

DISCIPLINED.
DEDICATED.
DRIVEN.

TOROMONT | Toromont Industries Ltd.

Annual Report 2025

Profile

Toromont Industries Ltd. provides specialized equipment and product support to a large and diversified customer base in North America. We employ ~7,900 people, operate from 165+ locations and are structured to grow through two business groups: Equipment Group and CIMCO.

Our company was founded in 1963, joined the Toronto Stock Exchange (symbol TIH) in 1968 and is a member of the S&P/TSX Canadian Dividend Aristocrats®.

~7,900
employees

165+
locations in Canada and the USA

Our business model and strategies

Toromont's businesses operate with their own distinct brands and pursue unique growth and development opportunities in their markets. However, every business is aligned to the Toromont business model, values, corporate management principles and core strategies.



ALIGNMENT
AUTHORITY
ACCOUNTABILITY

Our values

Toromont works to conduct business in a principled, transparent, and accountable manner, consistent with our corporate values. These values guide us in the performance of our duties and reflect what is important to our organization.

- Safe and respectful workplace
- Social responsibility
- Uncompromising integrity
- Empowerment at all levels
- Growth of the individual and enterprise
- Returns to all stakeholders

Financial highlights*

	2025	2024	2023
Revenues	**$5.2B**	$5.0B	$4.6B
Net earnings	**$496.6M**	$506.5M	$529.1M
Basic EPS	**$6.11**	$6.18	$6.43
Diluted EPS	**$6.07**	$6.13	$6.38
ROE	**16.9%**	19.2%	23.1%
ROCE	**23.4%**	25.7%	30.4%
Net debt/ total capital	**-19%**	-9%	-17%
Total enterprise value	**$13.0B**	$9.0B	$9.2B
Backlog	**$1.5B**	$1.1B	$1.2B

* Continuing operations basis

37 years of consecutive dividend increases

Toromont has paid dividends every year since 1968, including in 2025 when our dividend was $2.08 per share annualized. In 2026, our Board increased the dividend for the 37th year to an annualized rate of $2.24 per share, reflecting the company's strong financial position and long-term outlook.

For more information, including our Sustainability Report, please visit www.toromont.com.

Our Businesses

Toromont's business units serve different markets but each one provides customers with specialized capital equipment and lifetime product support. Business model continuity across a diversified customer base is a core attribute but our strength lies in our disciplined, dedicated and driven team culture.

EQUIPMENT GROUP

The Equipment Group includes Toromont Cat, one of the largest Caterpillar dealers in the world, and our specialized equipment rental stores, as well as component remanufacturing, material handling, machine control solutions operations and a power generation enclosure manufacturer.







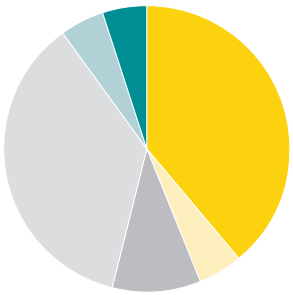
CIMCO

As one of North America's leading suppliers of thermal management solutions, CIMCO enables industrial, recreational and commercial customers to reduce energy consumption and emissions, use natural refrigerants and control their operating environments autonomously.

TOROMONT | CIMCO

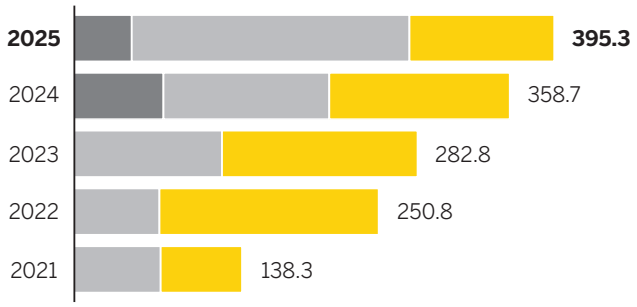


2025 Revenue



Equipment Group	90%
New	39%
Used	5%
Rentals	10%
Product support	36%
CIMCO	**10%**
Equipment/ Package sales	5%
Product support	5%

Investments ($ millions)



Message to Shareholders



Mike S. H. McMillan
President and Chief Executive Officer

Richard G. Roy
Chair of the Board of Directors

With discipline, dedication and drive, Toromont's team of 7,900 overcame macroeconomic challenges that affected customer activity to deliver a year of modest but profitable growth while sustaining a strong balance sheet and reinvesting for future advantage.

On revenue of $5.2 billion, 4% more than in 2024, the company earned $496.6 million or $6.11 basic per share, a 1% year-over-year reduction primarily due to growth-related investments and lower interest income on our cash balances. Return on shareholders' equity was 16.9%, or 20.3% on a five-year basis in line with our long-term 18% target. Strong cashflows enabled Toromont to: invest $338.8 million in our capital infrastructure and rental fleets (net of dispositions); deliver its 36th annual dividend increase (37 years including 2026) and maintain a strong capital position with net debt to total capitalization of minus 19% (net cash position). We also provided approximately 82,900 hours of skills training to empower our team.

In short, 2025 was a productive year, despite persistent macroeconomic and trade uncertainty, and reflected the progression of *Connect26*, Toromont's three-year business plan introduced in 2024. While we recommend our MD&A for financial insights, this letter serves as a *Connect26* report card on activities started or completed in 2025 and planned for 2026.

To provide value to our customers, partners, employees and shareholders, our actions are grounded in Toromont's corporate values and core strategies: expand markets, broaden product offerings, invest in resources, strengthen product support and maintain a strong financial position. It is our belief that the *Connect26* agenda, and the principles that guide us, will help to deliver a stronger, more productive and more efficient Toromont for all stakeholders. We seek nothing less than to position for mutually rewarding growth.

Connect for safety and sustainability

To position for growth, we first prioritize the safety, health and development of our people. These are not new priorities, but we strive to be more intentional about how we deliver them. We encourage readers to view our Sustainability Report for details, but here we underscore the *Connect2026* emphasis on strengthening our safety culture, reducing risk exposure, and ensuring compliance and accountability across all regions. This is important as workplace risks are evolving, driven by technological advancements and environmental changes.

Toromont delivered ~56,200 hours of safety training in 2025, not including training investments by AVL Manufacturing – and 82% of our facilities achieved a Total Recordable Injury Rate (TRIR) of zero. We will incorporate AVL in these calculations in the future, but we note that over the past three years, TRIR for our base business has improved by 31%. While the trend is good, we have increased emphasis on leading safety indicators – including completion of safety inspections – as part of pay for performance for all leaders beginning in 2026.

To ensure Toromont remains an employer of choice for talented, ambitious people, we maintain a competitive total rewards compensation program and more than 54% of eligible employees participate in our matching Toromont share purchase plan. Giving back to the communities where

$5.2 billion

Revenue generated in 2025

$496.6 million

Earned in 2025

we live and work has always been a Toromont mainstay but here again, we are strategic with emphasis placed by our teams on causes related to health and wellness. We are particularly proud of Toromont's support of the Princess Margaret Cancer Foundation, which brings innovative treatments and care to patients across Canada and around the world.

Connect for growth in power systems markets

Mines, construction sites, hospitals, universities, electrical utilities, data centres, marine vessels, wastewater treatment facilities, district energy plants, landfills and greenhouses all have a common need: power generation.

For decades, Toromont Power Systems has provided prime and back-up generators, load management systems, specialized controls, switch gear, propulsion engines and specialized engineering to deliver reliable power to customers when and where they need it. Through Toromont Energy, we own three power plants and operate four more.

Today, the energy landscape is evolving as customers employ strategies to reduce energy use and cost, employ cleaner forms of fuel and create micro grids. Toromont is also evolving and growing to address these needs. New hybrid energy solutions (Caterpillar generators coupled with batteries or BESS systems) can be used to enhance the efficiency of prime power delivery and can also be used to stabilize local power-grid conditions. Coupled with our proven engineering know-how, Toromont is well connected to opportunity as a trusted energy advisor and integrator. Our power generation rental businesses, product support networks and genset remanufacturing capabilities add to our growth potential and competitive differentiation.

True to our strategy of broadening Toromont's product offerings, we recently identified a complementary growth opportunity: the provision of purpose-built storage enclosures that host power generation equipment. Many customer applications require these specialized units. For example, a single data centre may need 20 to 30 such enclosures to host their back-up power systems. In North America, such enclosures are in short supply, leaving customers (and Toromont as a power systems provider) to deal with a bottleneck. In early 2025, we took the opportunity to release that bottleneck and secure our own supply by acquiring 60% ownership of AVL Manufacturing, a market leader in designing and fabricating these specialized enclosures. We then moved immediately to expand its capacity. By mid-year, AVL added six building slots at its Hamilton, Ontario plant. By the third quarter, AVL had taken possession of a 230,000 sq.ft. facility in Charlotte, North Carolina that it is now ramping up to meet demand – often from other Caterpillar dealers that sell power generation equipment – across the eastern seaboard.

Like other products we sell, AVL enclosures are highly engineered. Typically weighing 65,000 pounds, the generator and fuel tank serve as the enclosure base. Structural components attenuate sound and isolate vibrations. Switch gear and breakers enable rapid power delivery on a standby basis. Selective catalytic reduction modules along with after-treatment urea tanks control emissions. With elegantly designed features built in, AVL enclosures are unique in the industry and known for practicality. When a generator or other components need maintenance or replacement, service access is easy.

As the need for energy grows on the back of rising demand for computing power associated with artificial intelligence, machine learning and cloud storage, Toromont is ready to grow as well.

Connect for growth in core and adjacent thermal management markets

CIMCO is our thermal management solutions business. Its longstanding core markets are ice rinks, and food and beverage facilities that count on safe, reliable, energy efficient and environmentally sound cooling/heating solutions. In 2025, core markets produced strong growth and exciting new orders for CIMCO such as a $40 million assignment to outfit a food distribution centre in Ontario, requiring us to fabricate, install and commission 53 penthouse evaporators that use natural refrigerants.

CIMCO's leadership in the development of dual cooling/heating systems such as ECO CHILL and next-generation Thermal Force One is derived, in large part, by its engineering capabilities. Those resources and CIMCO's ability to employ

CO_2 and ammonia refrigerants rather than fluorinated gases provide us with optionality to grow geographically – in the U.S. and Canada – and in adjacent markets. Under the auspices of *Connect26*, we are on our way.

To manage urban growth and meet climate goals, municipalities are investing in district heating and cooling. With CIMCO's help, the community of Blatchford, Alberta is at the leading edge of this trend in Canada. In 2025, we completed the third wave of our assignment to install heat pump technology that is integrated into the community's District Energy Sharing System. With this capacity expansion, Blatchford is becoming one of Canada's largest carbon-neutral neighbourhoods.

To further our growth ambitions, CIMCO recently formed a strategic partnership with Everllence, a global leader in industrial decarbonization technologies. This alliance began when CIMCO delivered its Smart Transfer system to the Vicinty project in Boston where Everllence is providing a 35-megawatt industrial-scale steam heat pump to harness thermal energy from the Charles River. Using autonomous sensors, Smart Transfer shuts down a thermal system when a fault is detected, such as an ammonia leak, and then safely pumps the refrigerant into a secure holding tank.

CIMCO's versatile product portfolio, including CO_2 industrial chiller packages, provides Toromont with the means to expand solutions to pharmaceutical and specialty manufacturing industries. In 2025, CIMCO secured an order for a thermal system to serve the heating and cooling needs of a leading producer of protective gloves used in the healthcare industry. This system will reduce the customer's operating expenditures and meet their decarbonization targets by eliminating a fossil fuel boiler. The project will also utilize CIMCO's full mechanical, electrical and plumbing capabilities. To better connect with adjacent markets, CIMCO broadened the work of its thermal decarbonization team to include customers like this for whom we evaluate total heat recovery potential and advise on ways to conserve energy and eliminate fossil fuel use.

Connect for growth from increased productivity and efficiency

Experience is valued at Toromont, and we are fortunate to employ people at all levels who have decades of it. However, as the most experienced among us know, decision making is best supported by empirical evidence. That is why we put a premium on connecting our teams to advanced data management tools such as the Toromont Dealer Management System used by Toromont Cat and Toromont Material Handling. In 2026, Battlefield will employ a next-generation enterprise resource planning (ERP) system, which will integrate five existing databases into one much more powerful platform. Easy, real-time access to business-wide data is expected to improve how we allocate capital and resources across Battlefield's 70 stores, monitor KPIs including fleet utilization and inventory turns, and improve our go-to-market digital and mobile strategies for a better customer experience. Staff training will ensure a seamless transition to this scalable platform.

20.3%

5-year Return on Shareholders' Equity

$13.0 billion

Total enterprise value

Connect for growth from better coverage

Market coverage fuels and supports growth. In recognition, *Connect26* has guided us in making several deliberate moves to enhance convenience for customers and improve our market share. One was to shift responsibility for sales of Caterpillar's Compact Construction Equipment (CCE) line to Toromont Cat from Battlefield, our diversified rental equipment business. The early impact was positive as Toromont Cat's larger sales force generated strong growth in CCE unit sales by connecting with both large and small contractors while continuing to leverage Battlefield's storefronts. We intend to build on this performance in 2026, buoyed by positive customer reaction to a consolidated product offering that includes CCE along with a full line of Caterpillar equipment.

