4)%
Eastern Canada[1]		**203.3**		191.4	11.9	6.2 %
Total revenue	$	**560.0**	$	565.9	$ (5.9)	(1.0)%

(1) Includes Quebec and the Atlantic provinces.

Revenue Sources

For the three months ended December 31		2025		2024	$ change	% change
Equipment sales	$	**205.8**	$	208.4	$ (2.6)	(1.2)%
Product support		**124.3**		132.8	(8.5)	(6.4)%
Industrial parts		**130.6**		133.6	(3.0)	(2.3)%
Engineered repair services (ERS)		**87.8**		79.1	8.8	11.1 %
Equipment rental		**11.5**		12.1	(0.6)	(4.7)%
Total revenue	$	**560.0**	$	565.9	$ (5.9)	(1.0)%

Revenue in the fourth quarter of 2025 decreased 1.0%, or $5.9 million, to $560.0 million from $565.9 million in the fourth quarter of 2024. The following key factors contributed to the decrease in revenue:

- Product support sales decreased 6.4% due primarily to lower power systems revenue in western and eastern Canada, and lower construction and forestry revenue in western Canada.
- Industrial parts sales decreased 2.3% due primarily to lower sales in central Canada.
- Equipment sales decreased 1.2% due primarily to lower material handling sales in central and eastern Canada and lower construction and forestry sales in western Canada. These decreases were offset partially by higher power systems sales in eastern Canada, higher construction and forestry sales in central and eastern Canada, and higher mining sales in western Canada.
- ERS revenue increased 11.1% due to higher revenue in all regions, particularly in eastern Canada, due largely to timing of projects.

Backlog

Backlog of $516.6 million at December 31, 2025 increased $10.1 million, or 2.0%, compared to September 30, 2025 backlog of $506.5 million due to an increase in power systems backlog, driven by the RCD Subcontract entered into with ISI during the fourth quarter of 2025.[1] This increase was partially offset by lower backlog in all other categories, most notably in mining, driven largely by the delivery of two large mining shovels in the quarter which were in backlog at September 30, 2025. Backlog at December 31, 2025 included two large mining shovels (September 30, 2025 – four large mining shovels).

Gross profit

Gross profit increased $4.4 million, or 4.5%, in the fourth quarter of 2025 compared to the fourth quarter of 2024, due primarily to higher margins realized on industrial parts, product support and equipment revenue, reflecting management's focus on margin improvement initiatives in these areas of the business. The increase in gross profit was also driven by sales mix.

Gross profit margin of 18.0% in the fourth quarter of 2025 increased 100 bps compared with gross profit margin of 17.1% in the same period of 2024.[1] This increase in margin was driven primarily by higher margins realized on industrial parts, product support and equipment revenue, reflecting management's focus on margin improvement initiatives in these areas of the business. The increase in margin was also driven by a higher proportion of ERS sales from a sales mix perspective.

(1) "Backlog" and "Gross profit margin" do not have standardized meanings prescribed by GAAP. See the Non-GAAP and Other Financial Measures section.

Selling and administrative expenses

Selling and administrative expenses in the fourth quarter of 2025 decreased $6.4 million compared with the fourth quarter of 2024. Excluding the $1.2 million contingent consideration revaluation recovery (2024 – $2.3 million expense), the $1.3 million unrealized gain on total return swaps (2024 – $1.8 million unrealized loss), and the $1.3 million loss on settlement of obligations under the SERP (2024 – nil), selling and administrative expenses decreased $1.2 million compared with the same period in the prior year. Cost reductions from management's continued focus on cost discipline were partially offset by higher incentive accruals driven by improved financial results compared to the prior year.

Selling and administrative expenses as a percentage of revenue decreased to 13.1% in the fourth quarter of 2025 from 14.1% in the same period of 2024.(1) Excluding the contingent consideration revaluation recovery/expense and the unrealized gain/loss on total return swaps in both periods, and the loss on settlement of obligations under the SERP in 2025, selling and administrative expenses as a percentage of revenue decreased to 13.3% in the fourth quarter of 2025, from 13.4% in the same quarter of 2024.(1)

Restructuring and other related costs

In the fourth quarter of 2025, the Corporation recognized a cost of $4.3 million relating primarily to executive separation benefits.

In the fourth quarter of 2024, the Corporation implemented workforce reductions in response to market conditions. A cost of $5.8 million was recognized in the fourth quarter of 2024 relating primarily to severance costs.

Finance costs

Finance costs of $6.9 million in the fourth quarter of 2025 decreased $1.5 million compared with the same quarter last year. Excluding the unrealized loss on interest rate derivatives of less than $0.1 million in the quarter and the unrealized gain of $0.2 million in the same period of the prior year, finance costs decreased $1.8 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.

Income tax expense

The Corporation's effective income tax rate of 26.2% for the fourth quarter of 2025 was higher 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 62.3% for the same period in 2024 was higher compared with the statutory rate of 26.0% due mainly to the $2.3 million expense for the change in fair value of contingent consideration that was not deductible for tax purposes, relative to the smaller net earnings base for the quarter.

Net earnings

In the fourth quarter of 2025, the Corporation generated net earnings of $12.1 million, or $0.56 per share, compared with net earnings of $1.0 million, or $0.05 per share, in the fourth quarter of 2024. The $11.1 million increase in net earnings resulted primarily from higher gross profit margin and lower finance costs.

Adjusted net earnings

Adjusted net earnings for the fourth quarter of 2025 excludes facility closure, restructuring and other related costs of $3.2 million after tax, or $0.15 per share (2024 – $4.3 million after tax, or $0.20 per share), gains on the change in fair value of contingent consideration of $1.2 million after tax, or $0.06 per share (2024 – losses of $2.3 million after tax, or $0.10 per share), non-cash losses on mark to market of derivative instruments of $0.5 million after tax, or $0.02 per share (2024 – gains of less than $0.1 million after tax, or less than $0.01 per share), gains recorded on sale of properties of $0.3 million after tax, or $0.01 per share (2024 – nil), and loss on settlement of obligations under the SERP of $1.0 million after tax, or $0.04 per share (2024 – nil).(1)

As a result, adjusted net earnings increased $7.8 million to $15.4 million, or $0.71 per share, for the fourth quarter of 2025 from $7.5 million, or $0.35 per share, in the same period of 2024.(1)

Comprehensive income

Total comprehensive income of $11.6 million in the fourth quarter of 2025 included net earnings of $12.1 million and an other comprehensive loss of $0.5 million. The other comprehensive loss of $0.5 million in the quarter resulted from $0.4 million of unrealized after-tax losses on derivatives designated as cash flow hedges, $0.3 million of realized after-tax losses on derivatives designated as cash flow hedges, reclassified to net earnings during the period, and $0.4 million of after-tax actuarial losses on pension plans.

Fourth Quarter Cash Flows

Cash Flow

The following table highlights the major components of cash flow for the quarters ended December 31, 2025 and December 31, 2024:

For the quarter ended December 31	2025	2024	$ change
Net earnings	$ **12.1**	$ 1.0	$ 11.1
Items not affecting cash flow	**25.8**	28.9	(3.1)
Changes in non-cash operating working capital	**54.7**	59.8	(5.1)
Finance costs paid on debts	**(4.0)**	(5.0)	0.9
Finance costs paid on lease liabilities	**(2.6)**	(2.8)	0.1
Income taxes paid	**(4.4)**	(0.6)	(3.8)
Rental equipment additions	**(0.1)**	(0.3)	0.1
Other	**—**	0.2	(0.2)
Cash generated from operating activities	$ **81.5**	$ 81.4	$ 0.1
Cash generated from investing activities	$ **0.8**	$ 0.4	$ 0.5
Cash used in financing activities	$ **(73.4)**	$ (64.6)	$ (8.8)

Operating Activities

Cash flows generated from operating activities amounted to $81.5 million in the fourth quarter of 2025, compared with cash generated of $81.4 million in the same quarter of the prior year. The increase in cash generated of $0.1 million was driven primarily by a decrease in trade and other receivables of $7.8 million in the quarter compared to an increase of $36.0 million in the same quarter of the prior year, a decrease in inventory of $58.2 million in the quarter compared to a decrease of $48.4 million in the same quarter of the prior year, and an increase in net earnings excluding items not affecting cash flow of $8.0 million. These increases in cash generated were mostly offset by a decrease in accounts payable and accrued liabilities of $13.8 million during the quarter, compared to an increase of $43.0 million in the same quarter of the prior year.

(1) "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.

Rental equipment additions in the fourth quarter of 2025 of $0.1 million (2024 – $0.3 million) related primarily to material handling lift trucks.

Changes in significant components of non-cash operating working capital for the quarters ended December 31, 2025 and December 31, 2024 included the following:

Changes in Non-cash Operating Working Capital[1]	**2025**	2024	$ change
Trade and other receivables	**$ 7.8**	$ (36.0)	$ 43.8
Contract assets	**(2.4)**	(2.4)	0.1
Inventory	**58.2**	48.4	9.9
Deposits on inventory	**7.6**	3.6	4.1
Prepaid expenses	**(0.3)**	3.0	(3.3)
Accounts payable and accrued liabilities	**(13.8)**	43.0	(56.8)
Provisions	**1.0**	4.4	(3.4)
Contract liabilities	**(3.5)**	(4.1)	0.6
Total Changes in Non-cash Operating Working Capital	**$ 54.7**	$ 59.8	$ (5.1)

(1) Increase (decrease) in cash flow

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

- Accounts payable and accrued liabilities decreased $13.8 million in the fourth quarter of 2025, compared to an increase of $43.0 million in the same period of 2024. The decrease in the fourth quarter of 2025 resulted primarily from lower trade payables driven largely by timing of inventory payments. The increase in the fourth quarter of 2024 resulted primarily from higher trade payables through supplier finance arrangements and higher payroll accruals.
- Trade and other receivables decreased $7.8 million in the fourth quarter of 2025 compared to an increase of $36.0 million in the same period of 2024. The decrease in the fourth quarter of 2025 was due primarily to timing of billings and customer receipts. The increase in the fourth quarter of 2024 resulted primarily from higher sales activity in the quarter, including the delivery of a large mining shovel near the end of the quarter that was still a receivable at the end of the quarter, with no such deliveries in the prior quarter.
- Inventory decreased $58.2 million in the fourth quarter of 2025 compared to a decrease of $48.4 million in the same period of 2024. The decrease in the fourth quarter of 2025 resulted from lower inventory in most categories driven largely by the Corporation's focus on optimizing inventory levels and the delivery of a large mining shovel in the fourth quarter of 2025 that was in inventory at September 30, 2025. The decrease in the fourth quarter of 2024 resulted primarily from lower equipment inventory in the mining category driven by the delivery of two large mining shovels in the quarter, and lower equipment inventory in the power systems category.

Investing Activities

The Corporation generated $0.8 million of cash from investing activities in the fourth quarter of 2025 compared with cash generated of $0.4 million in the same quarter of 2024. Investing activities in the quarter included the collection of lease receivables of $2.9 million (2024 – $2.3 million), proceeds on disposal of property, plant and equipment of $0.8 million (2024 – $0.2 million), and property, plant and equipment additions of $2.9 million (2024 – $2.1 million).

Financing Activities

The Corporation used $73.4 million of cash in financing activities in the fourth quarter of 2025 compared with cash used of $64.6 million in the same quarter of 2024. Financing activities in the quarter included a net bank credit facility repayment of $53.0 million (2024 – net repayment of $46.0 million), the payment of lease liabilities of $11.5 million (2024 – $10.3 million), and dividends paid to shareholders of $7.6 million (2024 – $7.6 million).

Critical Accounting Estimates

The preparation of the consolidated 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

When 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 fourth quarter of 2025 was a charge of $4.0 million (2024 – charge of $3.0 million) and for the year ended December 31, 2025 was a charge of $11.6 million (2024 – charge of $7.6 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.

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.

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 $2.1 million allowance for credit losses at December 31, 2025 decreased $0.1 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.

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

Accounting standards and amendments issued but not yet adopted

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

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.

The following are a number of risks that deserve particular comment:

Manufacturer relationships and product access

Wajax seeks to distribute leading product lines in each of its regional markets and its success is dependent upon continuing relations with the manufacturers it represents. Wajax endeavours to align itself in long-term relationships with manufacturers that are committed to achieving a competitive advantage and long-term market leadership in their targeted end markets. In equipment and certain industrial categories, manufacturer relationships are governed through effectively exclusive distribution agreements. Distribution agreements are typically for multi-year terms and are cancellable by Wajax or the manufacturer based on a notification period specified in the agreement. Although Wajax enjoys good relationships with its major manufacturers and seeks to develop additional strong long-term partnerships, a loss of a major product line without a comparable replacement would have a significant adverse effect on Wajax's results of operations or cash flow.

There is a continuing consolidation trend among industrial equipment and component manufacturers. Consolidation may impact the products distributed by Wajax, in either a favourable or unfavourable manner. Consolidation of manufacturers may have a negative impact on the results of operations or cash flow if product lines Wajax distributes become unavailable as a result of the consolidation.

Suppliers generally have the ability to unilaterally change distribution terms and conditions, product lines or limit supply of product in times of intense market demand. Supplier changes in the area of product pricing and availability can have a negative or positive effect on Wajax's revenue and margins. A change in one of a supplier's product lines can result in conflicts with another supplier's product lines that may have a negative impact on the results of operations or cash flow if one of the suppliers cancels its distribution with Wajax due to the conflict. In addition, from time to time suppliers make changes to payment terms for distributors. This may affect Wajax's interest-free payment period which may have a materially negative or positive impact on working capital balances such as cash, inventory, deposits on inventory, trade and other payables and long-term debt.

Economic conditions/Business cyclicality

Wajax's customer base consists of businesses operating in the natural resources, construction, transportation, manufacturing, industrial processing and utilities industries. These industries can be capital intensive and cyclical in nature and, as a result, customer demand for Wajax's products and services may be affected by economic conditions at both a global or local level. Changes in interest rates, consumer and business confidence, corporate profits, credit conditions, foreign exchange, commodity prices and the level of government infrastructure spending may influence Wajax's customers' operating, maintenance and capital spending, and therefore Wajax's sales and results of operations. Although Wajax has attempted to address its exposure to business and industry cyclicality by diversifying its operations by geography, product offering and customer base, there can be no assurance that Wajax's results of operations or cash flows will not be adversely affected by changes in economic conditions.