The drive to enhance coverage brought change to our industrial pump business. In years past, construction customers looked to Battlefield to rent small pumps and to Toromont Power Systems for larger-capacity products. This division diluted growth efforts. In 2025, we eliminated it by moving our industrial pump business from Toromont Power Systems to Battlefield. Customers across all Battlefield territories gained single-point access to pumps – from 2-inch to 12-inch capacities – with Battlefield representatives trained to support all applications. Early results were positive.

In early 2026, Battlefield added responsibility for the industrial-chilling rental equipment business previously operated by Toromont Power Systems. This move elevates Battlefield's status as a one-stop rental shop for customers who utilize cooling towers, water chillers, air handlers and dehumidifiers. Moreover, when a climate control system fails, Battlefield can now provide a full range of specialty rental equipment on an emergency basis. For a permanent temperature control solution, CIMCO stands ready.

Market coverage is also important for CIMCO. In early 2026, it added its fourth fabrication facility: a 20,000 sq.ft. plant in Bradford, Ontario. CIMCO's fabrication network in Ontario, Alberta and South Carolina enables us to get innovative thermal management packages to market faster and more efficiently. Prefabrication, along with recent tooling upgrades, also improve build quality and in 2025, supported a year of revenue and backlog growth for CIMCO.

To bolster market coverage for our heavy rental business, we took a page from recently acquired Tri-City Equipment Rentals and added a mobile rental specialist team and integrated Tri-City disciplines to improve customer convenience. As customer propensity to rent continues to grow, Toromont is ready to serve with one of the largest heavy equipment fleets in the market.

Market coverage improvements, or what might be called proximity retailing, also come from strategic branch openings. In 2025, Jobsite, our industrial tool crib rental business, opened its 15th location, this time in Saskatoon, where we also co-located a Toromont Material Handling (TMH) branch. By diversifying its presence across Canada, Jobsite is better able to serve and grow in core customer segments including potash, mining, oil, chemical, petrochemical, pulp and paper and fisheries. In mid-2026, Toromont Cat will open its newest branch – in Brooklin, Ontario – to serve a large customer base east of the Greater Toronto Area.

In recognition of sales synergies, we are building tighter connections between Toromont Cat and SITECH, our construction technology and consulting business. SITECH's advanced site positioning, machine control and asset management solutions fit perfectly with Toromont Cat's broader construction offerings.

As we make coverage decisions, and shift responsibilities, we always consider how to optimize our operating and management structures to best deliver growth and performance.

Connect for growth from our larger installed equipment base

Toromont sells and rents specialized equipment, but our business model is more than that. We operate an extensive product support business, which delivered 42.2% of total revenue in 2025.

From simple oil and filter changes in the field to complete machine rebuilds on our premises, we seek to extend the life of customers' equipment, drive down their total cost of ownership and protect the investment they make with us. These efforts are assisted by Caterpillar technologies that allow Toromont to remotely monitor what is now one of the largest populations of connected machines among North American Cat dealers. A connected machine – be it a dozer, a mining truck or a power generator – is one that sends up-to-the-minute information to us on everything from engine and electrical parameters to fuel levels and fault codes. Using this insight, we can remotely troubleshoot or proactively dispatch field service depending on the need.

Supporting all customers across a large installed and dispersed equipment base is both an opportunity and a challenge, even with advanced technologies. To meet our customer service obligations today, and position for future growth, *Connect26* calls on us to continue to recruit for and develop our skills-based workforce. Despite a severe skilled worker shortage, we are finding success in doing both. Today, over 47% of Toromont team members are service technicians who use advanced tools to keep customers' machines and systems operating in peak condition.

Our definition of product support is also changing. Instead of counting how many connected assets we monitor, we strive to make connected assets count for customers. Fundamentally, this involves encouraging customers to take full advantage of each machine's many capabilities and our full spectrum of services. This ongoing effort is assisted by Toromont Cat's application specialists, educational podcasts and onboard machine tutorials.

Recognizing that product support success is also driven by the speed, efficiency and accuracy of parts fulfilment, *Connect26* will see Toromont Cat open a 186,000 sq.ft. warehouse northwest of Toronto to serve its branches across Southern Ontario beginning in mid-2026. This state-of-the-art facility will feature an intelligent grid system to maximize every cubic foot of space available and help our team accelerate order fulfillment with the help of robotics. This addition, and our broader distribution strategy, which was recently bolstered by our Timmins parts warehouse expansion, will meet our commitment to connect customers with the right parts at the right time, every time and give Toromont capacity for future growth.

Connect for growth in the circular economy

Since 1989, Toromont has participated in what is now known as the circular economy (see our Sustainability Report) by remanufacturing machine components as a complement to our product support business. Through *Connect26*, we are intentionally increasing our ability to remanufacture a broader variety of products and in different regions. After opening a 143,000 sq.ft. remanufacturing plant in Bradford, Ontario in 2024, and fully commissioning it in 2025, we recently broke ground on a remanufacturing centre in Québec City. Scheduled to open in the second half of 2027, this facility will allow Toromont to keep pace with growth in our installed equipment base as engines, drive trains and other key components reach the end of their productive first, second and third lives. To further our growth ambitions, we are working to gain Caterpillar certification as a Component Rebuild Centre, a standard of excellence recognized by multinational customers.

Not to be missed is the work we do to restore complete machines in our branches. We completed 140 certified rebuilds in 2025. This included the disassembly, cleaning, testing and rebuilding of the 40,000 parts that make up a Cat 657 Wheel Tractor-Scraper used to move molten steel pots. Some 6,000 branch technician hours were devoted to this project, and our remanufacturing facility provided remanufactured components.

Customers like the fact that we can typically rebuild a machine for 60% to 70% of the cost of buying a new unit. There is also an advantage for customers who participate in our exchange program whereby they turn in worn components to Toromont and receive rebuilt replacements (with full warranties) to get their machines moving again with minimal downtime. Given recent and planned capacity investments, and our mandate to grow, we are intensifying sales efforts to connect with customers who have not used our remanufacturing/rebuilding services before.

Connect for the future

Growth at Toromont is a team sport. Up and down the line, our people make a difference to our growth prospects. This includes the members of our executive leadership team. Over the past couple of years, including in 2025, we have recruited accomplished leaders with complementary skill sets. Rick Neuman, our Chief Digital, Marketing & Technology Officer, is a recent example. Prior to Toromont, he was Chief Digital Officer at Walmart, AIR MILES and Flipp. At Toromont, Rick is helping us to advance the corporate-wide use of digital tools for customer service, outreach and acquisition.

By adding capabilities to a very capable leadership team, we will be better able to connect to future growth and opportunity. In this regard, our team for the future is now set. It includes the talented and dedicated members of our Board of Directors. We are pleased to note that all Board members from 2025 are standing for re-election in 2026. We look forward to their many contributions.

As we look ahead, we will continue to operate on a full business-cycle basis, as is our way. A long-term bias means we will continue to invest for growth – principally organic but by way of acquisition when an opportunity of compelling value arises that fits Toromont's business model. Maintaining a strong financial position will allow us to move forward on our own terms. While there are many factors in any outlook (please see our MD&A), we are encouraged by the attention given recently to large-scale public/private sector infrastructure investments, including the development of critical mineral mines in our territories. Such investments would be good for Canada, our customers and Toromont.

We are grateful to our employees and our business partners, especially Caterpillar, for supporting Toromont's growth and advancement. We thank our customers and shareholders for showing your confidence in our business by trusting us to serve. With drive, discipline and dedication, the Toromont team is ready for growth.

Yours sincerely,

(signed)

Richard G. Roy
Chair of the Board
of Directors

(signed)

Mike S. H. McMillan
President and Chief
Executive Officer

February 10, 2026

FINANCIAL REPORT

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of Toromont Industries Ltd. ("Toromont" or the "Company") as at and for the year ended December 31, 2025 is prepared as at February 10, 2026, and should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2025.

The consolidated financial statements reported herein have been prepared in accordance with IFRS Accounting Standards ("IFRS"). The MD&A is presented in thousands of Canadian dollars unless otherwise noted. This MD&A is dated as at February 10, 2026.

Additional information about Toromont is available online at www.sedarplus.ca and Toromont's website www.toromont.com.

Use of Non-IFRS Accounting Standard Financial Measures

The MD&A presents certain financial and operating performance measures that management believes provide meaningful information in assessing Toromont's underlying performance. Readers are cautioned that these measures may not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Accordingly, non-IFRS or non-Generally Accepted Accounting Principles ("GAAP") measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Definitions, reconciliations and an explanation of how the Company's non-IFRS and non-GAAP measures provide useful information to an investor are included in the "Additional GAAP Measures", "Non-GAAP Measures" and "Key Performance Indicators" sections of this report.

Forward-Looking Information

Information in this MD&A that is not a historical fact is "forward-looking information". Words such as "plans", "intends", "outlook", "expects", "anticipates", "estimates", "believes", "likely", "should", "could", "would", "will", "may" and similar expressions are intended to identify statements containing forward-looking information. Forward-looking information in this MD&A reflects current estimates, beliefs, and assumptions, which are based on Toromont’s perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Toromont's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Toromont can give no assurance that such estimates, beliefs and assumptions will prove to be correct. Toromont's assumptions underpinning forward-looking information include but are not limited to the following: none of the risks identified below materialize; there are no unforeseen changes to economic and market conditions; and, no significant events occur outside the ordinary course of business.

Numerous risks and uncertainties could cause the actual results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to: business cycles, including general economic conditions in the countries in which Toromont operates; new tariffs and counter-tariffs imposed on cross-border trade, commodity price changes, including changes in the price of precious and base metals; inflationary pressures; potential risks and uncertainties relating to a potential new world health issue; increased regulation of or restrictions placed on our businesses; changes in foreign exchange rates, including the Cdn$/US$ exchange rate; the termination of distribution or original equipment manufacturer agreements; equipment product acceptance and availability of supply, including reduction or disruption in supply or demand for our products stemming from external factors; increased competition; credit

of third parties; additional costs associated with warranties and maintenance contracts; changes in interest rates; the availability and cost of financing; level and volatility of price and liquidity of Toromont's common shares; potential environmental liabilities and changes to environmental regulation; information technology failures, including data or cybersecurity breaches; failure to attract and retain key employees as well as the general workforce; damage to the reputation of Caterpillar, product quality and product safety risks which could expose Toromont to product liability claims and negative publicity; new, or changes to current, federal and provincial laws, rules and regulations including changes in infrastructure spending; any requirement to make contributions or other payments in respect of registered defined benefit pension plans or postemployment benefit plans in excess of those currently contemplated; increased insurance premiums; and risk related to integration of acquired operations including cost of integration and ability to achieve the expected benefits. Readers are cautioned that the foregoing list of factors is not exhaustive.

Any of the above mentioned risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied in the forward-looking information and statements included herein. For a further description of certain risks and uncertainties and other factors that could cause or contribute to actual results that are materially different, see the risks and uncertainties set out under the heading "Risks and Risk Management" and "Outlook" sections of Toromont's most recent annual Management Discussion and Analysis, as filed with Canadian securities regulators at www.sedarplus.ca or at our website www.toromont.com. Other factors, risks and uncertainties not presently known to Toromont or that Toromont currently believes are not material could also cause actual results or events to differ materially from those expressed or implied by statements containing forward-looking information.

Readers are cautioned not to place undue reliance on statements containing forward-looking information, which reflect Toromont's expectations only as of the date of this MD&A, and not to use such information for anything other than their intended purpose. Toromont disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

CORPORATE PROFILE AND BUSINESS SEGMENTATION

As at December 31, 2025, Toromont employed over 7,900 people in more than 165 locations across Canada and the United States. Toromont is listed on the Toronto Stock Exchange under the symbol TIH.

Toromont has two reportable operating segments: the Equipment Group and CIMCO.

The Equipment Group includes Toromont Cat, one of the world’s larger Caterpillar dealerships, Battlefield – The Cat Rental Store, industry-leading rental operations, SITECH, providing Trimble technology products and services, Toromont Material Handling, representing MCFA, Kalmar and other manufacturers' products, and AVL Manufacturing Inc., a power enclosure manufacturer. The Company is the exclusive Caterpillar dealer for a contiguous geographical territory in Canada that covers Manitoba, Ontario, Québec, Newfoundland, New Brunswick, Nova Scotia, Prince Edward Island and most of Nunavut. Additionally, the Company is the MaK engine dealer for the Eastern Seaboard of the United States, from Maine to Virginia. Performance in the Equipment Group is driven by activity in several industries: road building and other infrastructure-related activities; mining; residential and commercial construction; power generation including prime and back-up power; aggregates; waste management; steel; and forestry. Significant activities include the sale, rental and service of mobile equipment for Caterpillar and other manufacturers; sale, rental and service of engines used in a variety of applications including industrial, commercial, marine, on-highway trucks and power generation; manufacture of power system enclosures primarily for data centres; and sale of complementary and related products, parts and service.