Many of Wajax's customers export products to, or import products from, the U.S. Any changes to tariffs on export to or import from the U.S. may negatively impact their overall competitiveness and demand for their products, which in turn may reduce purchases of products and/or services from Wajax. Wajax also imports products from the U.S., and changes to tariffs may increase the cost of these products, requiring Wajax to pass through such costs to its customers, thereby reducing the competitiveness and demand for such products. Evolving positions regarding tariffs and counter-tariffs between the U.S. and Canada have created economic uncertainty for all companies engaged in cross-border trade. Wajax has developed action plans to navigate the potential impacts of tariffs over the short and longer term.

Commodity prices

Many of Wajax's customers are directly and indirectly affected by fluctuations in commodity prices in the forestry, metals and minerals and petroleum and natural gas industries and, as a result, Wajax is also indirectly affected by fluctuations in these prices. In particular, each of Wajax's products and services categories are exposed to fluctuations in the price of oil and natural gas. A downward change in commodity prices, and particularly in the price of oil and natural gas, could therefore adversely affect Wajax's results of operations or cash flows.

Growth initiatives, integration of acquisitions and project execution

The Corporation's strategic plan establishes priorities for organic growth, acquisitions and operating infrastructure, including maintaining a target leverage ratio range of 1.5 – 2.0 times unless a leverage ratio outside this range is required 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 investment in significant acquisitions and may fund those acquisitions using its bank credit facilities and other debt instruments in accordance with the Corporation's expectations of total future cash flows, financing costs and other factors. See the Strategic Direction and Outlook section and the Non-GAAP and Other Financial Measures sections. While end market conditions remain challenging, the Corporation believes it has a robust strategy and is confident in its growth prospects. The Corporation's confidence is strengthened by the enhanced earnings potential of its consolidated "One Wajax" business model and by relationships with its customers and vendors. Wajax's ability to develop its core capabilities and successfully grow its business organically will be dependent on achieving the individual growth initiatives. Wajax's ability to successfully grow its business through acquisitions will be dependent on a number of factors including: identification of accretive new business or acquisition opportunities; negotiation of purchase agreements on satisfactory terms and prices; prior approval of acquisitions by third-parties, including any necessary regulatory approvals; securing attractive financing arrangements; and integration of newly acquired operations into the existing business. All of these activities associated with growing the business, realizing enhanced earnings potential from the One Wajax structure and investments made in systems may be more difficult to implement or may take longer to execute than management anticipates. Further, any significant expansion of the business may increase the operating complexity of Wajax, and divert management away from regular business activities. Any failure of Wajax to successfully manage its growth strategy, including acquisitions, could have a material adverse impact on Wajax's business, results of operations or financial condition.

Key personnel

The success of Wajax is largely dependent on the abilities and experience of its senior management team and other key personnel. Its future performance will also depend on its ability to attract, develop and retain highly qualified employees in all areas of its business. Competition for skilled management, sales and technical personnel is intense, particularly in certain markets where Wajax competes. Wajax continuously reviews and makes adjustments to its hiring, training and compensation practices in an effort to attract and retain a highly competent workforce. There can be no assurance, however, that Wajax will be successful in its efforts and a loss of key employees, or failure to attract and retain new talent as needed, may have an adverse impact on Wajax's current operations or future prospects.

Leverage, credit availability and restrictive covenants

At the date of this MD&A, Wajax has a $500.0 million senior secured bank credit facility which matures October 24, 2029. The bank credit facility contains restrictive covenants which place restrictions on, among other things, the amount of finance costs incurred relative to earnings, and the ability of Wajax to encumber or dispose of its assets, acquire businesses and declare dividends. A failure to comply with the obligations of the facility could result in an event of default which, if not cured or waived, could require an accelerated repayment of the facility. There can be no assurance that Wajax's assets would be sufficient to repay the facility in full.

Wajax's short-term normal course working capital requirements can swing widely quarter-to-quarter due to timing of large inventory purchases and/or sales and changes in market activity. In general, as Wajax experiences growth, there is a need for additional working capital. Conversely, as Wajax experiences economic slowdowns, the need for working capital is reduced, reflecting the lower activity levels. While management believes its bank credit facility will be adequate to meet the Corporation's normal course working capital requirements, maintenance capital requirements and certain strategic investments, there can be no assurance that additional credit will become available if required, or that an appropriate amount of credit with comparable terms and conditions will be available when the bank credit facility matures.

Wajax may be required to access the equity or debt markets or reduce dividends in order to fund significant acquisitions and growth related working capital and capital expenditures. The amount of debt service obligations under the bank credit facility will be dependent on the level of borrowings and fluctuations in interest rates to the extent the rate is unhedged. As a result, fluctuations in debt servicing costs may have a detrimental effect on future earnings or cash flow.

Wajax also has credit lines available with other financial institutions for purposes of financing inventory. These facilities are not committed lines and their future availability cannot be assured, which may have a negative impact on cash available for dividends and future growth opportunities.

Quality of products distributed

The ability of Wajax to maintain and expand its customer base is dependent upon the ability of the manufacturers represented by Wajax to sustain or improve the quality of their products. The quality and reputation of such products are not within Wajax's control, and there can be no assurance that manufacturers will be successful in meeting these goals. The failure of these manufacturers to maintain a market presence could adversely affect Wajax's results of operations or cash flow.

Inventory obsolescence

Wajax maintains substantial amounts of inventory in its business operations. While Wajax believes it has appropriate inventory management systems in place, variations in market demand for the products it sells can result in certain items of inventory becoming obsolete. This could result in a requirement for Wajax to take a material write down of its inventory balance resulting in Wajax not being able to realize expected revenue and cash flows from its inventory, which would negatively affect results from operations or cash flow.

Government regulation

Wajax's business is subject to evolving laws and government regulations, particularly in the areas of taxation, the environment, and health and safety. Changes to such laws and regulations may impose additional costs on Wajax and may adversely affect its business in other ways, including requiring additional compliance measures by Wajax.

Insurance

Wajax maintains a program of insurance coverage that is comparable to those maintained by similar businesses, including property, general liability, directors' and officers' liability, and cyber security insurance. Although the limits and self-insured retentions of such insurance policies have been established through risk analysis and the recommendations of professional advisors, there can be no assurance that such insurance will remain available to Wajax at commercially reasonable rates or that the amount of such coverage will be adequate to cover all liability incurred by Wajax. If Wajax is held liable for amounts exceeding the limits of its insurance coverage or for claims outside the scope of that coverage, its business, results of operations or financial condition could be adversely affected.

Information systems and technology

Information systems are an integral part of Wajax's business processes, including marketing of equipment and support services, inventory and logistics, and finance. Some of these systems are integrated with certain suppliers' core processes and systems. Any disruptions to these systems or new systems due to, for example, the upgrade or conversion thereof, or the failure of these systems or new systems to operate as expected could, depending on the magnitude of the problem, adversely affect Wajax's operating results by limiting the ability to effectively monitor and control Wajax's operations.

Cyber security

Wajax's business relies on information technology platforms, including third-party service providers, to process, transmit and store electronic information – including that related to customers, vendors and employees. A breach in the security of the Corporation's information technology systems, or those of its third-party service providers, could expose the business to a risk of loss, misuse of confidential information and/or business interruption.

The Corporation has security controls in place, including security tools, and reviews security internally and with the assistance of expert third-parties. In addition, the Corporation has policies in place regarding security over confidential customer, vendor and employee information, performs employee security training, and has recovery plans in place in the event of a cyber-attack.

Despite such security controls, there is no assurance that cyber security threats can be fully detected, prevented or mitigated. Should such threats materialize and depending on the magnitude of the problem, they could have a material impact on Wajax's business, results of operations or financial condition.

Credit risk

Wajax extends credit to its customers, generally on an unsecured basis. Although Wajax is not substantially dependent on any one customer and it has a system of credit management in place, the loss of a large receivable would have an adverse effect on Wajax's profitability.

Labour relations

Wajax had 2,900+ employees as of December 31, 2025, with approximately 281 employees represented by unions. Of the 12 collective bargaining agreements in place, three are scheduled for negotiation during 2026.

Wajax respects employees' rights to unionize and strives for constructive labour relations by adhering to agreements and legislation. The company promotes people-first initiatives, a safe and respectful work culture, and equitable employee treatment. Wajax recognizes its employees' rights to join a union and is committed to integrity in its labour relations. Wajax strives to establish a constructive and cooperative dialogue that promotes collaborative union/management relations, a safe and respectful work culture, productive work environments and the equitable treatment of employees by consistently adhering to collective agreements, labour relations legislation and workplace policies. The Corporation believes its labour relations to be satisfactory and does not anticipate it will be unable to renew the collective agreements. However, if Wajax is unable to renew or negotiate collective agreements from time to time, it could result in work stoppages and other labour disturbances. The failure to renew collective agreements upon satisfactory terms could have a material adverse impact on Wajax's business, results of operations or financial condition.

Foreign exchange exposure

Wajax's operating results are reported in Canadian dollars. While the majority of Wajax's sales are in Canadian dollars, significant portions of its purchases are in U.S. dollars. Changes in the U.S. dollar exchange rate can have a negative or positive impact on Wajax's revenue, margins and working capital balances. Wajax mitigates certain exchange rate risks by entering into foreign exchange forward contracts to fix the cost of certain inbound inventory and to hedge certain foreign-currency denominated sales to customers. In addition, Wajax will periodically institute price increases to offset the negative impact of foreign exchange rate increases on imported goods. The inability of Wajax to mitigate exchange rate risks or increase prices to offset foreign exchange rate increases, including sudden and volatile changes in the U.S. dollar exchange rate, may have a material adverse effect on the results of operations or financial condition of Wajax.

A declining U.S. dollar relative to the Canadian dollar can have a negative effect on Wajax's revenue and cash flows as a result of certain products being imported from the U.S. In some cases market conditions require Wajax to lower its selling prices as the U.S. dollar declines. As well, many of Wajax's customers export products to the U.S., and a strengthening Canadian dollar can negatively impact their overall competitiveness and demand for their products, which in turn may reduce product purchases from Wajax.

A strengthening U.S. dollar relative to the Canadian dollar can have a positive effect on Wajax's revenue, as Wajax will periodically institute price increases on inventory imported from the U.S. to offset the negative impact of foreign exchange rate increases to ensure margins are not eroded. However, a sudden strengthening U.S. dollar relative to the Canadian dollar can have a negative impact mainly on parts margins in the short-term prior to price increases taking effect.

Wajax maintains a hedging policy whereby significant transactional currency risks are identified and hedged.

Interest rate risk

Wajax has exposure to interest rate fluctuations on its interest-bearing financial liabilities, in particular from its long-term debt. Changes in interest rates can have a negative or positive impact on Wajax's finance costs and cash flows. Wajax monitors the proportion of variable rate debt to its total debt portfolio and may enter into interest rate derivative contracts to mitigate all or a portion of the interest rate risk on its variable rate debt. The inability of Wajax to mitigate interest rate risks to offset interest rate increases may have a material adverse effect on the results of operations or financial condition of Wajax.

Equity price risk

Certain share-based compensation plans of the Corporation, and the resulting liabilities, are exposed to fluctuations in the Corporation's share price. Changes in the Corporation's share price can have a positive or negative impact on Wajax's net earnings and cash flows. Wajax monitors the proportion of MTIP units that are cash-settled and may enter into total return swap contracts to mitigate a portion of the equity price risk on these MTIP units. The inability of Wajax to mitigate equity price risks to offset fluctuations in its share price may have a material adverse effect on the results of operations or financial condition of Wajax.

Competition

The categories in which Wajax participates are highly competitive and include competitors who are national, regional and local. Competitors can be grouped into four classifications:

Capital Equipment Dealers and Distributors – these competitors typically represent a major alternative manufacturer and provide sales, product support, rental, financing and other services in categories such as construction, forestry, mining and power generation. Examples include the regional dealer and distributor networks of Caterpillar, Komatsu, John Deere and Cummins. Competition is based on product range and quality, after-market support and price.

Industrial Parts Distributors – these competitors typically represent a broad range of industrial parts manufacturers and offer sales and, in many cases, product support services, including design, assembly and repair. Competitive product range varies from focused on specific applications (e.g., hydraulics) to very broad (similar to Wajax). Competitors can be local, regional and national. Competition is based on brand access, product quality, customer service levels, price and ancillary services.

Engineered Repair Services Providers – these competitors typically have a local or regional presence. They offer services including design, assembly and repair, are generally focused on specific products, brands and/or applications (e.g., hydraulics), whereas Wajax typically offers a broader scope of capabilities. Competition is based on customer service levels, quality of the work performed and price.

After-market Service Providers – these competitors provide after-market services in areas such as on-highway transportation. Competitors vary, from the dealer and distributor networks of manufacturers such as Freightliner and Western Star, to local service providers. Competition is based on customer service levels and price.

There can be no assurance that Wajax will be able to continue to effectively compete. Increased competitive pressures, the growing influence of online distribution or the inability of Wajax to maintain the factors which have enhanced its competitive position could adversely affect its results of operations or cash flow.

Litigation and product liability claims

In the ordinary course of its business, Wajax may be made a party to various legal actions, the outcome of which cannot be predicted with certainty. One category of potential legal actions is product liability claims. Wajax carries product liability insurance, and management believes that this insurance is adequate to protect against potential product liability claims. Not all risks, however, are covered by insurance, and no assurance can be given that insurance will be consistently available, or will be consistently available on an economically feasible basis, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving Wajax's assets or operations.

Guaranteed residual value, recourse and buy-back contracts

In some circumstances Wajax makes certain guarantees to finance providers on behalf of its customers. These guarantees can take the form of assuring the resale value of equipment, guaranteeing a portion of customer lease payments, or agreeing to buy back the equipment at a specified price. These contracts are subject to certain conditions being met by the customer, such as maintaining the equipment in good working condition. Historically, Wajax has not incurred substantial losses on these types of contracts, however, there can be no assurance that losses will not be incurred in the future.

Future warranty claims

Wajax provides manufacturers' and/or dealer warranties for most of the product it sells. In some cases, the product warranty claim risk is shared jointly with the manufacturer. In addition, Wajax provides limited warranties for workmanship on services provided. Accordingly, Wajax has some liability for warranty claims. There is a risk that a possible product quality erosion or a lack of a skilled workforce could increase warranty claims in the future, or may be greater than management anticipates. If Wajax's liability in respect of such claims is greater than anticipated, it may have a material adverse impact on Wajax's business, results of operations or financial condition.