CIMCO is a market leader in the design, engineering, fabrication, installation and after-sale support of refrigeration systems in industrial and recreational markets. CIMCO's thermal management solutions enable customers to reduce energy consumption and emissions, use natural refrigerants and monitor and control their operating environments autonomously. Results of CIMCO are influenced by conditions in the primary market segments served: beverage and food processing; cold storage; food distribution; mining; and recreational ice rinks. CIMCO offers proprietary products such as ECO CHILL®. CIMCO has manufacturing facilities in Canada and the United States and sells its products and services globally.

PRIMARY OBJECTIVE AND MAJOR STRATEGIES

The primary objective of the Company is to build shareholder value through sustainable and profitable growth, supported by a strong financial foundation. To guide its activities in pursuit of this objective, Toromont works toward specific, long-term financial goals (see section heading "Key Performance Measures" in this MD&A) and each of its operating groups consistently employs the following broad strategies:

Expand Markets

Toromont serves diverse markets that offer long-term potential for profitable expansion. Each operating group strives to achieve or maintain leading positions in markets served. Incremental revenue is derived from improved coverage, market share gains and geographic expansion. Expansion of the installed base of equipment provides the foundation for product support growth and leverages the fixed costs associated with the Company’s infrastructure.

Strengthen Product Support

Toromont's parts and service business is a significant contributor to overall profitability and serves to stabilize results through economic downturns. Product support activities also represent opportunities to develop closer relationships with customers and differentiate our product and service offering. The ability to consistently meet or exceed customers' expectations for service efficiency and quality is critical, as after-market support is an integral part of the customer’s decision-making process when purchasing equipment.

Broaden Product Offerings

Toromont delivers specialized capital equipment to a diverse range of customers and industries. Collectively, hundreds of thousands of different parts are offered through the Company's distribution channels. The Company expands its customer base through selectively extending product lines and capabilities. In support of this strategy, Toromont represents product lines that are considered leading and generally best-in-class from suppliers and business partners who continually expand and develop their offerings. Strong relationships with suppliers and business partners are critical in achieving growth objectives.

Invest in Resources

The combined knowledge and experience of Toromont's people is a key competitive advantage. Growth is dependent on attracting, retaining and developing employees with values that are consistent with Toromont's. A highly principled culture, share ownership and profitability-based incentive programs result in a close alignment of employee and shareholder interests. By investing in employee training and development, the capabilities and productivity of employees continually improve to better serve shareholders, customers and business partners.

Toromont's information technology represents another competitive differentiator in the marketplace. The Company's selective investments in technology, inclusive of e-commerce and other digital initiatives, strengthen customer service capabilities, generate new opportunities for growth, drive efficiency and increase returns to shareholders.

Maintain a Strong Financial Position

A strong, well-capitalized balance sheet creates stability and financial flexibility, and has contributed to the Company’s long-term track record of profitable growth. It is also fundamental to the Company’s future success.

BUSINESS COMBINATION

On January 31, 2025, the Company acquired 60% of the shares of AVL Manufacturing Inc. ("AVL") for consideration of $67.5 million cash plus the issuance of 110.4 thousand Toromont shares. In addition, the Company has committed to purchase the remaining 40% at various dates through to 2031. The initial purchase price was funded with cash on hand. AVL is a leader in the design and fabrication of power generation and storage enclosures. At the time of acquisition AVL had operations in Hamilton, Ontario, which has subsequently expanded to the US. AVL currently serves the data centre market across eastern North America. The Company has finalized its determination of fair value of the assets acquired and liabilities assumed.

The acquisition was accounted for as a business combination and the results of AVL have been included in the Equipment Group from the date of acquisition. For further information, refer to note 4 "Business Combination" in the notes to the audited consolidated financial statements.

Production at AVL has been expanding since the date of acquisition in recognition of the healthy order backlog and building new order demand. Hiring and development of production capacity continues. Revenue for the fourth quarter and year-to-date 2025 were $97.7 million and $254.7 million respectively. As part of the accounting for the acquisition, the company recognized intangible assets related to order backlog and customer relationships, both of which are amortized over time. Certain other non-cash expenses are recorded as a result of the acquisition accounting related to the commitment for purchase of the remaining shares of AVL. Non-cash expenses recognized for these items amounted to $33.4 million and $90.4 million respectively (pre-tax basis), for Q4 and year-to-date of 2025. Net income for AVL after consideration of amortization of intangibles recognized at acquisition was approximately -$0.01 and $0.01 per share for Q4 2025 and year-to-date 2025 respectively.

In Q2 2025, the Company acquired a facility in Charlotte, North Carolina for approximately $60.0 million to expand production capacity and serve the eastern US market. The facility commenced the first phase of production during the third quarter of 2025.

CONSOLIDATED ANNUAL OPERATING RESULTS

($ thousands, except per share amounts)	**2025**	2024	$ change	% change
REVENUE	**$ 5,202,837**	$ 5,021,163	$ 181,674	4 %
Cost of goods sold	**3,880,634**	3,758,531	122,103	3 %
Gross profit[1]	**1,322,203**	1,262,632	59,571	5 %
Selling and administrative expenses	**640,922**	592,460	48,462	8 %
OPERATING INCOME[1]	**681,281**	670,172	11,109	2 %
Interest expense	**35,395**	28,655	6,740	24 %
Interest and investment income	**(43,446)**	(53,637)	(10,191)	(19)%
Change in fair value of purchase commitment	**7,891**	—	7,891	nm
Income before income taxes	**681,441**	695,154	(13,713)	(2)%
Income taxes	**184,855**	188,638	(3,783)	(2)%
NET EARNINGS	**$ 496,586**	$ 506,516	$ (9,930)	(2)%
BASIC EARNINGS PER SHARE	**$ 6.11**	$ 6.18	$ (0.07)	(1)%
KEY RATIOS:				
Gross profit margin[1]	**25.4%**	25.1%		
Selling and administrative expenses as a % of revenue	**12.3%**	11.8%		
Operating income margin[1]	**13.1%**	13.3%		
Income taxes as a % of income before income taxes	**27.1%**	27.1%		
Return on capital employed[1]	**23.4%**	25.7%		
Return on equity[1]	**16.9%**	19.2%		

Higher revenue was generated by both the Equipment Group and CIMCO. Equipment Group revenue increased with new equipment deliveries and execution against order backlog and project schedules, coupled with the revenue at the newly acquired business, AVL. As uncertain market conditions persist, end customer purchasing decisions and activity continue to be somewhat mixed. Rental revenue improved during the latter half of the year, although utilization levels remained lower than prior year. Product support revenue increased in both parts and service, on improving customer activity and focused execution. CIMCO revenue increased on continuing strong demand for its products and services. Gross profit margins improved compared to prior year on improved efficiencies and better sales mix. Operating income was up 2% compared to last year, reflecting the higher revenue and improved gross profit margins partially offset by the higher expense levels. Expense levels reflect continued support for key operational focus areas. Net interest expense was significantly higher than the prior period reflecting both higher interest expense as a result of higher borrowings, as well as lower interest income earned due to lower interest rates.

Revenue for the year increased 4% from prior year to $5.2 billion. Equipment Group revenue increased 3% compared to last year on revenue at the acquired business, along with higher rentals and product support revenue, offset by lower used equipment sales on lower equipment dispositions. CIMCO revenue increased 14% versus last year on higher package revenue and product support activity.

Gross profit margin increased 30 basis points ("bps") to 25.4% versus 25.1% for last year. The Equipment Group and CIMCO reported higher margins. Equipment margins increased 50 bps for the year, on higher equipment activity, coupled with a favourable sales mix (+20 bps), partially offset by lower rental (-20 bps) and product support margins (-20 bps).

[1] Non-IFRS financial measures/non-GAAP ratios. For further details, see the sections titled "Additional GAAP Measures", "Non-GAAP Measures" and "Key Performance Measures". Non-GAAP financial measures and non-GAAP financial ratios do not have a standardized meaning under IFRS Accounting Standards and might not be comparable to similar financial measures presented by other issuers.

Selling and administrative expenses for the year increased $48.5 million or 8% compared to the prior year. The Company sold a property during the year resulting in a pre-tax capital gain of $13.7 million. The acquired company added $33.9 million to expenses. Excluding these two items, selling and administrative expenses increased $28.3 million or 5% compared to the same period last year. Compensation costs were largely unchanged from the prior year as regular salary increases and higher staffing levels were largely offset by lower profit sharing accruals. Sales related expenses, including such things as advertising, promotion, travel and training, increased $12.6 million year over year, reflecting continued investment. Other expenses such as occupancy, information technology costs, professional and consulting fees, and depreciation on recent capital investments increased $15.9 million on continued investment for future growth and inflationary effects. Provision for expected credit losses decreased $9.8 million compared to the similar period last year, reflecting good collections and improvements on certain exposures. Mark-to-market ("MTM") adjustments on deferred share units ("DSUs") resulted in a $9.1 million increase in expense, as a result of the slightly higher share price. Overall, selling and administrative expenses increased 50 bps as a percentage of revenue (12.3% versus 11.8% last year).

Operating income was increased 2% to $681.3 million for the year, as higher revenue and improved gross profit margins, were partially offset by the higher expenses. Excluding the gain on property disposition operating income was relatively flat compared to prior year. Operating income margin decreased 20 bps to 13.1%, reflecting higher expense levels, partially offset by improved gross profit margins.

Interest expense increased by $6.7 million to $35.4 million for the year, reflecting higher borrowings with new senior debentures which were issued in March 2025.

Interest and investment income decreased $10.2 million or 19% in the year on lower interest rates.

In connection with the acquisition of AVL in early 2025, the Company made a commitment to purchase the remaining 40% shares of the company at various dates through 2031. Revaluation of this purchase commitment liability resulted in a $7.9 million expense for the year.

The effective income tax rate for the year was unchanged from the prior year at 27.1%.

Net earnings for the year decreased $9.9 million or 2% to $496.6 million from 2024. Basic earnings per share ("EPS") decreased $0.07 or 1% to $6.11, reflecting the change in net earnings.

Other comprehensive loss of $2.4 million in the year (2024 – comprehensive income of $39.4 million) included an actuarial gain on post-employment benefit plans of $8.9 million (2024 – actuarial gain of $19.8 million). These losses/gains reflect actuarial changes used in the valuation, as well as changes in the fair value of pension plan assets. Other comprehensive income also included an unfavourable net change in the fair value of cash flow hedges of $9.6 million (2024 – favourable net change of $17.0 million). These changes reflect mark-to-market differences in the value of foreign exchange derivative contracts designated as cash flow hedges and are largely a function of the underlying USD/CAD exchange rates at period end compared to the contract date.

BUSINESS SEGMENT ANNUAL OPERATING RESULTS

The accounting policies of the segments are the same as those of the consolidated entity. Management evaluates overall business segment performance based on revenue growth, operating income relative to revenue and return on capital employed. Corporate expenses are allocated based on each segment's revenue. Interest expense and interest and investment income are not allocated.

Equipment Group

($ thousands)	**2025**	2024	$ change	% change
Equipment sales and rentals				
New	**$ 1,961,761**	$ 1,939,129	$ 22,632	1 %
Used	**284,957**	296,295	(11,338)	(4)%
Rentals	**534,065**	491,162	42,903	9 %
Total equipment sales and rentals	**2,780,783**	2,726,586	54,197	2 %
Product support	**1,888,553**	1,823,049	65,504	4 %
Power generation	**9,338**	10,933	(1,595)	(15)%
Total revenue	**$ 4,678,674**	$ 4,560,568	$ 118,106	3 %
Operating income	**$ 617,236**	$ 616,718	$ 518	— %
KEY RATIOS:				
Product support revenue as a % of total revenue	**40.4%**	40.0%		
Operating income margin	**13.2%**	13.5%		
Group total revenue as a % of consolidated revenue	**89.9%**	90.8%		
Return on capital employed	**21.2%**	24.1 %		

The Equipment Group executed well in 2025, with good deliveries against order backlog, while activity levels reflect the economic environment which continues to impact end customer demand. Revenue increased on solid equipment deliveries against order backlog coupled with the acquired business. Rental revenue improved in the latter half of the year, however utilization remained at low levels. Product support revenue continued to increase on higher parts and service activity. Operating income for the year included a pre-tax gain of $13.7 million on the sale of a property. Excluding this gain, operating income was 2% lower for the year, as expected, given a strong comparator with respect to mining revenue, which reflected market dynamics in play at that time, along with the higher expenses.

Total equipment revenue (new and used) increased $11.3 million or 1% reflecting revenue at the acquired business, partially offset by lower mining deliveries against a strong comparable. New equipment sales increased 1% for the year, with a decrease in mining (as expected due to mining delivery schedules), partially offset by increases in construction and power systems markets, including the acquired business. Used equipment sales decreased 4%, with lower activity in the construction market, slightly offset by improved mining market activity. Overall, the change in total equipment sales revenue by market segments were as follows: construction unchanged, mining -39%, power systems +89% and material handling +14%.

Rental revenue increased $42.9 million or 9% versus last year, generally reflecting the larger fleet and improved activity in certain markets. Revenue changes in each market were as follows: Light equipment rentals +5%, heavy equipment rentals +18%, power systems -15% and material handling +18%. As at December 31, 2025, the RPO fleet (rent with a purchase option) was $92.5 million million versus $97.9 million million at this time last year, and associated rental revenue was up 40% compared to last year.

Product support revenue increased $65.5 million or 4% compared to last year with a increase in parts (+2%) and in service (+8%). Activity was higher across most markets and regions reflecting end user demand and activity levels. Revenue change by market was as follows: construction +1%; mining +7%; power systems +4%; and material handling -2%.

Gross profit margin increased 30 bps to 25.3% from 25.0% in 2024. Improved equipment margins were 50 bps higher reflecting current market dynamics in play. A favourable sales mix of a higher proportion of equipment

revenue to total revenue increased margin 10 bps. Rental margins decreased 20 bps on higher recent fleet acquisition costs, in part due to a weaker Canadian dollar, and higher maintenance and repair costs. Product support margins were down 10 bps year over year.

Selling and administrative expenses increased $41.7 million or 8% for the year compared to last year. Excluding the gain on property disposition and the acquired business in 2025, selling and administrative expenses increased $21.5 million or 4% in the year. Higher expenses reflect the continuing investment in key strategic areas. Compensation costs decreased $2.8 million reflecting higher staffing levels and regular salary increases more than offset by lower profit sharing accruals. MTM adjustments on DSUs increased expenses $8.2 million on the higher share price. Sales related expenses, including such things as advertising, promotion, travel and training, increased $12.6 million year over year, reflecting continued investment. Other expenses such as information technology and occupancy costs have increased in light of planned investment and inflation. Provision for expected credit losses decreased $9.2 million compared to the similar period last year, reflecting good collections and improvements on certain exposures. Selling and administrative expenses were 60 basis points higher as a percentage of revenue on a year-to-date basis (12.1% versus 11.5% last year).

Operating income increased $0.5 million year-over-year. Excluding the property disposition gain in Q3 2025, operating income decreased $13.2 million or 2% for the year, reflecting the higher revenue and improved gross profit margins, more than offset by the higher expenses. The acquired business continues to increase production, however did not contribute meaningfully to operating income given expenses arising from purchase price accounting (including such items as amortization of intangibles) and the setup of the new US facility. As a percentage of revenue, operating income was 30 bps lower at 13.2% versus 13.5% in 2024.

Capital expenditures

($ millions)	**2025**	2024	$ change	% change
Rental equipment				
Capital expenditures	**$ 172,088**	$ 208,976	$ (36,888)	(18)%
Proceeds on disposals	**52,905**	60,417	(7,512)	(12)%
Net expenditure	**$ 119,183**	$ 148,559	$ (29,376)	(20)%
Property, plant and equipment				
Capital expenditures	**$ 219,643**	$ 125,890	$ 93,753	74 %

Investment in the light equipment rental fleet across our territory increased in 2025 to support future long-term growth strategies. New investments in the heavy equipment rental fleet were reduced significantly in light of slower market activity and following three years of high levels of investment. Fleet dispositions, as measured by proceeds, were lower than prior year as the regular roll-out of aged units, as part of regular fleet management, slowed given the recent new investment in the fleet.

Property, plant and equipment additions increased in 2025 and included:

- $72.6 million for the expansion of AVL production capacity in the US;
- $84.5 million for upgraded facilities and new locations across the business, including the new headquarters and branch previously announced;
- $38.0 million for new and replacement service and delivery vehicles;
- $4.6 for information technology infrastructure improvements and developments; and
- $19.9 million for other machinery and equipment for general operations.

Bookings and Backlog

($ millions)	2025	2024	$ change	% change
Bookings – years ended December 31	**$ 2,492.9**	$ 1,986.5	$ 506.4	25 %
Backlog – as at December 31	**$ 1,187.3**	$ 708.4	$ 478.9	68 %

New bookings increased $506.4 million or 25% in 2025, compared to 2024. Construction markets were higher, with bookings up 7%, reflecting more normalized demand dynamics. Power systems, which includes the acquired business, saw strong order activity, up 181% on good demand for our products. Material handling order intake was up 4%. Mining markets are cyclical due to the nature of the business and were down 6% as expected from last year, which was a strong comparable.

Backlog of $1.2 billion at December 31, 2025, was up $478.9 million or 68% from this time last year. Backlog at the recently acquired AVL operation was $428.1 million at December 31, 2025. Excluding this, backlog was up 7% compared to the same time last year, reflecting good new order intake throughout the year. As at December 31, 2025, the composition of backlog by market was as follows: construction 19%; mining 18%; power systems 60%; and material handling 3%. Approximately 90% of the backlog is expected to be delivered over the next twelve months, however this is subject to timing of vendor supply and customer delivery schedules.

Bookings and backlog can vary significantly from period to period on large project activities (particularly in mining and power systems), the timing of orders and deliveries with customers (which are in turn reflective of economic factors, construction schedules and general activity levels), and the availability of equipment from either inventory or suppliers.

CIMCO

($ thousands)	2025	2024	$ change	% change
Package sales	**$ 282,250**	$ 239,156	$ 43,094	18 %
Product support	**241,913**	221,439	20,474	9 %
Total revenue	**$ 524,163**	$ 460,595	$ 63,568	14 %
Operating income	**$ 64,045**	$ 53,454	$ 10,591	20 %
KEY RATIOS:				
Product support revenue as a % of total revenue	**46.2%**	48.1%		
Operating income margin	**12.2%**	11.6%		
Group total revenue as a % of consolidated revenue	**10.1%**	9.2%		
Return on capital employed	**111.5%**	87.0%		

CIMCO performed steadily throughout 2025 and continued to deliver solid results driven by good execution in both Canada and the US, against a strong order backlog, resulting in good package revenue growth. Product support activity continued to demonstrate healthy growth in Canada. Operating income increased on the higher revenue and good execution, along with improved gross profit margins, dampened by unfavourable sales mix (lower product support revenue to total revenue) and higher expenses to support activity and growth.

Package sales increased $43.1 million or 18% versus 2024, lead by strong recreational market activity, slightly offset by a decrease in the industrial market. Recreational revenue increased 51%, with higher revenue in both Canada (+58%) and the US (+43%). Industrial revenue was down 3%, as higher activity and improved execution and delivery in the US (+141%), was more than offset by weaker activity in Canada (-22%). Package

revenue reflects the progress of construction applying the percentage-of-completion method of accounting. This introduces a degree of variability as the timing of construction schedules are largely under the control of third parties (contractors and end-customers).

Product support revenue increased $20.5 million or 9% versus 2024 on higher activity levels in Canada (up 12%), slightly offset by lower activity in the US (down 1%). Activity levels continued to improve on good customer demand.

Gross profit margin increased 10 basis points versus last year to 26.5%. Package margins increased 50 bps on good execution and the nature of projects in process. Product support margins decreased 20 bps on the nature of activity. An unfavourable sales mix, with a lower proportion of product support to total revenue, dampened margins by 20 bps.

Selling and administrative expenses increased $6.8 million or 10% versus last year. Compensation costs increased $3.3 million reflecting staff levels, annual salary increases and higher profit sharing accruals on the higher earnings. Other expenditures such as travel, training and occupancy expenses were higher in support of activity and staffing levels. As a percentage of revenue, selling and administrative expenses improved to 14.3% in 2025 versus 14.8% in 2024.

Operating income increased by $10.6 million or 20% in 2025, reflecting the higher revenue and improved gross profit margins, partially offset by higher expense levels supporting growth. Operating income as a percentage of revenue increased 60 bps to 12.2% compared to last year.

Capital expenditures

($ millions)	**2025**	2024	$ change	% change
Property, plant and equipment	**$ 9,004**	$ 10,610	$ (1,606)	(15)%

Capital expenditures in 2025 includes new and replacement service vehicles ($5.2 million), facility upgrades ($0.8 million), other machinery and equipment ($2.3 million) and information technology enhancements and upgrades ($0.7 million).

Bookings and Backlog

($ millions)	**2025**	2024	$ change	% change
Bookings – years ended December 31	**$ 282.5**	$ 318.5	$ (36.0)	(11)%
Backlog – as at December 31	**$ 342.6**	$ 342.3	$ 0.3	— %

Bookings decreased $36.0 million or 11% to $282.5 million in 2025, against a strong comparator in the prior year. Recreational bookings decreased 14%, down in both Canada (-24%) and the US (-2%). Industrial bookings were also down 9%, with lower orders in the US (-73%), partially offset by higher orders in Canada (+31%). Generally, activity is continuing, with good strategic capital investment levels, however the current economic uncertainty has delayed customer buying decisions. Order bookings can reflect the timing of end-user schedules and timing of buying decisions.

Backlog of $342.6 million was relatively unchanged compared to December 31, 2024, with higher backlog in the industrial market (+2%) offset by lower recreational market (-2%) backlog. Backlog was higher in Canada

(+9%), offset by lower backlog in the US (-12%). Approximately 75% of the backlog is expected to be realized as revenue over the next twelve months, however this is subject to construction schedules.

CONSOLIDATED FINANCIAL CONDITION

The Company's strong financial position continued. At December 31, 2025, the ratio of net debt to total capitalization increased to -19% (cash and cash equivalents exceeded debt) compared to -9% at December 31, 2024. Return on equity[1] ("ROE") was 16.9% on a trailing twelve-months basis at December 31, 2025, compared to 19.2% for the comparable period last year. Toromont's share price of $166.05 at the end of December 2025, translated to a market capitalization[1] of $13.5 billion and a total enterprise value[1] of $13.0 billion.

Non-cash Working Capital

The Company's investment in non-cash working capital was $827.8 million at December 31, 2025. The major components, along with the changes from prior year, are identified in the following table.

			Change	
($ thousands)	**2025**	2024	**$**	**%**
Accounts receivable	**$ 693,102**	$ 628,671	$ 64,431	10 %
Inventories	**1,190,987**	1,321,567	(130,580)	(10)%
Other current assets	**21,458**	22,074	(616)	(3)%
Income tax recoverable	**19,773**	8,267	11,506	nm
Accounts payable and accrued liabilities	**(658,806)**	(667,907)	9,101	(1)%
Provisions	**(34,216)**	(30,675)	(3,541)	12 %
Derivative financial instruments	**(3,004)**	19,352	(22,356)	nm
Dividends payable	**(42,347)**	(39,127)	(3,220)	8 %
Deferred revenue and contract liabilities	**(359,154)**	(331,946)	(27,208)	8 %
Total non-cash working capital	**$ 827,793**	$ 930,276	$ (102,483)	(11)%

Accounts receivable increased 10% from December 31, 2024, largely reflecting the higher trailing revenue (Q4 2025 revenue was 9% higher than Q4 2024) and accounts receivable from the recently acquired AVL operation, offset by good collection activity. Days sales outstanding ("DSOs") decreased to 39 days, with a decrease in the Equipment Group (down 2 days) partially offset by an increase in CIMCO (up 3 days). Collection activity and credit metrics are closely monitored, with added focus considering the current economic environment.

Inventories at December 31, 2025 decreased 10% compared to December 31, 2024, with a decrease in the Equipment Group, slightly offset by an increase at CIMCO:

- Equipment Group inventories were down $122.0 million or 10%, with lower equipment (down $87.2 million or 11%), parts (down $9.4 million or 2%), and work-in-progress (down $25.4 million or 18%). Equipment inventory levels were lower on executed deliveries against order backlog and inventory management initiatives. Parts decreased in light of higher activity levels and good inventory management practices, partially offset by price increases from suppliers. Work-in-process levels reflect strong execution by the team in the last quarter of the year, slightly offset by work-in-process at the newly acquired AVL operation.
- CIMCO inventories were up $5.0 million or 12%, as work-in-process levels increased $5.2 million (up 14%), reflecting timing of project construction and product support schedules. Parts inventory decreased $0.3 million (down 5%), reflecting good inventory management practices.

Other current assets are comprised of prepaid expenses and vendor deposits. These vary over time based on timing of ordering, receipt of invoice, vendor terms and payment.

Accounts payable and accrued liabilities at December 31, 2025, were 1% lower than at December 31, 2024, reflecting lower accounts payable reflecting timing of purchase and payment for inventory and other suppliers, offset by balances at the acquired company.

Income tax recoverable reflects the difference between tax installments and current income tax expense.