Maintenance and repair contracts

Wajax occasionally enters into long-term maintenance and repair contracts with its customers, whereby Wajax is obligated to maintain certain fleets of equipment at various negotiated performance levels. The length of these contracts varies significantly, often ranging up to five or more years. The contracts are generally fixed price, although many contracts have additional provisions for inflationary adjustments. Due to the long-term nature of these contracts, there is a risk that significant cost overruns may be incurred. If Wajax has miscalculated the extent of maintenance work required, or if actual parts and service costs increase beyond the contracted inflationary adjustments, the contract profitability will be adversely affected. In order to mitigate this risk, Wajax closely monitors the contracts for early warning signs of cost overruns. In addition, the manufacturer may, in certain circumstances, share in the cost overruns if profitability falls below a certain threshold. Any failure by Wajax to effectively price and manage these contracts could have a material adverse impact on Wajax's business, results of operations or financial condition.

Environmental factors

From time to time, Wajax experiences environmental incidents, emissions or spills in the course of its normal business activities. Wajax has established environmental compliance and monitoring programs, including an internal compliance audit function, which management believes are appropriate for its operations. In addition, Wajax retains qualified environmental engineering consultants to conduct the following activities: environmental site assessments prior to the acquisition or occupation by Wajax; ongoing monitoring of soil and groundwater contamination; and remediation of contaminated sites. There can be no assurance that any future incidents, emissions or spills will not result in a material adverse effect on Wajax's results of operations or cash flows. Management is not aware of any material environmental concerns for which a provision has not been recorded.

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 December 31, 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 December 31, 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.

During the year, Wajax's management, under the supervision of its CEO and CFO, evaluated the effectiveness and operation of its DC&P and ICFR. This evaluation included a risk evaluation, documentation of key processes and tests of effectiveness conducted on a sample basis throughout the year. Due to the inherent limitations in all control systems, an evaluation of the DC&P and ICFR can only provide reasonable assurance over the effectiveness of the controls. As a result, DC&P and ICFR are not expected to prevent and detect all misstatements due to error or fraud. The CEO and CFO have concluded that Wajax's DC&P and ICFR were effective as at December 31, 2025.

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:

Funded net debt	Funded net debt includes bank indebtedness, debentures and total long-term debt, net of cash. Funded net debt is relevant in calculating the Corporation's funded net debt to total capital, which is a non-GAAP ratio commonly used as an indicator of a company's ability to raise and service debt.
Debt	Debt is funded net debt plus letters of credit. Debt is relevant in calculating the Corporation's leverage ratio, which is a non-GAAP ratio commonly used as an indicator of a company's ability to raise and service debt.
Total capital	Total capital is shareholders' equity plus funded net debt.
EBITDA	Net earnings (loss) before finance costs, income tax expense, depreciation and amortization.
Adjusted net earnings (loss)	Net earnings (loss) before any facility closure, restructuring and other related costs, gains/losses recorded on sale of properties, non-cash gains/losses on mark to market of derivative instruments, 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 and Senior secured leverage ratio.
Working capital	Defined as current assets less current liabilities, as presented in the consolidated statements of financial position.
Other working capital amounts	Defined as working capital less trade and other receivables and inventory plus accounts payable and accrued liabilities and the current portion of debentures, as presented in the consolidated statements of financial position.

Non-GAAP ratios are identified and defined below:

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

Supplementary financial measures are identified and defined below:

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

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

	Three months ended December 31		Year ended December 31	
	2025	2024	**2025**	2024
Net earnings	**$ 12.1**	$ 1.0	**$ 57.5**	$ 42.8
Facility closure, restructuring and other related costs, after tax	**3.2**	4.3	**6.1**	4.3
Gain recorded on the sale of properties, after tax	**(0.3)**	—	**(0.3)**	—
Non-cash losses on mark to market of derivative instruments, after tax	**0.5**	—	**0.2**	3.6
Change in fair value of contingent consideration, after tax	**(1.2)**	2.3	**(1.2)**	2.3
Loss on settlement of obligations under the SERP, after tax	**1.0**	—	**1.0**	—
Adjusted net earnings	**$ 15.4**	$ 7.5	**$ 63.2**	$ 52.9
Adjusted basic earnings per share[1]	**$ 0.71**	$ 0.35	**$ 2.90**	$ 2.44
Adjusted diluted earnings per share[1]	**$ 0.69**	$ 0.34	**$ 2.84**	$ 2.38

(1) For the three months ended December 31, 2025, the number of weighted average basic and diluted shares outstanding were 21,774,775 and 22,334,282, respectively (2024 – 21,774,451 and 22,210,260, respectively).

For the year ended December 31, 2025, the number of weighted average basic and diluted shares outstanding were 21,769,553 and 22,239,538, respectively (2024 – 21,719,568 and 22,188,628, respectively).

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

	Three months ended December 31		Year ended December 31	
	2025	2024	**2025**	2024
EBIT	**$ 23.3**	$ 11.1	**$ 106.7**	$ 96.5
Depreciation and amortization	**15.9**	15.8	**62.6**	62.2
EBITDA	**$ 39.2**	$ 27.0	**$ 169.3**	$ 158.7
EBIT	**$ 23.3**	$ 11.1	**$ 106.7**	$ 96.5
Facility closure, restructuring and other related costs[1]	**4.3**	5.8	**8.2**	5.8
Gain recorded on the sale of properties	**(0.3)**	—	**(0.3)**	—
Non-cash losses (gains) on mark to market of derivative instruments, excluding interest rate derivatives and cross currency swaps[2]	**0.7**	0.1	**(0.6)**	1.3
Change in fair value of contingent consideration[3]	**(1.2)**	2.3	**(1.2)**	2.3
Loss on settlement of obligations under the SERP[4]	**1.3**	—	**1.3**	—
Adjusted EBIT	**$ 28.1**	$ 19.3	**$ 114.1**	$ 105.8
Depreciation and amortization	**15.9**	15.8	**62.6**	62.2
Adjusted EBITDA	**$ 44.0**	$ 35.1	**$ 176.7**	$ 168.0
Payment of lease liabilities[5]			**(44.1)**	(39.2)
Pro-forma adjusted EBITDA			**$ 132.5**	$ 128.7

(1) Facility closure, restructuring and other related costs consists of costs relating to workforce reductions in response to economic conditions, incurred in both 2025 and 2024 and relating primarily to severance costs, as well as executive separation benefits incurred in 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 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) During 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, leverage ratio and senior secured leverage ratio is as follows:

	December 31	
	2025	2024
Cash	**$ (8.3)**	$ (7.4)
Debentures	**—**	57.0
Long-term debt	**222.1**	283.0
Funded net debt	**$ 213.8**	$ 332.7
Letters of credit	**1.2**	3.7
Debt	**$ 215.0**	$ 336.3
Pro-forma adjusted EBITDA[1]	**$ 132.5**	$ 128.7
Leverage ratio[2]	**1.62**	2.61
Senior secured leverage ratio[3]	**1.62**	2.17

(1) For the year ended December 31, 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:

	December 31	
	2025	2024
Shareholders' equity	**$ 537.5**	$ 512.3
Funded net debt	**213.8**	332.7
Total capital	**$ 751.3**	$ 844.9
Funded net debt to total capital	**28.5%**	39.4%

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

	December 31	
	2025	2024
Total current assets	**$ 935.5**	$ 1,094.3
Total current liabilities	**436.9**	561.9
Working capital	**$ 498.6**	$ 532.4
Trade and other receivables	**(279.3)**	(303.5)
Inventory	**(547.6)**	(673.1)
Debentures – current	**—**	57.0
Accounts payable and accrued liabilities	**351.4**	421.5
Other working capital amounts	**$ 23.2**	$ 34.3

Cautionary Statement Regarding Forward-Looking Information

This MD&A and Annual Report contain 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 and Annual Report 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 and Annual Report are made as of the date of this MD&A and Annual Report, 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 and Annual Report include forward-looking regarding, among other things: our expectation that Hitachi's growing traction in North America and reputation for quality will drive increased sales across its full product range, together with our preparation to scale sales and service capabilities to support a broader and increased flow of machines and parts; our expectation that our enhanced relationship with Hitachi will support improved aftermarket revenue, margin stability and long-term earnings quality; our plans to further refine our margin improvement and inventory management initiatives in 2026 and beyond as we pursue further operational efficiency and excellence; margin improvement, cost discipline and inventory management remaining a central focus in 2026; our plans to drive more consistent performance and capitalize on our investment in people by building stronger processes, improving efficiency and expanding capacity across the business; acquisitions remaining a core element of our longer-term strategy; our commitment to advancing our broader sustainability plan and to complete an ESG materiality assessment in 2026; our CEO transition process, including the belief our new CEO is exceptionally well-suited to lead Wajax into its next chapter; our path forward, including the strength of our leadership team and its focus on executing our strategy, delivering more consistent performance and, as market conditions improve, accelerating growth; 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, investing in operational efficiency, process optimization and technology enablement, and acquiring and integrating IP and ERS businesses; building Wajax into an organization that operates increasingly efficiently, performs more consistently and allocates capital most effectively, all with the aim of driving enhanced long-term value for shareholders across a variety of macroeconomic conditions; our expectation that continued process standardization, effective use of technology - including our ERP platform- and a focus on safety, capacity and data driven decision making will enhance operational efficiency, support a culture of continuous improvement and position Wajax to capitalize on anticipated investment in Canadian businesses, communities, and infrastructure; our expectation that six large mining shovels we delivered during 2025 will create the potential for long-term product support as operating hours climb in the coming years; our plan to further improve inventory management in 2026 and to further drive efficiency by building on the expertise of skilled teammates and insights from data generated through our ERP system to strengthen decision-making across the organization; the confidence of our board of directors that our program of operational improvements will position Wajax to capitalize as investment in Canada grows and market conditions improve; 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; the initiatives and goals associated with our five 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 plans to undertake a broader, ongoing program of operational improvements; management's continued focus on disciplined cost control, inventory optimization and margin improvement, supported by prudent capital allocation and effective execution, to enhance efficiency, strengthen cash flow and support sustainable performance; anticipated customer demand in the mining and energy sectors, the delivery of two large mining shovels currently in backlog over the next five quarters and management's outlook that market conditions in other sectors will 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 approach to capital allocation and execution support its ability to manage current conditions, and that continued execution of its priorities, underpinned by prudent capital allocation and balance sheet strength, will support sustainable long-term value creation; the expected timing of the delivery and commissioning of diesel generator sets for the first batch of three River Class Destroyers to be delivered by ISI to the Royal Canadian Navy, together with the estimated value of our subcontract to supply same; 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) or foreign currency value (relative to the Canadian dollar, on transactions with customer that include unhedged foreign currency exposures) would not have a material impact on our results of operations or financial condition over the long term; our expectation that the impact of a change in the Corporation's share price on cash-settled MTIP units would not have a material impact on the Corporation's results of operations or financial condition over the longer term; our belief that there is no significant risk of non-performance by counterparties to foreign exchange forward contracts, interest rate derivative contracts, total return swap contracts and cross currency swap contracts; 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 or reduce dividends to fund significant acquisitions and/or growth related working capital and capital expenditures; our belief that we have a robust strategy and our confidence in our growth prospects, strengthened by the enhanced earnings potential of our "One Wajax" business model and our relationships with our customers and vendors; our belief that we have appropriate inventory management systems in place; and our belief that our labour relations are satisfactory and that we will be able to renew our collective bargaining agreements.

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 this MD&A under the heading "Risk Management and Uncertainties". The forward-looking statements contained in this MD&A and Annual Report 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 this 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.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

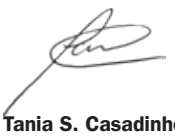
The Audit Committee of the Board, consisting solely of outside directors, meets regularly during the year with management, internal auditors and the external auditors, to review their respective activities and the discharge of their responsibilities.

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

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



Ignacy (Iggy) Domagalski
President and
Chief Executive Officer



Tania S. Casadinho
Chief Financial Officer

Mississauga, Canada, March 2, 2026

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Wajax Corporation

Opinion

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

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025.

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

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

Evaluation of equipment inventory obsolescence

Description of the matter

We draw attention to Notes 2 and 8 to the financial statements. As at December 31, 2025, the Entity had an equipment inventory balance of $297,753 thousand and a total inventory obsolescence provision of $34,803 thousand, a portion of which related to equipment inventory. The value of the Entity's new and used equipment is evaluated by the Entity throughout the year, on a unit-by-unit basis considering projected customer demand, future market conditions, and other considerations evaluated by management. Specifically, equipment inventory aged greater than one year carries a higher risk of obsolescence. When required, provisions are recorded to adjust the value of equipment to the lower of cost and estimated net realizable value.

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

- For a selection of equipment inventory aged greater than one year, we assessed the estimated net realizable value by comparing the carrying amounts to the most recent sales invoices of the same or similar equipment
- For a selection of equipment inventory aged greater than one year without recent sales invoices, we analyzed the Entity's estimate of net realizable value by taking into consideration the length of time the inventory had not been sold and market conditions
- We involved valuation professionals with specialized skills and knowledge who assisted in assessing the estimated net realizable value of certain equipment inventory aged greater than one year without recent sales invoices
- We assessed the appropriateness of the equipment inventory obsolescence provision by comparing prior year assumptions to subsequent inventory usage and write-offs, both in aggregate and for selected items.

Other Information

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

- the information included in Management's Discussion and Analysis.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Wajax 2025 Annual Report".

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

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

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

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Wajax 2025 Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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



Chartered Professional Accountants, Licensed Public Accountants

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

Vaughan, Canada

March 2, 2026

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (in thousands of Canadian dollars)	Note	December 31 2025	2024
Assets			
Current			
Cash		**$ 8,313**	$ 7,351
Trade and other receivables	6	**279,256**	303,537
Contract assets	7	**63,648**	55,588
Inventory	8	**547,572**	673,076
Deposits on inventory		**9,593**	13,411
Lease receivables - current	14	**10,548**	9,062
Income taxes receivable		**—**	3,563
Prepaid expenses		**15,164**	15,321
Derivative financial assets – current	18	**1,362**	13,403
Total current assets		**935,456**	1,094,312
Non-Current			
Rental equipment	9	**40,291**	50,044
Property, plant and equipment	9	**45,514**	45,669
Right-of-use assets	10	**149,424**	158,473
Lease receivables	14	**16,654**	17,538
Goodwill and intangible assets	11	**177,200**	183,520
Derivative financial assets	18	**3,211**	1,698
Total non-current assets		**432,294**	456,942
Total assets		**$ 1,367,750**	$ 1,551,254
Liabilities And Shareholders' Equity			
Current			
Accounts payable and accrued liabilities	12	**$ 351,442**	$ 421,464
Provisions – current	13	**8,277**	7,172
Contract liabilities	7	**17,626**	23,182
Dividends payable	19	**7,631**	7,629
Income taxes payable		**3,806**	—
Lease liabilities – current	14	**44,464**	40,151
Debentures – current	16	**—**	56,973
Derivative financial liabilities – current	18	**3,650**	5,313
Total current liabilities		**436,896**	561,884
Non-Current			
Deferred tax liabilities	25	**7,371**	8,999
Employee benefits	15	**1,575**	6,526
Derivative financial liabilities	18	**3,318**	3,585
Lease liabilities	14	**155,300**	168,031
Long-term debt	17	**222,122**	283,042
Other liabilities		**3,664**	6,904
Total non-current liabilities		**393,350**	477,087
Total liabilities		**830,246**	1,038,971
Shareholders' Equity			
Share capital	19	**211,685**	211,453
Contributed surplus		**8,936**	7,511
Retained earnings		**316,640**	289,993
Accumulated other comprehensive income		**243**	3,326
Total shareholders' equity		**537,504**	512,283
Total liabilities and shareholders' equity		**$ 1,367,750**	$ 1,551,254

Subsequent events (Notes 15 and 31)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31 (in thousands of Canadian dollars, except per share data)	Note		2025		2024
Revenue	21	$	**2,145,299**	$	2,097,595
Cost of sales			**1,733,568**		1,683,811
Gross profit			**411,731**		413,784
Selling and administrative expenses			**296,828**		311,523
Restructuring and other related costs	23		**8,184**		5,766
Earnings before finance costs and income taxes			**106,719**		96,495
Finance costs	24		**29,014**		38,182
Earnings before income taxes			**77,705**		58,313
Income tax expense	25		**20,236**		15,520
Net earnings		$	**57,469**	$	42,793
Basic earnings per share	19	$	**2.64**	$	1.97
Diluted earnings per share	19	$	**2.58**	$	1.93

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31 (in thousands of Canadian dollars)	Note		2025		2024
Net earnings		$	**57,469**	$	42,793
Items that will not be reclassified to earnings					
Actuarial (loss) gain on pension plans, net of tax recovery of $153 (2024 – expense of $8)	15		**(430)**		22
Items that may be subsequently reclassified to earnings					
Unrealized (loss) gain on derivatives designated as cash flow hedges, net of tax recovery of $832 (2024 – expense of $950)			**(2,333)**		2,662
Reclassification of realized (gain) loss on derivatives designated as cash flow hedges to net earnings during period, net of tax expense of $268 (2024 – recovery of $34)			**(750)**		94
Other comprehensive (loss) income, net of tax			**(3,513)**		2,778
Total comprehensive income		$	**53,956**	$	45,571

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2025 (in thousands of Canadian dollars)	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) — Cash flow hedges	Total
December 31, 2024		$ 211,453	$ 7,511	$ 289,993	$ 3,326	$ 512,283
Net earnings		—	—	57,469	—	57,469
Other comprehensive loss		—	—	(430)	(3,083)	(3,513)
Total comprehensive income		—	—	57,039	(3,083)	53,956
Shares issued to settle share-based compensation awards	19	624	(624)	—	—	—
Shares released from trust to settle share-based compensation awards	19, 20	322	(1,870)	759	—	(789)
Purchased for future settlement of certain share-based compensation awards	19	(714)	—	(661)	—	(1,375)
Share-based compensation expense	20	—	3,919	—	—	3,919
Dividends declared	19	—	—	(30,490)	—	(30,490)
December 31, 2025		**$ 211,685**	**$ 8,936**	**$ 316,640**	**$ 243**	**$ 537,504**

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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 (in thousands of Canadian dollars)	Note	2025	2024
Operating Activities			
Net earnings		**$ 57,469**	$ 42,793
Items not affecting cash flow:			
Depreciation and amortization:			
Rental equipment	9	**12,787**	13,721
Property, plant and equipment	9	**9,386**	8,825
Right-of-use assets	10	**34,085**	32,592
Intangible assets	11	**6,320**	7,032
(Gain) loss on disposal of property, plant & equipment		**(413)**	150
Gain on disposal of right-of-use assets		**(3)**	(68)
Share-based compensation expense	20	**9,000**	6,833
Change in fair value of contingent consideration	18	**(1,205)**	2,263
Non-cash income from finance leases		**(1,770)**	(2,531)
Employee benefits expense, net of employer contributions		**(5,534)**	(468)
(Gain) loss on foreign exchange forwards and total return swaps	18	**(1,227)**	1,408
Finance costs	24	**29,014**	38,182
Income tax expense	25	**20,236**	15,520
		168,145	166,252
Changes in non-cash operating working capital	26	**72,965**	(7,482)
Rental equipment additions	9	**(3,940)**	(25,402)
Other non-current liabilities		**(120)**	(2,202)
Cash (paid) received on settlement of total return swaps	18	**(415)**	1,896
Finance costs paid on debts		**(19,929)**	(23,045)
Finance costs paid on lease liabilities	14, 24	**(10,801)**	(10,580)
Interest collected on lease receivables	24	**1,297**	1,031
Income taxes paid		**(13,242)**	(25,323)
Cash generated from operating activities		**193,960**	75,145
Investing Activities			
Property, plant and equipment additions	9	**(9,022)**	(8,874)
Proceeds on disposal of property, plant and equipment		**1,399**	528
Intangible asset net additions	11	**—**	(271)
Collection of lease receivables		**10,683**	7,861
Post acquisition settlement payments, net of receipts	5	**(2,785)**	912
Cash generated from investing activities		**275**	156
Financing Activities			
Net (repayments) proceeds of bank debt borrowings	17	**(55,100)**	9,998
Repayment of debentures	16	**(57,000)**	—
Purchase of shares held in trust		**(1,375)**	(980)
Transaction costs on debts	17	**(963)**	(472)
Payment of lease liabilities	14	**(44,148)**	(39,230)
Payment of contingent consideration	18	**(3,410)**	(3,793)
Payment of tax withholding for share-based compensation		**(789)**	(2,123)
Dividends paid		**(30,488)**	(29,953)
Cash used in financing activities		**(193,273)**	(66,553)
Change in cash		**962**	8,748
Cash (bank indebtedness) – beginning of period		**7,351**	(1,397)
Cash – end of period		**$ 8,313**	$ 7,351

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 (amounts in thousands of Canadian dollars, except share and per share data)

1. Company Profile

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

2. Basis of Preparation

Statement of compliance

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 2, 2026.

Basis of measurement

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

Functional and presentation currency

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

Judgements and estimation uncertainty

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

The 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

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

Acquisition accounting, goodwill and intangible assets

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

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

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

Allowance for credit losses

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

Lease term of contracts with renewal options

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

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

3. Material Accounting Policies

Principles of consolidation

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

Revenue recognition

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

Revenue type	Nature and timing of satisfaction of performance obligations
Equipment sales	
Retail sales	Retail sales include the sale of new and used equipment. The Corporation recognizes revenue when control of the equipment passes to the customer. This usually occurs when the equipment is shipped or picked up by the customer; but depending on shipment terms, this can occur when the equipment is delivered to customer site. For bill and hold arrangements, control transfers to the customer when: there is a substantive agreement with the customer, the equipment is separately identified and ready for physical transfer to the customer, and the Corporation does not have the ability to use the equipment or direct it to another customer.
Sales of power and energy systems	Sales of complex power and energy systems generally involve engineering, assembly and commissioning. As a result of control transferring over time as the project is completed, revenue is recognized on a percentage of completion basis proportionate to the work that has been completed and is based on associated costs incurred, because it best reflects the transfer of control to the customer as the asset is being designed, assembled and commissioned.
Industrial parts	The Corporation recognizes revenue when control of the parts passes to the customer. This usually occurs when the parts are shipped or picked up by the customer.
Product support	
Service	Revenue from sales of parts and labour when servicing equipment is recognized based on the extent of progress towards completion of the performance obligation. The customer controls the asset as it is being serviced, so revenue is recognized on a basis proportionate to the service work that has been performed based on associated costs incurred. The Corporation's service arrangements are generally short-term in nature with predictable pricing and costs.
Parts	The Corporation recognizes revenue when control of the parts passes to the customer. This usually occurs when the parts are shipped or picked up by the customer.
Engineered repair services ("ERS")	Revenue from engineered repair services is recognized based on the extent of progress towards completion of the performance obligation. Revenue is recognized on a basis proportionate to the service work that has been performed based on associated costs incurred, because it best reflects the transfer of control of the work-in-progress to the customer as the asset is being constructed, repaired, or modified.
Equipment rental	Revenue from equipment rentals where the Corporation acts as lessor is presented as equipment rental revenue, and is recognized on a straight-line basis over the term of the lease.

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

Contract assets and contract liabilities

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

Business combinations

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

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

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

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

Trade and other receivables

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

Inventory

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

Rental equipment

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

Property, plant and equipment

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

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

Leases

As a lessee

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

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

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

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

As a lessor

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

Operating leases

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

Finance leases

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

Goodwill and intangible assets

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

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

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

Impairment

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

Goodwill and indefinite life intangible assets are tested for impairment at least annually or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. To test for impairment, the Corporation compares the carrying values of its goodwill and indefinite

life intangibles to their recoverable amounts. Recoverable amount is the higher of value in use or fair value less costs of disposal. The value in use is the present value of future cash flows using the Corporation's after-tax discount rate that reflects the time value of money and the risk specific to the assets. The fair value less costs of disposal is determined either by an adjusted net asset-based approach or by the present value of future cash flows from a market participant perspective. Any impairment of goodwill or indefinite life intangible assets would be recorded as a charge against earnings.

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

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

Cash and bank indebtedness

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

Borrowing costs

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

Finance costs

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

Derivative financial instruments and hedge accounting

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

Share-based compensation plans

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

Employee benefits

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

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

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

Income taxes

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

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

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

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

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

4. Change in Accounting Policies

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

Accounting standards and amendments issued but not yet adopted

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

5. Business Acquisitions

The Corporation made net post-acquisition settlement payments of $2,785 during the year (2024 – net receipts of $912). The payments related to holdback payments to the sellers of Polyphase Engineered Controls (1977) Ltd. ("**Polyphase**") and Beta Fluid Power Ltd. and Beta Industrial Ltd. ("**Beta**"). The net receipts during the prior year related to cash received from the sellers of Polyphase and Beta for post-closing adjustments, partially offset by a holdback payment to the sellers of Beta.

See Note 18 for contingent consideration liability balance and movement.

6. Trade and Other Receivables

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

	December 31 **2025**	2024
Trade accounts receivable	**$ 261,446**	$ 277,884
Less: allowance for credit losses	**(2,149)**	(2,271)
Net trade accounts receivable	**$ 259,297**	$ 275,613
Other receivables	**19,959**	27,924
Total trade and other receivables	**$ 279,256**	$ 303,537

The Corporation has an agreement with a financial institution to sell 100% of selected trade accounts receivable on a recurring, non-recourse basis. Under the agreement, up to $20,000 of accounts receivable may be sold to the financial institution and can remain outstanding at any point in time. After the sale, the Corporation does not retain any interests in the accounts receivable and removes them from its consolidated statement of financial position, however the Corporation continues to service and collect the outstanding accounts receivable on behalf of the financial institution. As at December 31, 2025, the Corporation continues to service and collect $5,194 in accounts receivable on behalf of this financial institution (December 31, 2024 – $8,363). Net proceeds from this program are classified in operating activities in the consolidated statements of cash flows.

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

7. Contract Assets and Liabilities

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

	December 31 **2025**	2024
Contract assets	**$ 63,648**	$ 55,588
Contract liabilities	**$ 17,626**	$ 23,182

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

The Corporation did not recognize any impairment losses on contract assets during the year (2024 – nil).

Revenue recognized in 2025 that was included in the contract liability balance at the beginning of the year was $21,775 (2024 – $17,890).

8. Inventory

The Corporation's inventory balance consists of the following:

	December 31 **2025**	2024
Equipment	**$ 297,753**	$ 377,205
Parts	**219,879**	257,623
Work-in-process	**29,940**	38,248
Total inventory	**$ 547,572**	$ 673,076

All amounts shown are net of obsolescence provisions of $34,803 (December 31, 2024 – $30,814).

For the year ended December 31, 2025, $11,591 (2024 – $7,625) was recorded in cost of sales for the write-down of inventory to estimated net realizable value.

For the year ended December 31, 2025, the Corporation recognized $1,414,302 (2024 – $1,370,948) of inventory as an expense which is included in cost of sales.

As at December 31, 2025, the Corporation has included $19,335 (December 31, 2024 – $28,484) in equipment inventory related to short-term rental contracts, the majority of which is expected to convert to equipment sales within a six to twelve month period.

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

9. Property, Plant and Equipment and Rental Equipment

	Land and buildings	Equipment and vehicles	Computer hardware	Furniture and fixtures	Leasehold improvements	**Property, plant and equipment**	**Rental equipment**
Cost							
December 31, 2024	$ 23,230	$ 86,541	$ 3,015	$ 9,499	$ 16,863	**$ 139,148**	**$ 102,027**
Additions	310	5,199	—	281	3,232	**9,022**	**3,940**
Transfer from leased to owned at end of lease	—	7,434	—	—	—	**7,434**	**—**
Transfer to inventory	—	—	—	—	—	**—**	**(8,911)**
Other transfers	—	172	—	—	—	**172**	**(172)**
Disposals	(357)	(5,838)	(901)	(853)	(367)	**(8,316)**	**—**
December 31, 2025	**$ 23,183**	**$ 93,508**	**$ 2,114**	**$ 8,927**	**$ 19,728**	**$ 147,460**	**$ 96,884**
Accumulated depreciation							
December 31, 2024	$ 12,800	$ 61,146	$ 2,673	$ 6,718	$ 10,142	**$ 93,479**	**$ 51,983**
Charge for the year	542	5,952	162	508	2,222	**9,386**	**12,787**
Transfer from leased to owned at end of lease	—	6,252	—	—	—	**6,252**	**—**
Transfer to inventory	—	—	—	—	—	**—**	**(8,018)**
Other transfers	—	159	—	—	—	**159**	**(159)**
Disposals	(190)	(5,140)	(899)	(734)	(367)	**(7,330)**	**—**
December 31, 2025	**$ 13,152**	**$ 68,369**	**$ 1,936**	**$ 6,492**	**$ 11,997**	**$ 101,946**	**$ 56,593**
Carrying amount							
December 31, 2025	**$ 10,031**	**$ 25,139**	**$ 178**	**$ 2,435**	**$ 7,731**	**$ 45,514**	**$ 40,291**
Cost							
December 31, 2023	$ 23,125	$ 78,981	$ 4,117	$ 9,638	$ 14,719	$ 130,580	$ 105,476
Additions	105	5,024	93	1,091	2,561	8,874	25,402
Transfer from leased to owned at end of lease	—	8,703	—	—	—	8,703	—
Transfer to inventory	—	—	—	—	—	—	(28,730)
Other transfers	—	121	—	—	—	121	(121)
Disposals	—	(6,288)	(1,195)	(1,230)	(417)	(9,130)	—
December 31, 2024	$ 23,230	$ 86,541	$ 3,015	$ 9,499	$ 16,863	$ 139,148	$ 102,027
Accumulated depreciation							
December 31, 2023	$ 12,526	$ 53,230	$ 3,670	$ 7,319	$ 9,006	$ 85,751	$ 62,986
Charge for the year	274	6,277	198	527	1,549	8,825	13,721
Transfer from leased to owned at end of lease	—	7,263	—	—	—	7,263	—
Transfer to inventory	—	—	—	—	—	—	(24,632)
Other transfers	—	92	—	—	—	92	(92)
Disposals	—	(5,716)	(1,195)	(1,128)	(413)	(8,452)	—
December 31, 2024	$ 12,800	$ 61,146	$ 2,673	$ 6,718	$ 10,142	$ 93,479	$ 51,983
Carrying amount							
December 31, 2024	$ 10,430	$ 25,395	$ 342	$ 2,781	$ 6,721	$ 45,669	$ 50,044

For the year ended December 31, 2025, the Corporation transferred rental equipment to inventory with a net book value of $893 (2024 – $4,098).