Derivative financial instruments represent the fair value of foreign exchange contracts. From time to time, Toromont enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for speculative trading purposes. Fluctuations in the value of the Canadian dollar have led to a cumulative net loss of $3.0 million as at December 31, 2025. This is not expected to affect net earnings as the unrealized losses will offset future gains on the related hedged items, either current accounts receivable and accounts payable, or future transactions.

Dividends payable increased year over year reflecting the increased dividend rate. Effective with the April 4, 2025 payment, the quarterly dividend rate was increased 8.3% from $0.48 per share to $0.52 per share.

Deferred revenue and contract liabilities represent billings to customers in excess of revenue recognized.

- In the Equipment Group, these balances arise due to: progress billings from the sale of power and energy systems; long-term product support maintenance contracts; and, customer deposits for equipment to be delivered in the future. These balances increased $24.2 million or 9%, in 2025, largely on the acquired company AVL, offset by lower customer deposits held on equipment deliveries, with significant deliveries made in the current year.
- At CIMCO, these balances arise on progress billings from the sale of refrigeration packages and vary depending on timing of billings compared to customer’s construction schedules. These balances increased $3.1 million or 5%, reflecting the timing of billings compared to revenue recognized under the percentage-of-completion method.

Goodwill and Intangibles

The Company performs impairment tests on its goodwill and intangibles with indefinite lives on an annual basis or as warranted by events or circumstances. The assessment entails estimating the fair value of operations to which the goodwill and intangibles relate using the fair value less cost to sell valuation method. This assessment affirmed goodwill and intangibles values as at December 31, 2025, as outlined in note 10 and 11 of the notes to the annual consolidated financial statements.

Employee Share Ownership

The Company employs a variety of share-based compensation plans to align employees' interests with corporate objectives. Certain programs are offered to all employees, while other programs are offered selectively to executives, senior managers and directors.

Executive Stock Option Plan

Stock options have a 10-year life, vest 20% per year on each anniversary date of the grant and are exercisable at the designated common share price, which is fixed at prevailing market prices at the date the option is granted. As at December 31, 2025, 1.3 million options to purchase common shares were outstanding, of which 0.8 million were exercisable. Directors do not participate in the option program.

Long-Term Incentive Program

In 2022, the Company introduced performance share units ("PSUs"), restricted share units ("RSUs") and executive deferred share units ("EDSUs"). The Company has the ability to grant options and awards under each of these plans. The Company intends that total incentive award grants will be based on historical share option grant levels at approximately a 50/50 split between share options and grants under the LTIP.

Details of each grant will be determined at the date of grant, including performance requirements, vesting and settlement method. PSUs and RSUs will settle upon vesting, while EDSUs will settle upon cessation of service to the Company. PSU vesting will be based upon the achievement of performance objectives established at the time of grant by the Board. The maximum number of common shares reserved for issuance under the LTIP is in aggregate 750,000.

A total of 24,300 restricted share units ("RSUs") and 78,690 performance share units ("PSUs") were outstanding under the LTIP as at December 31, 2025, including reinvested dividends.

LTIP expense of $5.7 million (2024 – $3.5 million) was included in selling and administrative expenses with a credit to contributed surplus.

Deferred Share Units ("DSU")

A DSU is a notional unit that reflects the market value of a single Toromont common share and generally vests immediately. DSUs may be redeemed only on cessation of employment or directorship. DSUs have dividend equivalent rights. Executives and senior managers may elect, on an annual basis, to receive all or a portion of their performance incentive bonus in DSUs. Non-employee directors received 60% of their annual compensation in the form of DSUs and may also elect to receive some or all of their remainder compensation in DSUs. The Company records the cost of the DSU plan as compensation expense in selling and administrative expenses. Units credited prior to September 2022 were issued under a cash-settled plan, while units elected or granted after that date were issued under a share-settled plan.

As at December 31, 2025, 149,594 cash-settled DSUs were outstanding with a total value of $24.9 million (2024 – 177,706 units at a value of $20.3 million). The liability for cash-settled DSUs is included in accounts payable and accrued liabilities on the consolidated statements of financial position.

As at December 31, 2025, 104,331 share-settled DSUs were outstanding (2024 – 62,673 units). Share-settled DSUs are credited to contributed surplus at time of grant.

Employee Share Purchase Plan

Employees may purchase shares by way of payroll deductions. The Company matches employee contributions at a rate of $1 for every $3 contributed, to a maximum of 2.5% of an employee's base salary per annum. Company contributions prior to 2019 vested to the employee immediately, while contributions in 2019 onwards vest five years from date of contribution. Company contributions amounting to $5.9 million in 2025 (2024 – $5.2 million) were charged to selling and administrative expense when paid. Approximately 3,795 employees participate in the plan (2024 – 3,490) which is administered by an independent third party.

Employee Future Benefits

The Company sponsors pension arrangements for substantially all of its employees. These include:

- Defined contribution plans, including 401(k) matched savings plans for employees in the US, covering the largest segment of employees, including all new hires;
- Defined benefit pension plans; and,
- Other post-employment benefit plans for certain grandfathered employees.

Certain unionized employees do not participate in Company-sponsored plans, and contributions are made to their retirement programs in accordance with the respective collective bargaining agreements.

Defined Contribution Plans

In the case of defined contribution plans, regular contributions are made to the individual employee accounts, which are administered by a plan trustee in accordance with the plan documents. As at December 31, 2025, approximately 4,800 employees participated in Company-sponsored defined contribution plans.

Defined Benefit Pension Plans

The Company sponsors defined benefit plans, which provide pension benefits for approximately 1,100 active employees. All plans are administered by a separate Fund that is legally separate from the Company, with the exception of the Executive Plan described below.

The funded status of these plans improved by $8.5 million during 2025 (a reduction in post employment obligations). Actuarial gains, largely related to a higher discount rate reduced the defined benefit obligation by $11.5 million. Stronger capital markets resulted in a positive return on plan assets, increasing the funded position by $2.3 million, net of the interest expense on the obligation.

The Executive Plan is a supplemental plan and is solely the obligation of the Company. All members of the plan are retired. The Company is not obligated to fund the plan but is obligated to pay benefits under the terms of the plan as they come due. At December 31, 2025, the Company has posted letters of credit in the amount of $10.8 million to secure the obligations under this plan.

A key assumption in pension accounting is the discount rate. This rate is set with regard to the yield on high-quality corporate bonds of similar average duration to the cash flow liabilities of the Plans. Yields are volatile and can deviate significantly from period to period.

Post-employment Benefit Plans

The Company also sponsors defined benefit plans which provide supplementary post-employment health and life insurance coverage to certain employees. The Company is not obligated to fund the plans but is obligated to pay benefits as they come due. The plan is closed to new entrants.

See notes 2, 3 and 24 to the audited consolidated financial statements for further information.

Legal and Other Contingencies

Due to the size, complexity and nature of the Company's operations, various legal matters are pending. Exposure to these claims is mitigated through levels of insurance coverage considered appropriate by management and by active management of these matters. In the opinion of management, none of these matters will have a material effect on the Company's financial position or results of operations.

Normal Course Issuer Bid ("NCIB")

The Company's NCIB program was renewed in September 2025. Under the NCIB, the Company may purchase for cancellation up to a maximum of 8,128,838 common shares during the 12-month period ending September 22, 2026.

The Company purchased and cancelled 337,500 common shares for $40.1 million (average cost of $118.69 per share, including transaction costs) during the year ended December 31, 2025.

The Company maintains an Automatic Share Purchase Plan ("ASPP") with a broker to enable the purchase of common shares under the NCIB during regular trading blackout periods. The volume of the purchases are determined by the broker based on share price and maximum volume parameters established by the Company prior to the commencement of each blackout period. As at December 31, 2025, there was no obligation for the repurchase of shares under the ASPP.

The Company purchased and cancelled 1,321,500 common shares for $160.4 million (average cost of $121.39 per share, including transaction costs) during the year ended December 31, 2024. As at December 31, 2024, there was no obligation for the repurchase of shares under the ASPP.

Shareholder Rights Plan ("SRP")

The Company has a shareholder rights plan, which is designed to encourage the fair treatment of shareholders in connection with any takeover offer. Rights issued under the plan become exercisable when a person, and any related parties, acquires or commences a takeover bid to acquire 20% or more of the Company's outstanding common shares without complying with certain provisions set out in the plan or without approval of the Board. Should such an acquisition occur, each rights holder, other than the acquiring person and related parties, will have the right to purchase common shares of the Company at a 50% discount to the market price at that time.

Outstanding Share Data

As at the date of this MD&A, the Company had 81,451,874 common shares and 1,263,752 share options outstanding.

Dividends

Toromont pays a quarterly dividend on its outstanding common shares and has historically targeted a dividend rate of approximately 30 - 40% of trailing earnings from continuing operations over the business cycle.

In February 2025, the quarterly dividend was increased by 8.3% or 4 cents per share, to 52 cents per common share, effective with the April payment. In 2025, the Company declared dividends of $2.08 per common share (2024 – $1.92 per common share).

Considering the Company's strong financial position and positive long-term outlook, the Board of Directors increased the quarterly dividend by four cents per share (7.7%) to 56 cents per share effective with the dividend payable on April 2, 2026, to shareholders of record at the close of business on March 6, 2026. Toromont has paid dividends every year since 1968 and this is the 37th consecutive year of dividend increases.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Toromont's liquidity requirements can be met through a variety of sources, including cash on hand, cash generated from operations, long and short-term borrowings and the issuance of common shares. Borrowings are obtained through a variety of senior debentures, notes payable and committed credit facilities.

Toromont's debt portfolio is unsecured, unsubordinated and ranks pari passu.

Effective March 21, 2025, the Company amended its existing $500.0 million committed revolving credit facility and extended the term of the agreement to March 2030, with a syndicate of financial institutions. Debt under this facility is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. Interest is based on a floating rate, primarily bankers' acceptances and prime, plus applicable margins and fees based on the terms of the credit facility.

On March 28, 2025, the Company issued senior unsecured debentures in an aggregate principal amount of $300.0 million (the "Debentures"). The Debentures mature in 2030 and bear interest at a rate of 3.76% per annum, payable semi-annually. The Debentures are unsecured, unsubordinated and rank pari passu with other unsecured, unsubordinated debt. The net proceeds were used to pay the principal owing on the outstanding 3.71% senior debentures due September 30, 2025 and redeemed on July 11, 2025, and for general corporate purposes.

On July 11, 2025, the Company completed the early redemption of its 10-year, 3.71% senior debentures, which were due on September 30, 2025. The 2025 debentures were redeemed at par, plus accrued and unpaid interest, for a total of approximately $151.6 million. The redemption of the debentures was completed with cash on hand.

The Company's credit arrangements include covenants, restrictions and events of default usually present in arrangements of this nature, including requirements to meet certain financial tests periodically and restrictions on additional indebtedness and encumbrances. The Company was in compliance with all covenants at December 31, 2025 and 2024.

No amounts were drawn on this revolving credit facility as at December 31, 2025 or 2024. Standby letters of credit issued utilized $47.3 million of the facility as at December 31, 2025 (2024 – $40.8 million).

The Company expects that continued cash flows from operations in 2026, together with cash and cash equivalents on hand (2025 – $1.3 billion) and currently available credit facilities will be more than sufficient to fund requirements for investments in working capital, capital assets, debenture interest and dividend payments through the next 12 months. The Company's credit ratings will also continue to provide access to capital markets to facilitate future debt issuance. The Company also has a certain degree of flexibility in its operating and investing plans to mitigate fluctuations.

Principal Components of Cash Flow

Cash from operating, investing and financing activities, as reflected in the Consolidated Statements of Cash Flows, are summarized in the following table:

($ thousands)	**2025**	2024
Cash and cash equivalents, beginning of year	**$ 890,815**	$ 1,040,757
Cash, provided by (used in):		
Operating activities		
Operations	**780,844**	696,392
Change in non-cash working capital and other	**79,864**	(188,189)
Net rental fleet additions	**(118,586)**	(148,976)
	742,122	359,227
Investing activities	**(258,857)**	(206,801)
Financing activities	**(47,292)**	(303,541)
Effect of foreign exchange on cash and cash equivalents balances	**(1,322)**	1,173
Increase (decrease) in cash and cash equivalents during the year	**$ 434,651**	$ (149,942)
Cash and cash equivalents, end of year	**$ 1,325,466**	$ 890,815

Cash Flows from Operating Activities

Operating activities provided cash in both 2025 and 2024.

Cash generated from operations increased 12% from 2024 reflecting the lower net earnings more than offset by higher non-cash items, predominantly depreciation and amortization.

Non-cash working capital and other generated cash in 2025, reflecting improved working capital levels with reduced inventory and higher accounts payable (on the timing of payments to suppliers), more than offsetting higher accounts receivable. Non-cash working capital and other used cash in the prior year primarily on significantly higher inventory levels in light of supply chain dynamics, specific customer orders and other factors.

Cash used for net rental fleet additions (purchases less proceeds of dispositions) decreased by $30.4 million in 2025 compared to the similar period last year. The Company continued to invest in both the heavy and light equipment rental fleets across Eastern Canada reflective of long-term growth strategies, although at lower

rates than in the comparative period, allowing recent additions to be fully absorbed. Dispositions were lower year over year reflecting demand and fleet management decisions.

The components and changes in non-cash working capital are discussed in more detail in this MD&A under the heading "Consolidated Financial Condition".

Cash Flows from Investing Activities

Investing activities used $258.9 million in 2025 compared to $206.8 million in 2024.

Business acquisitions used cash of $47.5 million, net of cash acquired, in the year ended December 31, 2025, primarily related to the acquisition of AVL. In 2024, business acquisitions used cash of $73.6 million, for the purchase of the assets and operations of Tri-City Equipment Rentals. See note 4 to the audited consolidated financial statements for further information on these transactions.

During the year, the Company sold a property for proceeds of $14.4 million resulting in a pre-tax capital gain of $13.7 million or $11.9 million after-tax, which was reported in the Equipment Group.

Toromont invested $228.2 million in 2025 in property, plant and equipment (2024 – $136.5 million), as follows:

- $161.7 million additions for land, buildings and construction in process for new and upgraded facilities across the business (2024 – $65.1 million). Approximately $72.6 million related to the expansion of AVL production capacity in the US;
- $39.9 million for normal replacement of service and delivery vehicles (2024 – $53.5 million);
- $5.0 million for upgrades and enhancements to information technology infrastructure and office furniture (2024 – $3.6 million); and
- $21.6 million for machinery and equipment replacements and upgrades (2024 – $14.3 million).

Cash Flows from Financing Activities

For the year ended December 31, 2025, financing activities used $47.3 million (2024 – used $303.5 million) in cash, major uses and sources of cash during the year included:

- Dividends paid to common shareholders of $165.9 million or $2.04 per share (2024 – $153.6 million or $1.87 per share);
- Net cash received on exercise of share options and settlement of RSUs and PSUs of $23.2 million (2024 – $20.3 million);
- Issue of senior debentures generated $300.0 million (2024 – $nil);
- Debt issuance costs used $3.0 million (2024 – $0.1 million);
- Repayment of senior debentures used $150.0 million (2024 – $nil);
- Purchase of shares under the NCIB program of $40.1 million (2024 – $160.4 million); and,
- Lease liability payments of $11.5 million (2024 – $9.7 million).

OUTLOOK

With a long-term focus on growth and returns, we remain dedicated to our operating and financial disciplines to ensure our costs are well managed, while we invest in capacity and capabilities to provide exceptional service to our customers.

We continue to monitor regional, national and global economic factors, in particular, inflationary pressures from price and wage increases, interest rate changes and general economic health of the industries we serve. The

recent trade tensions have created additional economic turbulence for every company engaged in cross border trade. Our team is engaged, monitoring and executing an appropriate action plan to navigate the potential impacts over the short and longer term when details become available. Foreign exchange rate volatility, and a weaker Canadian dollar are also being monitored given the majority of our supply of equipment and parts is sourced in US dollars. Hedging and pricing policies should limit bottom line exposure to changing exchange rates, however the impact on the economy as a whole could be a factor. The global supply chain has improved gradually.

The Equipment Group's parts and service business provides stability supported by a large and diversified installed base of equipment. The long-term outlook for infrastructure projects and other construction activity is positive across most territories although tied somewhat to the general economic climate. Mine investment and expansion will remain dependent on global economic and financial conditions. We have had several years of significant deliveries to the mining industry which has impacted sales mix, however this should support product support activity in the future as the machines are utilized. Power systems, particularly prime and stand-by power generation, continues to be in demand. Our investment in an enclosure manufacturer should support our position and future growth in the data centre market. The Canadian residential construction market is showing signs of a correction, however our direct exposure to this market is limited.

Investment continues in broadening product lines and service offerings, expanding and enhancing the branch network, optimizing rental fleets, and using technologies to create efficiency and effectiveness across the organization. Integration and alignment of operating processes and systems, best practices and culture, continues across our territory. Product support technologies, such as remote diagnostics, telematics and digital information models support and expand our strategic platform.

CIMCO's installed base supports current and future operations and growth trends. CIMCO has a wide product offering using natural refrigerants including innovative CO_2 solutions, which remains a differentiator in the markets they serve. In industrial markets, CIMCO's proven track record and strong geographical coverage provides growth opportunities. Current backlog is supportive of future activity.

The diversity of the markets served, expanding product offering and services, strong financial position and disciplined operating culture position the Company well for continued positive results in the long term.

CONTRACTUAL OBLIGATIONS

Contractual obligations are set out in the following table. Management believes that these obligations will be met comfortably through cash and cash equivalents on hand, cash generated from operations and existing long-term financing facilities.

Payments due by year

($ thousands)	2026	2027	2028	2029	2030	Thereafter	Total
Long-term debt							
Principal	$ —	$ 500,000	$ —	$ —	$ 300,000	$ —	**$ 800,000**
Interest	30,490	27,280	11,280	11,280	2,820	—	**83,150**
Accounts payable and accrued liabilities	691,181	—	—	—	—	—	**691,181**
Lease liabilities	9,972	8,922	8,751	7,536	6,609	12,869	**54,659**
	$ 731,643	$ 536,202	$ 20,031	$ 18,816	$ 309,429	$ 12,869	**$1,628,990**

The above table does not include obligations related to defined benefit pension plans. Regular contributions are made to registered defined benefit pension plans in order to fund the pension obligations as required.

Funding levels are monitored regularly and are reset with new actuarial funding valuations at least every three years. Contributions in 2025 totaled $1.4 million, including certain defined benefit pension payments which are made directly by the Company. Based on the most recent valuations completed, funding contributions and pension payments are expected to be approximately $1.4 million in 2026.

The above table does not include commitments to purchase the remaining outstanding shares of AVL, the present value of which is $50.0 million as at December 31, 2025 (see note 4 to to the audited consolidated financial statements for further information). The required payments are variable and will be determined based on future performance of AVL. The remaining 40% shares of AVL will be purchased in four annual tranches from 2028 to 2031.

KEY PERFORMANCE MEASURES

Management reviews and monitors activities and the performance indicators it believes are critical to measuring success. Some of the key financial performance measures are summarized in the following table. Others include, but are not limited to, measures such as market share, fleet utilization, customer and employee satisfaction, and employee health and safety. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

Years ended December 31	2025	2024	2023	2022	2021
EXPANDING MARKETS AND BROADENING PRODUCT OFFERINGS					
Revenue growth	**3.6%**	8.6%	12.3%	8.7%	11.6%
Revenue per employee (thousands)	**$ 681**	$ 698	$ 668	$ 628	$ 617
STRENGTHENING PRODUCT SUPPORT					
Product support revenue growth	**4.2%**	3.0%	11.1%	15.6%	5.4%
INVESTING IN OUR RESOURCES					
Investment in information technology (millions)	**$ 47.1**	$ 39.6	$ 36.4	$ 35.6	$ 34.7
Return on capital employed[1]	**23.4%**	25.7%	30.1%	32.5%	27.0%
STRONG FINANCIAL POSITION					
Non-cash working capital (millions)[1]	**$ 827.8**	$ 930.3	$ 704.0	$ 584.7	$ 377.9
Net debt to total capitalization[1]	**(19)%**	(9)%	(17)%	(14)%	(16)%
Book value (shareholders' equity) per share	**$ 40.40**	$ 36.35	$ 32.61	$ 28.25	$ 23.69
BUILD SHAREHOLDER VALUE					
Basic earnings per share growth	**(1.1)%**	(3.9)%	17.6%	36.4%	30.2%
Growth in dividends declared per share	**8.3%**	11.6%	10.3%	14.7%	9.7%
Return on equity[1]	**16.9%**	19.2%	22.8%	23.3%	19.6%

Measuring Toromont's results against these strategies over the past five years illustrates that the Company has delivered steady growth through a challenging period, with good operating performance, financial results, cash generation and financial position.

[1]Non-IFRS financial measures/non-GAAP ratios. For further details, see the sections titled "Additional GAAP Measures", "Non-GAAP Measures" and "Key Performance Measures". Non-GAAP financial measures and non-GAAP financial ratios do not have a standardized meaning under IFRS Accounting Standards and might not be comparable to similar financial measures presented by other issuers.

Since 2021, revenue increased at an average annual rate of 9.0%, with product support growing at 7.9% annually. Over this period, growth in revenue has resulted from:

- Optimizing operations and go-to-market strategies to increase market share,
- Increased customer demand in certain market segments, most notably construction and mining;
- Organic growth through increased rental fleet size and additional branches;
- Increased customer demand for formal product support agreements;
- Expansion of the business via recent business combinations (refer to note 4 of the financial statements for further details);
- Additional product offerings from Caterpillar and other suppliers; and
- Governmental funding programs that provide support for infrastructure spending.

Over the same five-year period, revenue growth has been constrained at times by a number of factors including:

- Slow global economic recovery in 2021 resulting from the COVID-19 pandemic (declared in March 2020) aftermath, which resulted in a significant downturn in economic activity and disruption of normal operations. Site restrictions and closures impacted the timing of construction and delivery schedules, as well as product supply and demand;
- Inability to source equipment and parts from suppliers to meet customer demand or delivery schedules, as a result of specific supplier issues and more generally the global supply chain disruption caused by the pandemic;
- Economic weakness and uncertainty, both generally and in specific markets or sectors;
- Geopolitical developments;
- Volatility in commodity prices;
- Competitive conditions;
- Trade negotiations affecting pricing and sourcing of supplies;
- Inflationary pressures and rising interest rates; and
- Inability to hire necessary skilled technicians to service market demand.

Changes in the Canadian/US exchange rate also affect reported revenue as the exchange rate impacts the purchase price of equipment that, in turn, is reflected in selling prices. Since 2021, the average annual exchange rate of the Canadian dollar against the US dollar has varied from $0.72 to $0.83, however, there have been periods of higher volatility, with the dollar ranging from a low of $0.68 to a high of $0.83.

Toromont continues to invest in its resources, including investment in information technology, in part to increase productivity levels, as well as to maintain our systems to be relevant to our customers and operational needs, as well as to be secure in the ever-changing technological environment in which we operate. Investment has increased in 2025 as the Company transitions certain systems to cloud based computing solutions which are expensed as incurred.

Toromont continues to maintain a strong balance sheet. Leverage, as represented by the ratio of net debt to total capitalization, was -19% at the end of 2025 compared to -9% at the end of 2024. Since 2021, strong cash generation has allowed the Company to invest in the business, expand through business acquisitions, repay long-term debt, and issue dividends, while building cash balances.

Toromont has paid dividends consistently since 1968 and has increased the dividend in each of the last 36 years, 37 years including the recent increase announced in February 2026. The Company declared dividends of $2.08 per common share in 2025, or $0.52 per quarter (2024 – $1.92 per common share, an increase of 8.3%).

CONSOLIDATED FOURTH QUARTER OPERATING RESULTS

	Three months ended December 31			
($ thousands, except per share amounts)	**2025**	2024	$ change	% change
REVENUE	**$ 1,421,882**	$ 1,306,953	$ 114,929	9 %
Cost of goods sold	**1,033,547**	951,184	82,363	9 %
Gross profit	**388,335**	355,769	32,566	9 %
Selling and administrative expenses	**170,335**	144,602	25,733	18 %
OPERATING INCOME	**218,000**	211,167	6,833	3 %
Interest expense	**8,895**	7,415	1,480	20 %
Interest and investment income	**(12,719)**	(10,588)	2,131	20 %
Change in fair value of purchase commitment	**3,366**	—	3,366	nm
Income before income taxes	**218,458**	214,340	4,118	2 %
Income taxes	**61,273**	58,044	3,229	6 %
NET EARNINGS	**$ 157,185**	$ 156,296	$ 889	1 %
BASIC EARNINGS PER SHARE	**$ 1.93**	$ 1.91	$ 0.02	1 %
KEY RATIOS:				
Gross profit margin	**27.3%**	27.2%		
Selling and administrative expenses as a % of revenue	**12.0%**	11.1%		
Operating income margin	**15.3%**	16.2%		
Income taxes as a % of income before income taxes	**28.0%**	27.1%		

Results for the fourth quarter of 2025 reflected good growth in revenue across all revenue streams, with solid equipment deliveries and execution against order backlog and project schedules. Gross profit margins increased slightly in the quarter. Operating income was 3% higher compared to last year, mainly reflecting the higher revenue, largely offset by the higher expense levels.

Revenue increased 9% to $1.4 billion, with the Equipment Group up 9% and CIMCO up 10%. Equipment and package sales delivery increased 8% on good execution on scheduled deliveries against order backlog. Rental activity improved, up 5%. Product support activity increased across both Groups, up 10%.

Gross profit margins increased slightly to 27.3% in the quarter, up slightly in the Equipment Group, while CIMCO largely matched margins reported last year.