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

10. Right-of-Use Assets

	Properties	Vehicles	Computer hardware	Equipment	Total
Cost					
December 31, 2024	$ 251,140	$ 33,564	$ 12,508	$ —	**$ 297,212**
Additions	15,234	11,942	208	10,074	**37,458**
Disposals	(9,818)	(844)	—	—	**(10,662)**
Disposal to lease receivables upon sublease	—	—	—	(10,074)	**(10,074)**
Transfer from leased to owned at end of lease	—	(7,434)	—	—	**(7,434)**
December 31, 2025	**$ 256,556**	**$ 37,228**	**$ 12,716**	**$ —**	**$ 306,500**
Accumulated depreciation					
December 31, 2024	$ 115,017	$ 17,655	$ 6,067	$ —	**$ 138,739**
Charge for the year	25,181	6,588	2,316	—	**34,085**
Disposals	(8,825)	(671)	—	—	**(9,496)**
Transfer from leased to owned at end of lease	—	(6,252)	—	—	**(6,252)**
December 31, 2025	**$ 131,373**	**$ 17,320**	**$ 8,383**	**$ —**	**$ 157,076**
Carrying amount					
December 31, 2025	**$ 125,183**	**$ 19,908**	**$ 4,333**	**$ —**	**$ 149,424**
Cost					
December 31, 2023	$ 208,150	$ 36,694	$ 10,668	$ —	$ 255,512
Additions	50,413	6,326	1,840	15,328	73,907
Disposals	(7,423)	(753)	—	—	(8,176)
Disposal to lease receivables upon sublease	—	—	—	(15,328)	(15,328)
Transfer from leased to owned at end of lease	—	(8,703)	—	—	(8,703)
December 31, 2024	$ 251,140	$ 33,564	$ 12,508	$ —	$ 297,212
Accumulated depreciation					
December 31, 2023	$ 96,217	$ 19,719	$ 3,744	$ —	$ 119,680
Charge for the year	24,564	5,705	2,323	—	32,592
Disposals	(5,764)	(506)	—	—	(6,270)
Transfer from leased to owned at end of lease	—	(7,263)	—	—	(7,263)
December 31, 2024	$ 115,017	$ 17,655	$ 6,067	$ —	$ 138,739
Carrying amount					
December 31, 2024	$ 136,123	$ 15,909	$ 6,441	$ —	$ 158,473

11. Goodwill and Intangible Assets

The Corporation performed its annual impairment test of its goodwill and indefinite life intangibles as at December 31, 2025. Similar key assumptions were used for both the goodwill impairment test and the indefinite life intangibles impairment test. The recoverable amount of the CGU group was estimated based on the present value of the future cash flows expected to be derived from the CGU group (value in use). This approach requires assumptions about revenue growth rates, EBITDA margins, tax rates, discount rates and the level of working capital required to support the business. The after-tax cash flows from operations are based on historical results, the Corporation's projected 2026 operating budget and its long-term strategic plan. To prepare these calculations, the forecasts were extrapolated beyond the five year period at the estimated long-term inflation rate of 2% (2024 – 2%). The cash flow projections were discounted using the Corporation's after-tax weighted average cost of capital, which equates to a pre-tax discount rate of approximately 12.7% (2024 – 13.5%).

The tax rates applied to the cash flow projections were based on the expected effective tax rate of the Corporation of approximately 26.5% (2024 – 26.3%). Tax assumptions are sensitive to changes in tax laws as well as assumptions about the jurisdictions in which profits are earned. It is possible that actual tax rates could differ from those assumed.

The Corporation concluded as at December 31, 2025 that no impairment existed in either the goodwill or the intangible assets with an indefinite life, as the recoverable amount of the CGU group exceeded its carrying value.

The Corporation did not reverse any impairment losses for definite life intangible assets for the years ended December 31, 2025 and December 31, 2024.

	Goodwill	Product distribution rights/Brands	Customer relationships/ Vendor relationships	Software	Total
Cost					
December 31, 2024	$ 115,945	$ 18,236	$ 60,000	$ 18,603	**$ 212,784**
Additions	—	—	—	—	**—**
Disposals	—	—	—	(918)	**(918)**
December 31, 2025	**$ 115,945**	**$ 18,236**	**$ 60,000**	**$ 17,685**	**$ 211,866**
Accumulated amortization					
December 31, 2024	$ —	$ —	$ 24,589	$ 4,675	**$ 29,264**
Charge for the year	—	—	5,079	1,241	**6,320**
Disposals	—	—	—	(918)	**(918)**
December 31, 2025	**$ —**	**$ —**	**$ 29,668**	**$ 4,998**	**$ 34,666**
Carrying amount					
December 31, 2025	**$ 115,945**	**$ 18,236**	**$ 30,332**	**$ 12,687**	**$ 177,200**
Cost					
December 31, 2023	$ 115,940	$ 18,236	$ 60,000	$ 18,988	$ 213,164
Additions	—	—	—	271	271
Disposals	—	—	—	(656)	(656)
Business acquisitions	5	—	—	—	5
December 31, 2024	$ 115,945	$ 18,236	$ 60,000	$ 18,603	$ 212,784
Accumulated amortization					
December 31, 2023	$ —	$ —	$ 18,823	$ 4,065	$ 22,888
Charge for the year	—	—	5,766	1,266	7,032
Disposals	—	—	—	(656)	(656)
December 31, 2024	$ —	$ —	$ 24,589	$ 4,675	$ 29,264
Carrying amount					
December 31, 2024	$ 115,945	$ 18,236	$ 35,411	$ 13,928	$ 183,520

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

12. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following:

	December 31 **2025**	2024
Trade payables	**$ 272,208**	$ 333,314
Deferred rental income	**747**	680
Contingent consideration liability – current	**3,284**	3,280
Payroll, bonuses and incentives	**36,021**	35,842
Accrued liabilities	**39,182**	48,348
Accounts payable and accrued liabilities	**$ 351,442**	$ 421,464

The Corporation has supplier finance arrangements with three third-party financing companies. Under these arrangements, the Corporation can purchase equipment from suppliers with interest-free payment terms ranging anywhere from approximately 45 days to 6 months, depending on the type of equipment and the financing company. After the interest-free period, the financing becomes interest bearing if the Corporation does not repay the principal borrowed. If the Corporation sells the equipment before payment is due, payment must then be remitted to the financing company. Comparable trade payables that are not part of a supplier finance arrangement usually have payment terms of approximately 30 days. As at December 31, 2025, supplier finance liabilities were $127,066 (December 31, 2024 – $166,887) and are included in trade payables above. Under the terms of the Corporation's bank credit facility, the Corporation is permitted to have additional interest bearing equipment inventory financing of up to $50,000. The interest bearing portion of the supplier finance liabilities was $8,662 as at December 31, 2025 (December 31, 2024 – $12,522).

13. Provisions and Contingencies

	Restructuring and Other Related Costs	Warranties, Environmental and Litigation	Total
Provisions, December 31, 2024	$ 4,815	$ 2,357	**$ 7,172**
New provisions expensed	8,358	409	**8,767**
Reversals	(2,026)	—	**(2,026)**
Utilized	(5,588)	(48)	**(5,636)**
Provisions, December 31, 2025	$ 5,559	$ 2,718	$ **8,277**
Current portion	$ 5,559	$ 2,718	$ **8,277**
Non-current portion	—	—	**—**

For the year ended December 31, 2025, the Corporation recognized $8,184 to restructuring and other related costs in the consolidated statements of earnings, of which $6,332 was recorded to provisions in the consolidated statements of financial position. The remainder related to the share-based compensation portion of executive separation benefits and was recorded to contributed surplus and other liabilities in

the consolidated statements of financial position, for the equity-settled and cash-settled plans, respectively. See Note 23 for details on the restructuring and other related costs expense, and see Note 20 for details on the share-based compensation portion of the restructuring and other related costs expense.

Contingencies

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

14. Lease Liabilities and Lease Receivables

As lessee

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

The change in lease liabilities is as follows:

For the year ended December 31	Note	2025	2024
Balance at beginning of year		**$ 208,182**	$ 175,374
Changes from operating cash flows			
Finance costs paid on lease liabilities		**(10,801)**	(10,580)
Changes from financing cash flows			
Payment of lease liabilities		**(44,148)**	(39,230)
Other changes			
Interest expense	24	**10,801**	10,580
New leases, net of disposals		**35,730**	72,038
Balance at end of year		**$ 199,764**	$ 208,182
Current portion		**$ 44,464**	$ 40,151
Non-current portion		**$ 155,300**	$ 168,031

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

For the year ended December 31	Note	2025	2024
Expense related to short-term leases		**$ 108**	$ 298
Expense related to low value assets, excluding short-term leases of low value assets		**497**	453
Expense related to variable lease payments not included in the measurement of lease liabilities		**5,689**	4,803
Payment of lease liabilities		**44,148**	39,230
Interest paid on lease liabilities	24	**10,801**	10,580
Total outflow for leases		**$ 61,243**	$ 55,364

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

	December 31 2025	2024
Within one year	**$ 65,695**	$ 58,933
Between one and three years	**102,031**	97,310
Between three and five years	**54,587**	57,356
More than five years	**85,847**	90,303
Total undiscounted lease obligations	**$ 308,160**	$ 303,902

As lessor

Operating leases

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

	December 31 2025	2024
Less than one year	**$ 4,750**	$ 6,091
Between one and five years	**6,554**	10,326
Future minimum lease payments receivable	**$ 11,304**	$ 16,417

Finance leases

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

	December 31 2025	2024
Less than one year	**$ 11,510**	$ 10,092
Between one and five years	**17,505**	18,645
Total undiscounted lease payments receivable	**$ 29,015**	$ 28,737
Unearned finance income	**(1,813)**	(2,137)
Lease receivables	**$ 27,202**	$ 26,600
Current portion	**$ 10,548**	$ 9,062
Non-current portion	**$ 16,654**	$ 17,538

15. Employee Benefits

The Corporation sponsored four pension plans: two defined contribution plans – the Wajax Limited Defined Contribution Pension Plan (the "**Employees' Plan**") and the Simplified Pension Plan (the "**SP 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**").

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

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

During the year, the Corporation contributed $2,902 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 $6,830. As a result of the annuities purchase, the third-party financial services company was responsible for the payment of Executive Plan members' pension

benefits starting May 1, 2025, and the Corporation settled its defined benefit obligation in respect of all such plan members. As a result of the settlement, the Corporation recognized a loss of $458 in the consolidated statements of earnings during the year.

During the year, the Corporation made contributions and lump sum payments totaling $4,352 to settle defined benefit pension obligations under the SERP relating to the majority of participants. Subsequent to year end, in January 2026, the Corporation made contributions and lump sum payments totaling $1,656 to settle obligations relating to the remaining participants, releasing the Corporation of any further obligation under the SERP. As a result of the settlement of the SERP, the Corporation recognized a loss of $1,303 in the consolidated statements of earnings during the year ended December 31, 2025.

As at December 31, 2025, the employee benefits liability of $1,575 (December 31, 2024 – $6,526) consists of a net pension asset of $81 relating to the Executive Plan (December 31, 2024 – net pension liability of $2,188) and a pension liability of $1,656 (December 31, 2024 – $4,338) relating to the SERP, which is not funded.

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

	December 31	
	2025	2024
Discount rate – at beginning of year (to determine plan expenses)	**4.6%**	4.7%
Discount rate – at end of year (to determine defined benefit obligation)	**4.8%**	4.6%
Increases in pensionable earnings	**— %**	— %
Rate of inflation	**2.0%**	2.0%

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

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

	Executive Plan December 31	
	2025	2024
Fixed Income	**100.0%**	100.0%

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

		2025		2024
Actuarial loss (gain) on defined benefit obligation arising from:				
Experience adjustments	**$**	**113**	$	(36)
Demographic assumption changes		**(113)**		—
Financial assumption changes		**533**		19
	$	**533**	$	(17)
Actuarial loss (gain) on asset return		**50**		(13)
Total remeasurement loss (gain) recognized in OCI, pre-tax	**$**	**583**	$	(30)

Total cash payments

Total cash payments for employee future benefits for 2025, consisting of cash contributed by the Corporation to its funded pension plans, cash payments directly to beneficiaries for its unfunded pension plans, and cash contributed to its defined contribution plans was $18,494 (2024 – $12,928).

Subsequent to year end, in January 2026, the Corporation made contributions and lump sum payments totaling $1,656 to settle defined benefit pension obligations under the SERP relating to the remaining participants, releasing the Corporation of any further defined benefit pension obligations. The plan expenses recognized in earnings are as follows:

		2025		2024
Defined contribution plans				
Current service cost	**$**	**10,864**	$	12,092
Defined benefit plans				
Loss on settlements		**1,761**		—
Administration expenses		**150**		50
SERP line of credit fees		**38**		107
Interest cost on defined benefit obligation		**215**		507
Interest income on plan assets		**(24)**		(189)
	$	**2,140**	$	475
Total plan expense recognized in earnings	**$**	**13,004**	$	12,567

Of the amounts recognized in earnings, $4,690 (2024 – $4,819) is included in cost of sales and $8,314 (2024 – $7,748) is included in selling and administrative expenses.