Selling and administrative expenses increased $25.7 million or 18% in the fourth quarter compared to the prior year. The acquired company added $12.7 million to expenses. Excluding this, selling and administrative expenses increased $13.0 million or 10% compared to the same period last year. Compensation costs were down $2.9 million as increased staffing levels and annual salary increases were more than offset by lower profit sharing accruals. Sales related expenses increased $3.5 million in the quarter, reflecting the higher activity levels. Other expenses such as occupancy costs and information technology have increased in light of sales levels, planned investment and inflation. Provision for expected credit losses decreased $4.2 million in the quarter, reflecting good collections and a reduction in certain exposures. MTM adjustments on cash-settled DSUs increased expenses $4.9 million compared to the fourth quarter last year on underlying share price changes. Selling and administrative expenses were 90 basis points higher as a percentage of revenue (12.0% versus 11.1% last year).

Operating income increased $6.8 million or 3% reflecting the higher revenue, partially offset by the higher expense levels given the higher activity. Operating income margin decreased 90 bps to 15.3%, reflecting the higher expense levels.

Interest expense increased $1.5 million in the quarter up 20% from 2024, due to the increased debt from the new senior debentures issued in March 2025.

Interest income increased $2.1 million on higher average cash balances compared to similar period in 2024.

In connection with the acquisition of AVL in early 2025, the Company made a commitment to purchase the remaining 40% shares of the company at various dates through 2031. Revaluation of this purchase commitment liability resulted in a $3.4 million expense for the fourth quarter of 2025.

The effective income tax rate for the fourth quarter was 28.0% compared to 27.1% in 2024, reflecting expenses related to acquisition accounting which are not deductible for tax (change in purchase commitment).

Net earnings in the quarter increased $0.9 million or 1% to $157.2 million compared to last year. Basic EPS increased $0.02 or 1% to $1.93 in the fourth quarter of 2025 compared to $1.91 in 2024.

BUSINESS SEGMENT FOURTH QUARTER OPERATING RESULTS

Equipment Group

	Three months ended December 31			
($ thousands, except as noted)	**2025**	2024	$ change	% change
Equipment sales and rentals				
New	**$ 564,163**	$ 514,515	$ 49,648	10 %
Used	**70,612**	68,172	2,440	4 %
Rentals	**149,569**	141,952	7,617	5 %
Total equipment sales and rentals	**784,344**	724,639	59,705	8 %
Product support	**502,147**	458,682	43,465	9 %
Power generation	**2,312**	2,632	(320)	(12)%
Total revenue	**$ 1,288,803**	$ 1,185,953	$ 102,850	9 %
Operating income	**$ 198,449**	$ 193,192	$ 5,257	3 %
Bookings ($ millions)	**$ 834.8**	$ 487.4	$ 347.4	71 %
KEY RATIOS:				
Product support revenue as a % of total revenue	**39.0%**	38.7%		
Operating income margin	**15.4%**	16.3%		
Group total revenue as a % of consolidated revenue	**90.6%**	90.7%		

The Equipment Group delivered solid results in the fourth quarter, with good deliveries against order backlog, and the recent business acquisition, which resulted in continued sales growth up 9%. New equipment sales in power systems, which includes the new acquisition business, drove the majority of the revenue increase, along with improved used equipment sales in construction. Rental revenue increased on a larger fleet and product support activity continued. Gross profit margins were up slightly (10 bps) compared to Q4 of 2024. Operating income was up 3%, as the higher revenue and gross profit margins were partly offset by the higher expense levels to support the increased activity.

Total equipment sales (new and used) increased $52.1 million or 9%. New equipment sales increased 10%, largely on higher power systems revenue, which includes revenue from the acquired business, partially offset by lower mining deliveries against a strong comparable. Used equipment sales increased 4% mainly on improved dispositions in the construction market. Overall, total equipment revenue change by market segment

was as follows for the quarter: construction (+1%), mining (-39%), power systems (+131%), and material handling (+12%).

Rental revenue increased $7.6 million or 5% in the quarter, due to higher heavy (+15%) and light equipment (+5%) fleet revenue, predominantly reflecting the larger fleet and improved activity in certain markets, while market conditions continue to remain relatively soft. Material handling rentals increased 7%, although on a small base. RPO fleet revenue increased 5% reflecting a larger fleet. These increases were partially offset by lower power rentals (-11%).

Product support revenue increased $43.5 million or 9% on higher parts (+8%) and service (+12%), led by good activity in the mining market, along with good general market activity and product support sales mix. Activity levels were good across most market segments and regions, with changes by market in the quarter as follows: mining (+26%); power systems (-3%); construction (-2%) and material handling (1%).

Gross profit margin at 27.3% in the quarter, was up slightly from the comparable period last year (10 bps). Equipment margins improved (+50 bps) on market dynamics and nature of equipment sold. Product support margins declined (-30 bps) year over year and rental margins decreased 10 bps on higher recent fleet acquisition costs and higher maintenance and repair costs.

Selling and administrative expenses increased $24.0 million or 19%. Expenses at the acquired company were $12.7 million. Excluding this item, selling administrative expenses increased $11.3 million or 9% compared to the fourth quarter of 2024. Compensation costs were $6.9 million higher reflecting higher staffing levels, regular salary increases, and MTM on the DSUs, partially offset by lower profit sharing accruals. Sales-related and other expenses such as training, travel and occupancy costs have increased in light of higher activity, planned investment and inflation. Provision for expected credit losses decreased $4.4 million in the quarter, reflecting good collection activity.

Operating income increased 3% or $5.3 million to $198.4 million, as the higher revenue and gross profit margins were partly offset by the higher expense levels. Operating income margin was 15.4% as a percentage of revenue, a decrease of 90 bps, reflecting higher relative expense levels in support of strategic initiatives.

New bookings increased $347.4 million or 71% to $834.8 million in the quarter verus the same period last year, led by strong order intake in the power systems and mining sectors. Power systems which includes the acquired business, saw strong order activity, up 195%, on good demand for our products. Mining was up 324% on good orders, which can be cyclical due to the nature of the business. Construction orders were up 9%, reflecting more normalized customer demand. Material handling orders were down 14% (versus a strong comparable) in the prior year.

CIMCO

($ thousands, except as noted)	Three months ended December 31 2025	2024	$ change	% change
Package sales	**$ 68,776**	$ 65,852	$ 2,924	4 %
Product support	**64,303**	55,148	9,155	17 %
Total revenue	**$ 133,079**	$ 121,000	$ 12,079	10 %
Operating income	**$ 19,551**	$ 17,975	$ 1,576	9 %
Bookings ($ millions)	**$ 69.7**	$ 126.0	$ (56.3)	(45)%
KEY RATIOS:				
Product support revenue as a % of total revenue	**48.3%**	45.6%		
Operating income margin	**14.7%**	14.9%		
Group total revenue as a % of consolidated revenue	**9.4%**	9.3%		

CIMCO continued to deliver strong results in the fourth quarter with good execution in both Canada and the US, as activity levels remained healthy. Revenue increased in the fourth quarter driven by strong package sales, on improvements in equipment delivery schedules and execution of the healthy backlog going into Q4, as well as, on the continued strong growth in product support activity levels. Operating income increased as the higher revenue, more than offset the higher expenses, while gross profit margin was unchanged.

Package revenue increased $2.9 million or 4% in the quarter compared to last year, with good equipment delivery schedules and strong execution on construction schedules. Revenue was up in the recreational market revenue (+24%), offset by lower industrial revenue (-6%). In Canada, revenue was down 25%, largely driven by dampened industrial revenue down 37%, against a strong prior period comparative, slightly offset by a moderate increase in recreational activity (+3%). In the US, package sales were up 143% mainly on strong industrial activity (+240%), along with higher recreational activity (+73%).

Product support revenue increased $9.2 million or 17% from last year with an increase in Canada (+24%), partially offset by lower US revenue (-11%).

Gross profit margin of 27.3% was unchanged in the quarter versus the comparable period in 2024. Margins were lower in product support down 50 bps, resulting from the nature of work in process and increased competition in the market. This reduction more than offset an improvement in package margins (up 20 bps), resulting from good execution and a favourable sales mix (up 30 bps) of higher product support revenue to total.

Selling and administrative expenses increased $1.7 million or 12%. Compensation expenses increased $1.0 million on staffing levels, normal salary increases and higher profit sharing accruals on the higher income. Most other expenses including travel, training, occupancy and information technology were higher than last year in support of higher activity and in support of growth strategies.

Operating income increased $1.6 million in the quarter versus a year ago, largely reflecting the higher revenue, which more than offset the higher selling and administrative expenses, while gross profit margin was unchanged. As a percentage of revenue, operating income decreased to 14.7% in 2025, from 14.9% in 2024.

Bookings decreased $56.3 million or 45% to $69.7 million with decreases in both the recreational (-18%) and the industrial markets (-59%). Bookings were lower in both Canada and the US, down 32% and 58% respectively. Industrial market activity was down 59% (-34% in Canada and -94% in the US, on a smaller

base), along with lower recreational market activity, down 18% (-25% in Canada and -14% in the US). Timing of decisions by customers and receipt of orders can vary from period to period.

QUARTERLY RESULTS

The following table summarizes quarterly consolidated financial data for the eight most recently completed quarters. This quarterly information is unaudited and has been prepared on the same basis as the 2025 annual audited consolidated financial statements.

($ thousands, except per share amounts)	**Q4 2025**	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
REVENUE								
Equipment Group	**$1,288,803**	$1,160,035	$1,236,536	$ 993,300	$1,185,953	$1,210,821	$1,235,649	$ 928,145
CIMCO	**133,079**	154,835	139,927	96,322	121,000	127,171	124,220	88,204
Total revenue	**$1,421,882**	$1,314,870	$1,376,463	$1,089,622	$1,306,953	$1,337,992	$1,359,869	$1,016,349
NET EARNINGS	**$ 157,185**	$ 140,618	$ 124,347	$ 74,436	$ 156,296	$ 130,951	$ 135,350	$ 83,919
PER SHARE INFORMATION:								
Basic earnings per share	**$ 1.93**	$ 1.73	$ 1.53	$ 0.92	$ 1.91	$ 1.60	$ 1.65	$ 1.02
Diluted earnings per share	**$ 1.91**	$ 1.72	$ 1.52	$ 0.91	$ 1.90	$ 1.59	$ 1.64	$ 1.01
Dividends paid per share	**$ 0.52**	$ 0.52	$ 0.52	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.43
Weighted average common shares outstanding – basic (in thousands)	**81,409**	81,281	81,202	81,312	81,721	81,931	82,090	82,309

Interim period revenue and earnings historically reflect variability from quarter to quarter due to seasonality. This trend has been impacted in recent years by market and economic factors. Such factors or others may result in variations to historically experienced trends.

The Equipment Group has historically had a distinct seasonal trend in activity levels. Lower revenue is recorded during the first quarter due to winter shutdowns in the construction industry. The fourth quarter has typically been the strongest due in part to the timing of customers' capital investment decisions, delivery of equipment from suppliers for customer-specific orders and conversions of equipment on rent with a purchase option. This pattern can be impacted by the timing of significant sales to mining and other customers, resulting from the timing of mine site development and access, and construction project schedules. This trend can also be impacted during periods of equipment supply constraints from suppliers.

CIMCO has also had a distinct seasonal trend in results historically, as the timing of construction activity impacts revenue recognition under percentage-of-completion accounting. Revenue is typically lower during the first quarter as winter weather slows down construction schedules. Revenue increases in subsequent quarters as construction schedules ramp up. This trend can be impacted by governmental funding initiatives, supply constraints and the customer's timing of significant industrial projects. Sequential comparisons are also impacted by CIMCO's relatively high fixed cost structure.

Historically, inventories have increased through the year to meet the expected demand for higher deliveries in the third and fourth quarter. This trend can be impacted by equipment and parts availability. These seasonal sales trends also typically lead to accounts receivable to be at their highest level at year-end.

In 2023 and 2024, we saw gradual improvements to supply chain availability across most of our product offerings, which has effectively normalized over time.

Net earnings have generally followed the trend in revenue. Cost control strategies continue to be a focus, however, have a delayed effect on net earnings.

Local and global economic factors, and supply chain issues have affected and may continue to impact these trends. There can be no certainty that this historical seasonal pattern will recur in the future.

SELECTED ANNUAL INFORMATION

The selected information presented below has been derived from and should be read in conjunction with the annual consolidated financial statements of the Company dated December 31, 2025, 2024 and 2023. The analysis of the data contained in the table focuses on the trends and significant events or items affecting the results of operations and financial condition of the Company over the latest three year period.