The amounts recognized in other comprehensive income are as follows:

		2025		2024
Actuarial loss (gain)	**$**	**583**	$	(30)
Deferred tax (recovery) expense		**(153)**		8
Amount recognized in other comprehensive income	**$**	**430**	$	(22)
Cumulative actuarial loss, net of tax	**$**	**2,257**	$	1,827

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

Present value of benefit obligation		**2025**		2024
Present value of benefit obligation, beginning of year	**$**	**10,800**	$	11,325
Loss on settlements		**1,761**		—
Interest cost on defined benefit obligation		**215**		507
Actuarial loss (gain)		**533**		(17)
Benefits paid		**(471)**		(1,015)
Settlement payments		**(11,182)**		—
Present value of benefit obligation, end of year	**$**	**1,656**	$	10,800

Fair value of plan assets		**2025**		2024
Fair value of plan assets, beginning of year	**$**	**4,274**	$	4,301
Interest income		**24**		189
Return on plan assets (excluding interest income)		**13**		109
Employer contributions		**7,630**		836
Benefits paid		**(487)**		(1,015)
Settlement payments from plan assets		**(11,182)**		—
Administration expenses		**(191)**		(146)
Fair value of plan assets, end of year	**$**	**81**	$	4,274

Funded Status		**2025**		2024
Fair value of plan assets, end of year	**$**	**81**	$	4,274
Present value of benefit obligation, end of year		**(1,656)**		(10,800)
Plan deficit	**$**	**(1,575)**	$	(6,526)

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

	2025	2024
Employee benefits	$ **(1,575)**	$ (6,526)

The present value of the benefit obligation includes a benefit obligation of $1,656 (2024 – $4,355) related to the SERP that is not funded. This obligation is secured by a letter of credit of $120 (2024 – $2,813).

16. Debentures

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

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

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

The following balances were outstanding:

	December 31 2025	2024
Debentures issued	$ **—**	$ 57,000
Deferred financing costs, net of accumulated amortization	**—**	(27)
Total debentures	$ **—**	$ 56,973
Current portion	$ **—**	$ 56,973
Non-current portion	$ **—**	$ —

Movements in the debentures balance were as follows:

For the year ended December 31	2025	2024
Balance at beginning of period	$ **56,973**	$ 56,340
Repayment of debentures	**(57,000)**	—
Amortization of deferred financing costs	**27**	633
Balance at end of period	$ **—**	$ 56,973

Finance costs on the debentures for the year ended December 31, 2025 were $157 (2024 – $4,048).

17. Long-Term Debt

On October 24, 2025, the Corporation amended its senior secured bank credit facility ("**bank credit facility**"), extending the maturity date 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 $25,000 was increased to $50,000. The $963 cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility.

As at December 31, 2025, the Corporation had a $500,000 credit limit on its bank credit facility, composed of a $50,000 non-revolving term facility and a $450,000 revolving term facility, maturing on October 24, 2029.

As at December 31, 2025, borrowings under the bank credit facility bear 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.

As at December 31, 2025, borrowing capacity under the bank credit facility is dependent upon the level of the Corporation's inventory on hand and the outstanding trade accounts receivable. As at December 31, 2025, borrowing capacity under the bank credit facility was $491,552 (December 31, 2024 – $500,000), of which $266,920 (December 31, 2024 – $212,574) was accessible to the Corporation. In addition, the bank credit facility contains customary restrictive covenants, including limitations on paying cash dividends and acquiring businesses in the event the senior secured leverage ratio, as defined in the bank credit facility agreement, exceeds 4.0 times, and an interest coverage maintenance ratio, all of which were met as at December 31, 2025.

The following balances were outstanding:

	December 31 2025	2024
Bank credit facility		
Non-revolving term portion	$ **50,000**	$ 50,000
Revolving term portion	**173,449**	233,749
	$ **223,449**	$ 283,749
Deferred financing costs, net of accumulated amortization	**(1,327)**	(707)
Total long-term debt	$ **222,122**	$ 283,042

On January 15, 2025, the Corporation used borrowings under its bank credit facility to complete the repayment of its $57,000 senior unsecured debentures. See Note 16 for further details on the debentures repayment.

The Corporation had $1,183 (December 31, 2024 – $3,677) letters of credit outstanding at the end of the year. Finance costs on long-term debt amounted to $18,492 (2024 – $21,019).

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

For the year ended December 31	2025	2024
Balance at beginning of period	$ **283,042**	$ 267,755
Changes from financing cash flows		
Net (repayments) proceeds of borrowings	**(55,100)**	9,998
Impact of the change in foreign exchange rates	**(5,199)**	5,190
Transaction costs related to borrowings	**(963)**	(472)
Other changes		
Amortization of deferred financing costs	**342**	571
Balance at end of period	$ **222,122**	$ 283,042

Under the terms of the bank credit facility, the Corporation is permitted to have additional interest bearing debt of $50,000. As such, the Corporation has up to $50,000 of demand inventory equipment financing capacity with three third-party financing companies. At December 31, 2025, the Corporation had utilized $8,662 of the interest bearing equipment financing facilities. See Note 12 for further details on the supplier finance arrangements.

18. Financial Instruments and Financial Risk Management

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

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 – techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Corporation categorizes its financial instruments as follows:

	December 31 **2025**	2024
Financial assets measured at amortized cost:		
Cash	**$ 8,313**	$ 7,351
Trade and other receivables	**279,256**	303,537
Contract assets	**63,648**	55,588
Lease receivables	**27,202**	26,600
Financial liabilities measured at amortized cost:		
Accounts payable and accrued liabilities (excluding contingent consideration)	**348,158**	418,184
Provisions	**8,277**	7,172
Dividends payable	**7,631**	7,629
Other liabilities (excluding contingent consideration)	**3,664**	2,285
Debentures	**—**	56,973
Long-term debt	**222,122**	283,042
Financial assets measured at fair value:		
Derivative financial assets	**4,573**	15,101
Financial liabilities measured at fair value:		
Contingent consideration (in accounts payable and accrued liabilities)	**3,284**	3,280
Contingent consideration (in other liabilities)	**—**	4,619
Derivative financial liabilities	**6,968**	8,898

The Corporation measures financial assets and financial liabilities at amortized cost, except for derivative financial assets/liabilities and contingent consideration from acquisitions, which are measured at fair value. Changes in fair value are recognized in the consolidated statements of earnings except for changes in fair value related to derivative financial assets/liabilities that are effectively designated as hedging instruments which are recognized in other comprehensive income. The Corporation's derivative financial assets/liabilities are held with major Canadian chartered banks and are deemed to be Level 2 financial instruments. The Corporation's contingent consideration liabilities are Level 3 financial instruments, and are valued using either a discounted cash flow model or a Monte Carlo simulation model. The Monte Carlo simulation uses various assumptions including EBITDA forecast, discount rate, and volatility factor. The fair value of long-term debt approximates its recorded value due to its floating interest rate. The fair value of lease receivables approximates its carrying value. The fair value of the debentures can be estimated based on the trading price of the debentures, which takes into account the Corporation's own credit risk. On January 15, 2025, the Corporation repaid its debentures in full. At December 31, 2024, the Corporation had estimated the fair value of its debentures to be $57,000. The fair values of all other financial assets and liabilities approximate their recorded values due to the short-term maturities of these instruments.

Movements in the contingent consideration liability were as follows:

	Amount
Contingent consideration liability, December 31, 2023	$ 9,429
Contingent consideration paid – QT Valve & Supply Limited (2021)	(113)
Contingent consideration paid – Beta (2023)	(641)
Contingent consideration paid – Polyphase (2023)	(3,039)
Revaluation of contingent consideration – Polyphase (2023)	2,263
Contingent consideration liability, December 31, 2024	$ 7,899
Contingent consideration paid – QT Valve & Supply Limited (2021)	(107)
Contingent consideration paid – Process Flow Systems Ltd. (2022)	(650)
Contingent consideration paid – Polyphase (2023)	(2,653)
Revaluation of contingent consideration – QT Valve & Supply Limited (2021)	(5)
Revaluation of contingent consideration – Beta (2023)	(1,200)
Contingent consideration liability, December 31, 2025	**$ 3,284**
Current portion (in accounts payable and accrued liabilities)	$ 3,284
Non-current portion (in other liabilities)	$ —

The $1,205 decrease on revaluation of the contingent consideration liability was recorded to selling and administrative expenses.

The Corporation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk (consisting of currency risk, interest rate risk and equity price risk). The following analysis provides a measurement of these risks as at December 31, 2025 and 2024:

Credit risk

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

The aging of the trade accounts receivable is as follows:

	December 31 **2025**	2024
Current	**$ 157,788**	$ 153,700
Less than 60 days overdue	**86,662**	107,566
More than 60 days overdue	**16,996**	16,618
Total trade accounts receivable	**$ 261,446**	$ 277,884

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

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

For the year ended December 31	**2025**	2024
Opening balance	**$ 2,271**	$ 3,639
Charge (reversals), net	**1,125**	(183)
Utilization	**(1,247)**	(1,185)
Closing balance	**$ 2,149**	$ 2,271

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

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities as they become due. At December 31, 2025, the Corporation had borrowed $223,449 (2024 – $283,749) from the bank credit facility that matures on October 24, 2029. The Corporation issued $1,183 (2024 – $3,677) of letters of credit for a total utilization of $224,632 (2024 – $287,426) of its $500,000 (2024 – $500,000) bank credit facility and utilized $8,662 (2024 – $12,522) of its $50,000 (2024 – $25,000) interest bearing equipment financing facilities.

In December 2019, the Corporation issued $57,000 in unsecured subordinated debentures with a term of five years due January 15, 2025. These debentures bore a fixed interest rate of 6.00% per annum, payable semi-annually on January 15 and July 15 of each year. On January 15, 2025, the Corporation repaid in full the $57,000 in principal amount owed under its senior unsecured debentures. See Note 16 Debentures for details of the repayment.

The Corporation's $500,000 bank credit facility, of which $275,368 was unutilized at the end of the year, along with the additional $50,000 of equipment financing with third-party financing companies, of which $41,338 was unutilized at the end of the year, is deemed to be sufficient to meet the Corporation's short-term normal course working capital and maintenance capital requirements and certain strategic investments. However, the Corporation may be required to access the equity or debt markets to fund significant acquisitions.

Contractual obligations are as follows:

	Total	< 1 year	1 – 3 years	3 – 5 years	After 5 years
Accounts payable and accrued liabilities	**$ 351,442**	$ 351,442	$ —	$ —	$ —
Undiscounted lease obligations	**308,160**	65,695	102,031	54,587	85,847
Long-term debt	**223,449**	—	—	223,449	—
Total	**$ 883,051**	$ 417,137	$ 102,031	$ 278,036	$ 85,847

Market risk

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

a) Currency risk

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

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

A portion of borrowings under the revolving term portion of the bank credit facility are denominated in US currency. 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.

b) Interest rate risk

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

A 1.00 percentage point change in interest rates on the unhedged average amount outstanding under the bank credit facility for 2025 would result in a change to earnings before income taxes of approximately $1,827 for the year.

c) Equity price risk

The Corporation's total return swaps are exposed to fluctuations in its share price. A $1.00 per share decrease in the share price would result in a decrease in earnings before income taxes of $426 relating to the total return swaps. An increase of $1.00 per share would result in an equal and opposite effect on earnings before income taxes.

Derivative financial instruments and hedges

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

During the second quarter of 2023, the Corporation discontinued its application of hedge accounting relating to its interest rate derivatives. The derivatives continue to be carried at fair value in the consolidated statements of financial position with changes in fair value recognized in finance costs in the consolidated statements of earnings. Amounts previously accumulated in accumulated other comprehensive income prior to discontinuance are being amortized to finance costs over the remaining term of the underlying forecasted interest payments.

For the year ended December 31, 2025, the Corporation recognized a loss of $861 (2024 – loss of $3,566) in the consolidated statements of earnings associated with its interest rate derivatives and an after-tax loss of $709 (2024 – after-tax loss of $708) in other comprehensive income.

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

As at December 31, 2025		Notional Amount	Interest Rate	Counterparty Optional Early Termination Date	Maturity
Interest rate swap	$	75,000	2.35%	October 2027	October 2029
Interest rate collar[1]	$	75,000	2.30% – 2.67%	n/a	October 2027

As at December 31, 2024		Notional Amount	Weighted Average Interest Rate	Maturity
Interest rate swaps	$	150,000	2.57%	October 2027

1 The interest rate collar has a notional value of $75,000 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 $75,000 but at a fixed interest rate of 3.36%.

The Corporation enters into short-term foreign exchange forwards to hedge the exchange risk associated with the cost of certain inbound inventory and certain foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. Foreign exchange forwards are initially recognized on the date the derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative, net of taxes, is recognized in other comprehensive income while the ineffective portion is recognized within net earnings. Amounts in accumulated other comprehensive income are reclassified to net earnings in the periods when the hedged item affects profit or loss. For the year ended December 31, 2025, the Corporation recognized a loss of $1,421 (2024 – gain of $1,983) associated with its foreign exchange forwards in the consolidated statements of earnings, and an after-tax loss of $2,372 (2024 – after-tax gain of $3,462) in other comprehensive income.

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

As at December 31, 2025		Notional Amount	Average Exchange Rate	Maturity
Purchase contracts	USD	113,762	1.3833	January 2026 to March 2027
	EUR	45	1.6152	January 2026
Sales contracts	USD	42,599	1.3748	March 2026 to April 2027
	EUR	2,597	1.5741	March 2026 to August 2026

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

The Corporation has certain total return swaps to hedge the exposure associated with increases in its share price on its outstanding restricted share units ("**RSUs**"). The Corporation does not apply hedge accounting to these relationships and as such, any gain or loss arising from marking these derivatives to market are recognized in the consolidated statements of earnings within selling and administrative expenses in the period in which they arise. As at December 31, 2025, the Corporation's total return swaps cover 426,000 of the Corporation's underlying common shares (December 31, 2024 – 366,000), and expire between March 2026 and March 2028. During the year, the Corporation settled a total return swap contract for 112,000 shares (2024 – 147,000 shares), resulting in a cash payment of $415 (2024 – cash receipt of $1,896). For the year ended December 31, 2025, the Corporation recognized a gain of $2,648 (2024 – loss of $3,391) associated with its total return swaps in the consolidated statements of earnings.

A portion of borrowings under the revolving term portion of the bank credit facility are denominated in US currency. 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. As such, foreign exchange losses and gains relating to the underlying USD borrowings from the revolving credit facility are offset by gains and losses on the cross currency swap derivatives. The Corporation does not apply hedge accounting to these relationships and as such, foreign exchange gains and losses arising from marking these derivatives to market are recognized in earnings in the period in which they arise, offsetting any foreign exchange gains and losses recognized on the long-term debt. The Corporation recognized a loss of $5,199 in the year (2024 – gain of $5,190) associated with its cross currency swaps in the consolidated statements of earnings. See Note 17 Long-Term Debt for details on the offsetting impact of the change in foreign exchange rates relating to the underlying USD borrowings from the revolving credit facility.

The Corporation's cross currency swaps are summarized as follows:

	Receive Notional Amount	Receive Rate	Pay Notional Amount	Pay Rate	Maturity
As at December 31, 2025	USD 126,537	4.8345%	CAD 175,000	4.6674%	January 2026
As at December 31, 2024	USD 162,441	5.9418%	CAD 230,000	5.6394%	January 2025

Derivative financial assets consist of:

	December 31 2025	2024
Interest rate derivatives	**$ 1,885**	$ 1,676
Foreign exchange forwards	**1,014**	9,795
Total return swaps	**1,674**	—
Cross currency swaps	**—**	3,630
Total derivative financial assets	**$ 4,573**	$ 15,101
Current portion	**$ 1,362**	$ 13,403
Non-current portion	**$ 3,211**	$ 1,698

Derivative financial liabilities consist of:

	December 31 2025	2024
Interest rate derivatives	**$ 2,031**	$ —
Foreign exchange forwards	**2,313**	6,453
Total return swaps	**1,055**	2,445
Cross currency swaps	**1,569**	—
Total derivative financial liabilities	**$ 6,968**	$ 8,898
Current portion	**$ 3,650**	$ 5,313
Non-current portion	**$ 3,318**	$ 3,585

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

For the year ended December 31	2025	2024
Opening net derivative financial asset	**$ 6,203**	$ 4,146
(Loss) gain recognized in net earnings	**(4,833)**	216
(Loss) gain recognized in other comprehensive income – before tax	**(4,180)**	3,737
Cash paid (received) on settlement of total return swaps	**415**	(1,896)
Ending net derivative financial (liability) asset	**$ (2,395)**	$ 6,203

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

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

19. Share Capital and Earnings Per Share

The Corporation is authorized to issue an unlimited number of no par value common shares and an unlimited number of no par value preferred shares. Each common share entitles the holder of record to one vote at all meetings of shareholders. All issued common shares are fully paid. There were no preferred shares outstanding as at December 31, 2025 (December 31, 2024 – nil). Each common share represents an equal beneficial interest in any distributions of the Corporation and in the net assets of the Corporation in the event of its termination or winding-up.

	Number of Common Shares	Amount
Issued and outstanding, December 31, 2024	21,908,689	$ 212,526
Common shares issued to settle share-based compensation awards	47,475	624
Issued and outstanding, December 31, 2025	21,956,164	$ 213,150
Shares held in trust, December 31, 2024	(112,773)	$ (1,073)
Released for settlement of certain share-based compensation awards	33,745	322
Purchased for future settlement of certain share-based compensation awards	(73,598)	(714)
Shares held in trust, December 31, 2025	(152,626)	$ (1,465)
Issued and outstanding, net of shares held in trust, December 31, 2025	**21,803,538**	**$ 211,685**

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

During the year, the Corporation purchased 73,598 (2024 – 29,419) common shares on the open market through Employee Benefit Plan Trusts for the future settlement of certain share-based compensation awards. The cash consideration paid for the purchase was $1,375 (2024 – $980), the reduction in share capital was $714 (2024 – $285) and the premium charged to retained earnings was $661 (2024 – $695).

Dividends declared

During the year, the Corporation declared cash dividends of $1.40 per share or $30,490 (2024 – dividends of $1.40 per share or $30,431). As at December 31, 2025, the Corporation had $7,631 (December 31, 2024 – $7,629) dividends outstanding which were paid on January 6, 2026.

Earnings per share

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

For the year ended December 31	2025	2024
Numerator for basic and diluted earnings per share:		
– net earnings	**$ 57,469**	$ 42,793
Denominator for basic earnings per share:		
– weighted average shares, net of shares held in trust	**21,769,553**	21,719,568
Denominator for diluted earnings per share:		
– weighted average shares, net of shares held in trust	**21,769,553**	21,719,568
– effect of dilutive share units	**469,985**	469,060
Denominator for diluted earnings per share	**22,239,538**	22,188,628
Basic earnings per share	**$ 2.64**	$ 1.97
Diluted earnings per share	**$ 2.58**	$ 1.93

For the year, the calculation above excludes 23,464 anti-dilutive share units (2024 – 38,667).

20. Share-Based Compensation Plans

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

For the year ended December 31	2025	2024
Treasury share units plans		
SOP equity-settled	**$ 67**	$ 84
DDSUP equity-settled	**982**	1,026
Total treasury share units plans expense	**$ 1,049**	$ 1,110
Market-purchased share units plans		
MTIP equity-settled	**$ 2,703**	$ 2,097
DSUP equity-settled	**167**	90
Total market-purchased share units plans expense	**$ 2,870**	$ 2,187
Cash-settled units plans		
MTIP cash-settled	**$ 5,056**	$ 3,561
DSUP cash-settled	**25**	(25)
Total cash-settled units plans expense	**$ 5,081**	$ 3,536
Total share-based compensation expense	**$ 9,000**	$ 6,833

Share-based compensation expense of $9,000 for the year ended December 31, 2025 was composed of $7,148 recorded to selling and administrative expenses and $1,852 recorded to restructuring and other related costs in the consolidated statements of earnings. The portion recorded to restructuring and other related costs related to the MTIP equity-settled plans and the MTIP cash-settled plans above. See Note 23 for details on the restructuring and other related costs expense.

a) Treasury share units plans

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

The following units under these plans are outstanding:

	Number of Units	Fair value at Time of Grant
Outstanding at December 31, 2024	360,761	$ 5,654
Grants – new grants	52,626	1,182
– dividend equivalents	25,299	—
Settlements	(47,475)	(624)
Outstanding at December 31, 2025	391,211	$ 6,212

At December 31, 2025, 382,273 share units were vested (December 31, 2024 – 347,420 share units were vested).

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

	Number of Shares
Approved by shareholders	1,650,000
Exercised to date	(784,130)
Units outstanding	(391,211)
Available for future grants at December 31, 2025	474,659

b) Market-purchased share units plans

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

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

- **Total shareholder return ("TSR") PSUs:** TSR PSUs vest dependent upon the attainment of a TSR market condition. Such performance vesting criteria result in a performance vesting factor that ranges from 0% to 200% depending on the Corporation's TSR relative to a pre-selected group of peers.
- **Return on invested capital ("ROIC") PSUs:** ROIC PSUs vest dependent upon the attainment of a target level of return on invested capital. Such performance vesting criteria results in a performance vesting factor that ranges from 0% to 150% depending on the level of ROIC attained.

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

The following units under these plans are outstanding:

	Number of Units	Fair value at Time of Grant
Outstanding at December 31, 2024	232,458	$ 6,188
Grants – new grants	184,484	3,885
– dividend equivalents	20,619	—
Forfeitures	(42,902)	(958)
Settlements	(69,974)	(1,101)
Outstanding at December 31, 2025	324,685	$ 8,014

PSUs granted in 2022 were vested and settled in March 2025. Performance condition achievement resulted in a reduction of 36,695 TSR PSUs (included in the 'Forfeitures' line above), and an increase of 10,961 ROIC PSUs (included in the 'Grants' lines above). After performance condition achievement, 47,641 earned PSUs relating to the 2022 MTIP grant were settled in March 2025 by releasing and delivering to participants a total of 23,367 common shares from the trust, net of withholding tax. See Note 19 for details on share movements.

At December 31, 2025, vested outstanding units were nil (December 31, 2024 – 20,902 units were vested). All vested units were DSUs.

c) Cash-settled units plans

Cash-settled units plans consist of MTIP RSUs and cash-settled DSUs. Compensation expense varies with the price of the Corporation's shares and is recognized over the three year vesting period. RSUs are settled at the end of the vesting period, whereas DSUs are settled when the participant is no longer employed by the Corporation or one of its subsidiary entities. Whenever dividends are paid on the Corporation's shares, additional units with a value equal to the dividends are credited to the participants' accounts with the same vesting conditions as the original units. The value of the payout is equal to the number of units awarded including earned dividend equivalents, multiplied by the volume weighted average share price at the time of vesting. At December 31, 2025, the carrying amount of the liabilities for these plans was $7,195 (December 31, 2024 – $5,235).

The following units under these plans were outstanding:

	Number of Units
Outstanding at December 31, 2024	402,430
Grants – new grants	176,225
– dividend equivalents	27,160
Forfeitures	(24,888)
Settlements	(152,301)
Outstanding at December 31, 2025	428,626

At December 31, 2025, vested outstanding units were nil (December 31, 2024 – 4,452 units were vested). During the year, the last remaining cash-settled DSUs were settled. As at December 31, 2025, there were no cash-settled DSUs outstanding.

21. Revenue

a) Disaggregation of revenue

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

For the year ended December 31	**2025**	2024
Equipment sales	**$ 684,747**	$ 618,582
Product support	**527,068**	535,034
Industrial parts	**552,742**	572,001
Engineered repair services (ERS)	**334,284**	326,456
Revenue from contracts with customers	**$ 2,098,841**	$2,052,073
Equipment rental	**46,458**	45,522
Total	**$ 2,145,299**	$2,097,595

For the year ended December 31, 2025, the Corporation included $9,054 (2024 – $20,437) in equipment sales related to short-term rental contracts, the majority of which are expected to convert to equipment sales within a six to twelve month period.

b) Transaction price allocated to the remaining performance obligations

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

	2026	2027	Thereafter	Total
Equipment sales	$ 27,084	$ 35,282	$ 47,769	$110,135
ERS	45,279	804	1,496	47,579
Total	$ 72,363	$ 36,086	$ 49,265	$157,714

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

22. Employee Costs

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

	Note	**2025**	2024
Wages and salaries, including bonuses		**$ 319,300**	$ 324,271
Other benefits		**47,234**	46,813
Pension costs – defined contribution plans	15	**10,864**	12,092
Pension costs – defined benefit plans	15	**2,140**	475
Share-based compensation expense	20	**7,148**	6,833
		$ 386,686	$ 390,484

23. Restructuring and Other Related Costs

During the year, the Corporation implemented a workforce reduction in response to economic conditions, and also recognized executive separation benefits. A cost of $8,184 was recognized in the year relating primarily to severance costs and separation benefits.

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

24. Finance Costs

Finance costs are comprised of the following:

For the year ended December 31	Note	2025	2024
Interest on long-term debt	17	**$ 18,492**	$ 21,019
Unrealized loss on interest rate derivatives	18	**861**	3,566
Interest on debentures	16	**157**	4,048
Interest on lease liabilities	14	**10,801**	10,580
Interest income on lease receivables		**(1,297)**	(1,031)
Finance costs		**$ 29,014**	$ 38,182

25. Income Tax Expense

Income tax expense comprises current and deferred tax as follows:

For the year ended December 31	2025	2024
Current income tax expense	**$ 20,611**	$ 17,129
Deferred income tax recovery	**(375)**	(1,609)
Income tax expense	**$ 20,236**	$ 15,520

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.0% (2024 – 26.0%). Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax assets and liabilities have been measured using an expected average combined statutory income tax rate of 26.0% based on the tax rates in years when the temporary differences are expected to reverse.

The Corporation is subject to the global minimum tax under Pillar Two tax legislation. The global minimum top-up tax recognized in current income tax expense for the year ended December 31, 2025 is nil.

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

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

For the year ended December 31	2025	2024
Combined statutory income tax rate	**26.0%**	26.0%
Expected income tax expense at statutory rates	**$ 20,203**	$ 15,161
Non-deductible expenses	**541**	1,394
Non-taxable portion of gain on real estate disposal	**(20)**	—
Changes in estimates related to prior years	**(200)**	(610)
Other	**(288)**	(425)
Income tax expense	**$ 20,236**	$ 15,520

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

	December 31, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in retained earnings	December 31, 2025
Property, plant and equipment	**$ (11,105)**	**$ 1,408**	**$ —**	**$ —**	**$ (9,697)**
Finance leases	**6,108**	**(124)**	**—**	**—**	**5,984**
Intangible assets	**(11,910)**	**1,148**	**—**	**—**	**(10,762)**
Goodwill	**(941)**	**(15)**	**—**	**—**	**(956)**
Accrued liabilities	**6,826**	**(443)**	**—**	**—**	**6,383**
Provisions	**735**	**303**	**—**	**—**	**1,038**
Other Liabilities	**63**	**(63)**	**—**	**—**	**—**
Derivative instruments	**(1,165)**	**329**	**1,100**	**—**	**264**
Employee benefits	**1,697**	**(1,441)**	**153**	**—**	**409**
Deferred financing costs	**(1)**	**(33)**	**—**	**—**	**(34)**
Tax loss carryforwards	**694**	**(694)**	**—**	**—**	**—**
Net deferred tax liabilities	**$ (8,999)**	**$ 375**	**$ 1,253**	**$ —**	**$ (7,371)**

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

Deferred tax assets of $1,027 (2024 – $1,035) have not been recognized in respect of deductible temporary differences related to land because it is not probable that future taxable profit will be available against which the Corporation can use the benefits therefrom.

26. Changes in Non-Cash Operating Working Capital

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

For the year ended December 31	2025	2024
Trade and other receivables	**$ 22,292**	$ 7,476
Contract assets	**(8,060)**	13,932
Inventory	**126,397**	(38,047)
Deposits on inventory	**3,818**	(4,768)
Prepaid expenses	**157**	(1,409)
Accounts payable and accrued liabilities	**(67,188)**	9,598
Provisions	**1,105**	4,445
Contract liabilities	**(5,556)**	1,291
Total	**$ 72,965**	$ (7,482)

For the year ended December 31, 2025, the change in inventory above excludes transfers of rental equipment to inventory of $893 (2024 – $4,098).

27. Capital Management

Objective

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

Management of capital

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

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

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

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

Restrictions on capital

The interest bearing debt includes a $500,000 bank credit facility which expires on October 24, 2029. The bank credit facility contains the following key covenants:

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

At December 31, 2025, the Corporation was in compliance with all covenants and there were no restrictions on declaring quarterly cash dividends or acquiring businesses.

Under the terms of the $500,000 bank credit facility, the Corporation is permitted to have additional interest bearing debt of $50,000. As a result, the Corporation has up to $50,000 of demand inventory equipment financing capacity with three third-party financing companies. At December 31, 2025, the Corporation had utilized $8,662 of its interest bearing equipment financing facilities.

28. Related Party Transactions

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

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

	2025	2024
Salaries, bonus and other short-term employee benefits	**$ 4,395**	$ 5,333
Pension costs – defined contribution plans	**259**	315
Share-based compensation expense	**3,731**	3,005
Separation benefits	**5,182**	—
Total compensation	**$ 13,567**	$ 8,653

29. Operating Segments

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

30. Comparative Information

A change in presentation during the year resulted in the reclassification of cross currency swaps within the consolidated statements of financial position, from accounts payable and accrued liabilities to derivative financial assets or liabilities. Accordingly, certain comparative information has been reclassified to conform to the current year's presentation.

31. Subsequent Events

On March 2, 2026, the Corporation declared a first quarter 2026 dividend of $0.35 per share.

Summary of Quarterly Data – Unaudited

(in millions of dollars, except per share data)	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Revenue	**$ 555.0**	**$ 547.1**	**$ 483.1**	**$ 560.0**	$ 482.3	$ 568.3	$ 481.0	$ 565.9
Net earnings (loss)	**$ 13.1**	**$ 15.5**	**$ 16.7**	**$ 12.1**	$ 14.7	$ 20.6	$ 6.4	$ 1.0
Earnings (loss) per share – Basic	**$ 0.60**	**$ 0.71**	**$ 0.77**	**$ 0.56**	$ 0.68	$ 0.95	$ 0.29	$ 0.05
Earnings (loss) per share – Diluted	**$ 0.59**	**$ 0.70**	**$ 0.75**	**$ 0.54**	$ 0.66	$ 0.93	$ 0.29	$ 0.05

Eleven Year Summary – Unaudited

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating Results											
Revenue	**$ 2,145.3**	$ 2,097.6	$ 2,154.7	$ 1,962.8	$ 1,637.3	$ 1,422.6	$ 1,553.0	$ 1,481.6	$ 1,318.7	$ 1,221.9	$ 1,273.3
Net earnings (loss)	**57.5**	42.8	81.0	72.4	53.2	31.7	39.5	35.9	27.4	11.0	(11.0)
Finance costs	**29.0**	38.2	25.9	17.3	19.1	21.0	19.7	8.8	15.2	11.2	12.2
Property, plant and equipment expenditures – net	**8.0**	8.2	8.1	8.3	0.6	2.7	2.5	4.2	1.7	6.5	4.1
Rental equipment expenditures	**3.9**	25.4	20.9	10.9	10.1	16.5	37.5	43.6	19.3	13.5	23.0
Depreciation and amortization	**62.6**	62.2	58.6	55.5	55.4	52.4	52.8	27.0	23.2	24.7	24.5
Per Share											
Net earnings (loss) – Basic	**$ 2.64**	$ 1.97	$ 3.77	$ 3.38	$ 2.50	$ 1.58	$ 1.98	$ 1.82	$ 1.40	$ 0.55	$ (0.59)
Dividends declared	**1.40**	1.40	1.32	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.23
Equity	**24.65**	23.50	22.90	20.95	18.21	16.26	15.83	14.88	14.08	14.07	14.44
Financial Position											
Working capital	**$ 498.6**	$ 532.4	$ 560.2	$ 346.0	$ 313.5	$ 376.2	$ 404.1	$ 334.7	$ 289.7	$ 268.8	$ 302.7
Rental equipment	**40.3**	50.0	42.5	39.4	45.8	56.9	77.0	73.7	60.4	58.1	64.1
Property, plant and equipment	**45.5**	45.7	44.8	44.1	39.6	41.4	42.1	59.0	43.6	45.7	46.2
Right-of-use assets	**149.4**	158.5	135.8	122.7	134.5	131.7	117.1	—	—	—	—
Lease liabilities excluding current portion	**155.3**	168.0	141.0	127.1	137.6	129.2	106.4	—	—	—	—
Debentures	**—**	—	56.3	55.8	55.2	54.6	54.1	—	—	—	—
Long-term debt excluding current portion	**222.1**	283.0	267.8	83.6	98.2	171.6	225.6	218.1	143.7	122.0	151.6
Shareholders' equity	**537.5**	512.3	496.2	449.8	389.9	325.6	316.8	297.0	274.7	278.9	288.5
Total assets	**1,367.8**	1,551.3	1,473.3	1,249.9	1,080.8	981.4	1,045.1	831.2	694.4	667.3	677.5
Other Information											
Number of employees	**2,939**	3,081	3,287	3,021	2,824	2,461	2,700	2,800	2,418	2,318	2,609
Shares outstanding (000s)	**21,804**	21,796	21,670	21,471	21,409	20,034	20,012	19,957	19,504	19,826	19,986
Price range of shares											
High	**$ 28.85**	$ 34.96	$ 32.57	$ 24.57	$ 29.67	$ 19.60	$ 19.95	$ 28.17	$ 25.74	$ 25.76	$ 30.93
Low	**15.55**	20.32	19.16	17.25	16.24	4.90	13.98	15.43	18.49	13.34	14.81

CORPORATE INFORMATION

Directors

Edward M. Barrett

Leslie Abi-karam [2, 3]

Thomas M. Alford [1, 2]

A. Jane Craighead [1, 3]

Ignacy P. Domagalski

David G. Smith [1, 3]

Elizabeth A. Summers [1, 3]

Alexander S. Taylor [2, 3]

Susan Uthayakumar [1, 2]

1 Member of the Audit Committee
2 Member of the Governance Committee
3 Member of the Human Resources and Compensation Committee

Officers

Ignacy P. Domagalski*
President and Chief Executive Officer

Tania S. Casadinho
Chief Financial Officer

Mark Edgar
Chief People Officer

Michael Hachey
Chief Operating Officer

Andrew W. H. Tam
Senior Vice President, General Counsel and Corporate Secretary

* as of the date of the Annual Report

Shareholder Information

Transfer Agent and Registrar

For information relating to shareholdings, dividends, lost certificates, changes of address or estate transfers, please contact our transfer agent:

Computershare Trust Company of Canada
320 Bay Street, 14th Floor
Toronto, ON M5H 4A6
Telephone: 1-800-564-6253
Fax: 1-888-453-0330
Web: www.investorcentre.com/service

Auditors
KPMG LLP

Home Office

10 Diesel Drive
Toronto, ON M8W 2T8
Telephone: (905) 212-3300
Fax: (905) 212-3350

Exchange Listing
Toronto Stock Exchange

Symbol
WJX

Wajax Corporation
Share Trading Information
(January 1 – December 31, 2025)

Open	High	Low	Close	Vol. of Shares Traded
$21.08	$28.85	$15.55	$27.24	12,535,928

Quarterly Earnings Reports
Quarterly earnings for 2026 are anticipated to be announced after market close on May 4, August 6 and November 2, 2026 and March 1, 2027.

2026 Dividend Dates
Quarterly dividends are payable to shareholders of record on or about the 15th day of the last month in each quarter and will generally be paid in the first week of the following month.

Investor Information
Tania Casadinho, Chief Financial Officer
Telephone: (905) 212-3300
Fax: (905) 212-3350
E-mail: ir@wajax.com

To obtain a delayed share quote, read news releases, listen to the latest analysts' conference call, and stay abreast of other Corporation news, visit our website at www.wajax.com.

Annual Meeting
Shareholders are invited to attend the Annual Meeting of Wajax Corporation, to be held at the Sheraton Gateway Hotel located at the Toronto International Airport, Ontario in the Gateway Ballroom Meeting Room, on Tuesday, May 5, 2026, at 11:00 a.m. EDT.

Vous pouvez obtenir la version française de ce rapport en écrivant au secrétaire, Corporation Wajax, 10 Diesel Drive, Toronto, ON M8W 2T8

WAJAX

Since 1858

Depuis 1858

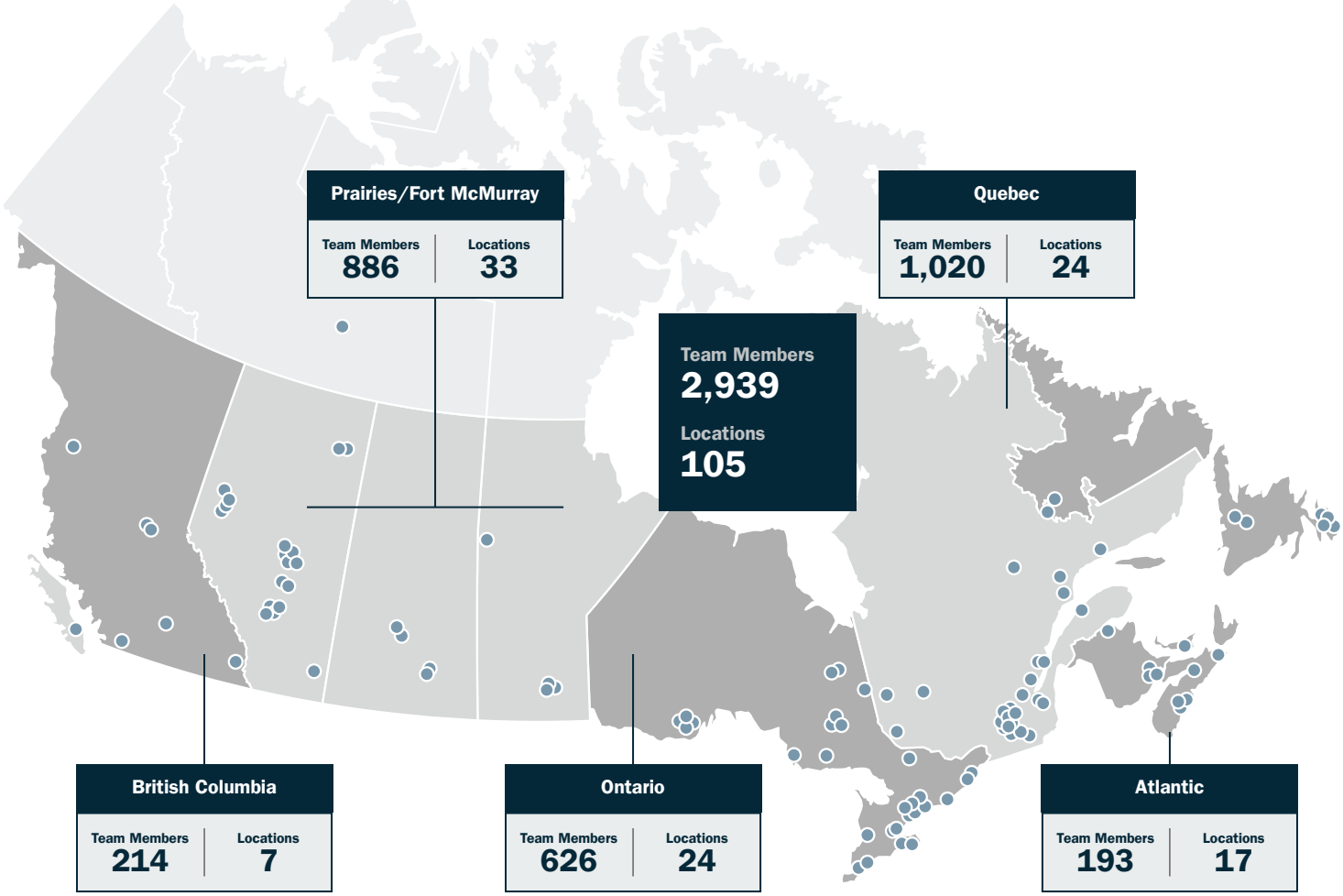
Our Story Began in 1858

In the heart of Montreal, a small blacksmith shop founded by B.J. Coghlin quickly transformed into a thriving business. From manufacturing carriage springs to supplying railcar components, Coghlin's enterprise flourished, becoming a major player in Montreal's industrial scene.

Wajax made a significant move in 1954 by acquiring Watson Jack & Co., specializing in metals, chemical boilers and electrical supplies. In 1959, the company underwent an official name change to Wajax, paying homage to J.C. Watson Jack – a forward-thinking leader who steered our organization through the challenges of the early 1900s.

Wajax's journey has been one of continual expansion and strategic acquisitions. We have welcomed highly specialized companies into our fold, each playing a crucial role in servicing Canada's core industries. From the construction, industrial and commercial sectors, to transportation, forestry, oil and gas, government and utilities, metal processing, mining and oil sands, Wajax has become a trusted partner in supporting the backbone of Canada's diverse and vital industries.

LOCATIONS



Western Canada

Fort St. John, BC
Kamloops, BC
Langley, BC
Nanaimo, BC
Prince George, BC (2)
Sparwood, BC

Calgary, AB (4)
Clairmont, AB
Edmonton, AB (6)
Edmonton (Acheson), AB
Fort McMurray, AB (3)
Grande Prairie, AB (3)
Lethbridge, AB
Lloydminster, AB
Medicine Hat, AB
Nisku, AB
Red Deer, AB
Rock View County, AB

Regina, SK (2)
Saskatoon, SK (2)

Flin Flon, MB
Winnipeg, MB (3)

Yellowknife, NT

Ontario

Belleville, ON
Guelph, ON
Kirkland Lake, ON
Kitchener, ON
London, ON
Mississauga, ON (2)
Ottawa, ON
Pembroke (Laurentian Valley), ON
Sarnia, ON
Sault Ste. Marie, ON
Stoney Creek, ON
Sudbury, ON
Sudbury (Lively), ON (2)
Thunder Bay, ON (4)
Timmins, ON (2)
Toronto, ON
Vaughan, ON
Windsor, ON

Eastern Canada

Chambly, QC
Chicoutimi, QC
Dorval, QC
Fermont, QC
Granby, QC
Lachine, QC
L'Ancienne-Lorette, QC
LaSalle, QC
Laval, QC
Montreal, QC (2)
Noranda, QC
Pointe-aux-Trembles, QC (2)
Québec City, QC
Rimouski, QC
Sept-Îles, QC
Sherbrooke, QC
Saint-Félicien, QC
St-Germain-de-Grantham, QC
Témiscaming, QC
Tracy (Sorel), QC
Trois-Rivières, QC
Val-d'Or, QC

Bathurst, NB
Moncton, NB (2)
Moncton (Dieppe), NB

Charlottetown, PEI

Dartmouth, NS (3)
Port Hawkesbury, NS
Stellarton, NS

Corner Brook, NL
Mount Pearl, NL (3)
Pasadena, NL
St. John's, NL
Wabush, NL

WAJAX



10 Diesel Drive
Toronto, ON M8W 2T8
Telephone: (905) 212-3300
Fax: (905) 212-3350

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