($ thousands, except per share amounts)	**2025**	2024	2023
Revenue	**$ 5,202,837**	$ 5,021,163	$ 4,622,301
Net earnings	**$ 496,586**	$ 506,516	$ 529,107
Earnings per share ("EPS")			
Basic	**$ 6.11**	$ 6.18	$ 6.43
Diluted	**$ 6.07**	$ 6.13	$ 6.38
Dividends declared per share	**$ 2.08**	$ 1.92	$ 1.72
Total assets	**$ 5,470,319**	$ 4,868,492	$ 4,571,847
Total long-term debt	**$ 796,428**	$ 648,428	$ 647,784
Weighted average common shares outstanding - basic (in millions)	**81.3**	82.0	82.3

** 2023 results presented on a continuing operations basis*

Revenue increased 4% in 2025 versus the prior year, driven by the 2025 acquisition of AVL. Excluding the acquired company, revenue decreased 1% year over year. Equipment Group revenue increased 3% on the acquisition, and was down 3% excluding the acquired company. Excluding AVL, equipment sales were lower against a strong comparable in 2024 which included significant mining deliveries which were not repeated. Rental and product support activity increased on good end customer demand. CIMCO revenue increased 14% with the advancement on construction schedules against a strong order backlog and good market activity, while product support activity continued to increase year over year with increased customer demand. General macroeconomic factors such as inflation, interest rates, geopolitical developments and Canadian dollar movements continued to challenge the business, as well as influence buying patterns.

Revenue increased 9% in 2024 compared to 2023. Equipment Group revenue increased 8% on growth in equipment sales, rental revenue and product support activity, reflecting the improved inflow and delivery of equipment, along with end customer demand coupled with significant mining deliveries, which can be lumpy. CIMCO revenue increased 16% in 2024 compared to 2023, with the advancement on construction schedules against a strong order backlog and good market activity, while product support activity increased year over year.

Net earnings decreased 2% in 2025, mainly reflecting the 4% increase in revenue, offset by lower gross profit margins and higher selling and administrative expenses. Net financing costs were lower, due to the higher interest earned on cash balances year over year.

Net earnings decreased 4% in 2024, mainly reflecting the 9% increase in revenue, more than offset by lower gross profit margins and higher selling and administrative expenses on the increased activity.

Dividends have generally increased in proportion to trailing earnings growth. The quarterly dividend rate increased: in 2023 by 10.3% to $0.43 per share; in 2024 by 11.6% to $0.48; and in 2025 by 8.3% to $0.52 per share. The Company has paid dividends every year since 1968, with the increase in 2025 marking the 36th consecutive year of dividend increases.

Total assets increased 12% in 2025 compared to 2024, and 6% in 2024 compared to 2023. Key drivers of the increase include the acquisition of AVL in 2025; higher working capital, including inventories and accounts receivable in support of activity levels; and increased investment in capital assets including rental fleets to support growth, network expansion and other strategic initiatives.

Long-term debt increased in 2025 in light of certain refinancing transactions in the normal course. A $150 million debenture matured in 2025, and was repaid, while a new $300 million debenture was issued in replacement.

RISKS AND RISK MANAGEMENT

In the normal course of business, Toromont is exposed to risks that may potentially impact its business, results of operations and financial condition. The Company and each operating segment employ risk management strategies designed to identify, mitigate and report on these risks.

We maintain a strong risk management culture to protect and enhance shareholder value. The Board reviews all material risks on an annual basis. The Audit Committee and Board also reviews the adequacy of disclosures of key risks in our AIF, MD&A and financial statements on a quarterly and annual basis, as applicable.

Business Cycle

Expenditures on capital goods have historically been cyclical, reflecting a variety of factors including interest rates, foreign exchange rates, consumer and business confidence, commodity prices, corporate profits, inflation, geo-political factors impacting the economy, credit conditions and the availability of capital to finance purchases, and the level of government infrastructure spending. Toromont's customers are typically affected, to varying degrees, by these factors and trends in the general business cycle as well as within their respective markets on both a global and local level. As a result, Toromont's financial performance is affected by the impact of such business cycles on the Company’s customer base.

Commodity prices, and, in particular, changes in the view on long-term trends, affect demand for the Company's products and services in the Equipment Group. Commodity price movements in base and precious metals sectors in particular can have an impact on customers' demands for equipment and services. Lower commodity prices reduces short term demand as development of new and existing projects, along with production levels, may be curtailed or deferred, leading to less demand for heavy equipment, parts and service.

We rely on Caterpillar to supply financing to our customers. In periods of global credit market disruption, Caterpillar may tighten sources or terms of financing for our customers. In the current economic climate, our customers may have limited access to financing from Caterpillar or alternate sources such as financial institutions. Disruption in Caterpillar's or our customers' access to liquidity, due to the effects of the pandemic

or otherwise, could have a material adverse impact on our business, results of operations and financial condition.

As well, many of Toromont's customers export products to the U.S. Any changes to tariffs on export or import to the US can negatively impact their overall competitiveness and demand for their products, which in turn may reduce product purchases from Toromont.

The business of the Company is diversified across a wide range of industry market segments, serving to temper the effects of business cycles on consolidated results. Continued diversification strategies such as expanding the Company's customer base, broadening product offerings and geographic diversification are designed to moderate business cycle impacts. Product support activity has been, and will continue to be, fundamental to the mitigation of downturns in the business cycle as it is typically subject to less volatility than equipment supply activities. We mitigate the economic risks associated with lower business volumes at a regional level through cost reduction initiatives and through constant evaluation of efficiency and process improvements. No assurances can be given that our mitigating steps will offset the impact of these economic risks.

Product and Supply

The Equipment Group purchases most of its equipment inventories and parts from Caterpillar Inc. ("Caterpillar") under a dealership agreement that dates back to 1993. As is customary in distribution arrangements of this type, the agreement with Caterpillar can be terminated by either party upon 90 days' notice. In the event Caterpillar terminates, it must repurchase substantially all inventories of new equipment and parts at cost. Toromont has maintained an excellent relationship with Caterpillar since inception and management expects this will continue going forward.

Toromont is dependent on the continued market acceptance of Caterpillar's products. It is believed that Caterpillar has a solid reputation as a quality manufacturer, with excellent brand recognition and customer support as well as strong market shares in many of the markets it serves. However, there can be no assurance that Caterpillar will be able to maintain its reputation and market position in the future. If Caterpillar is unsuccessful in developing and enhancing its product lines to meet evolving customer needs, including no/low carbon alternatives to support customer energy transition and net zero goals, is unable to maintain the quality of its products, or is unable to provide its products at competitive prices, market acceptance for Caterpillar products may deteriorate over time. Any resulting decrease in the demand for Caterpillar products could have a material adverse impact on the Company's business, results of operations and future prospects.

Toromont is also dependent on Caterpillar for timely supply of equipment and parts to meet our customers' demand for equipment deliveries and product support services. From time to time during periods of intense demand and/or supply chain disruptions, Caterpillar may find it necessary to allocate its supply of particular products among its dealers. Such allocations of supply have not in the past proven to be a significant impediment in the conduct of business. When supply constraints have occurred in the past, we have been able to lessen the impact by utilizing our rental assets, used equipment, remanufacturing capabilities, and other sources (such as the dealer network) to meet demand, but there can be no assurance of continued success in this area. We continue to monitor these issues as they could adversely affect our business, results of operations, and financial condition.

The general supply chain is also affected by other factors, including global demand and economic factors, more recently resulting in key component and parts shortages and longer order and shipment times for equipment and parts. We continue to monitor these issues as they could adversely affect our business, results of operations, and financial condition.

The recent announcements on the tariffs between the US and Canada has created additional economic turbulence for every company engaged in cross border trade. Our team is engaged, monitoring and developing an appropriate action plan to navigate the potential impacts over the short and longer term when details become available.

In addition, new digital and other technologies and advancements to equipment in the market, such as equipment electrification, can become disruptive to our operations, market share and business model. We scan continuously for emerging digital and other technologies and equipment advancements and their potential impacts. In order to face this disruption risk, our digital and technology solutions initiatives are focused on investigating emerging digital technologies to determine how they can impact customers and our core business opportunities, improving the customer experience, and identifying and pursuing new opportunities for revenue generation in the digitally enabled value-added services area. While execution performance to date has been strong, our failure to meet these objectives could have an adverse impact on our business.

Competition

The Company competes with a large number of international, national, regional and local suppliers in each of its markets. Although price competition can be strong, there are a number of factors that have enhanced the Company's ability to compete throughout its market areas including the range and quality of products and services including digital performance solutions, ability to meet sophisticated customer requirements, distribution capabilities including number and proximity of locations, financing offered by Caterpillar Finance, e-commerce solutions, reputation and financial strength.

We may encounter increased competition in the future through new entrants in the market and the expansion of suppliers' e-commerce channels for parts and equipment sales, which may also put pressure on prices. We may also encounter competition through the introduction of digitally enabled or digitally enhanced value-added services from third parties, including potential new non-traditional entrants into the market. In addition, pressure on prices may occur as a result of increased data in the marketplace, increasing price transparency and customers' pursuit of value-added services, which would put commoditization pressure on equipment, core physical parts and service sales.

Increased competitive pressures or the inability of the Company to maintain the factors that have enhanced its competitive position to date could adversely affect the Company’s business, results of operations or financial condition.

Health and Safety

Certain hazards and risks are inherent in the Company's operations, with the potential for serious injury, loss of life and damage to property, which could result in negative financial and/or reputational impacts.

To mitigate these risks, a comprehensive and standardized health and safety program is in place, which includes leadership walkthroughs, training, inspections, supervisory observations, safety standards for critical operations, safe work procedures, job hazard assessments, incident investigations, emergency preparedness, industrial hygiene assessments and other measures focused on maintaining a safe and healthy work environment. To make the application of the different safety processes easier for employees and enable data analysis, some of the key processes are supported by digital tools such as electronic job hazard assessments and vehicle monitoring systems. No assurance can be given that these mitigating steps will eliminate these risks and the potential for negative financial and/or reputational impacts.

Further information on the Company's health and safety practices and programs can be found in the Sustainability Report on our website at www.toromont.com.

Key Personnel

Our success in achieving our goals is largely dependent on the abilities and experience of our senior management team and other key personnel. Our future performance will also depend on our ability to attract, develop, motivate and retain highly qualified talent in all areas of our business and, as applicable, to successfully integrate employees transitioning to us from acquisitions. Competition for highly skilled management, sales and technical personnel is high, particularly in certain geographic areas where we operate. Demographic trends are reducing the number of individuals entering the trades, making access to skilled individuals more difficult. The Company has several remote locations, which make attracting and retaining skilled individuals more difficult. To help mitigate this risk, we have implemented a number of human resources initiatives, including training, apprenticeship and career development programs, succession management, employee experience surveys, performance management, total rewards programs and recruiting and sourcing strategies.

Although we actively manage our human resources risks, there can be no assurance we will be successful in our efforts. The loss of certain key employees, or failure to attract, retain and engage talent as needed, may have an adverse impact on our business, results of operations and future prospects.

Certain of our employees are represented by unions and we are party to a number of collective bargaining agreements, covering approximately 1,177 employees. Of the 22 agreements in place, 3 are scheduled for negotiation during 2026.

While we are committed to the collective bargaining process and to concluding a fair contract for us and for our employees, this process could result in future work stoppages or higher wages and benefits paid to union members. Generally, Toromont believes its labour relations are satisfactory and does not anticipate any difficulties in respect of upcoming negotiations. The failure to renew or establish collective agreements with satisfactory terms and in a timely manner could have an adverse impact on our business, results of operations, and financial condition.

Credit Risk

Credit risk is the risk of financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arise principally in respect of cash and cash equivalents, accounts receivable and derivative financial instruments. The carrying amounts on the statement of financial position represent the maximum expected credit exposure.

When the Company has cash on hand it may be invested in short-term instruments, such as money-market deposits. The Company has deposited cash with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company has accounts receivable from a large diversified customer base, and is not dependent on any single customer or industry. The Company's customers are engaged in various industries including construction, mining, food and beverage, and governmental agencies, predominately based in Canada. Toromont also maintains policies to manage credit risk, including establishing and reviewing credit limits for customers taking into account factors such as projected purchase values, credit worthiness of the customer, and payment performance.

The credit risk associated with derivative financial instruments arises from the possibility that the counterparties may default on their obligations. In order to minimize this risk, the Company enters into derivative transactions only with highly rated financial institutions.

Contract Execution, Including Product Warranty

We enter into thermal heating and cooling and power systems contracts, which are engineered solutions involving the design, assembly and installation of large, complex systems. The length of these contracts varies but typically construction is completed in under two years. The contracts are generally at a fixed price over the term and provide for penalties payable by us if contractual milestones are not met.

We have developed processes and have controls in place to ensure contracts are bid appropriately, but due to the nature and complexity of these contracts, there is a risk that significant cost overruns may be incurred. If we miscalculate the extent of work required, or if costs increase beyond those anticipated, contract profitability may be adversely affected. We closely monitor these contracts for early warning signs of cost overruns, however, there can be no assurance that cost overruns will be avoided.

The Company also enters into long-term maintenance and repair contracts, whereby it is obligated to maintain equipment for its customers. The length of these contracts varies generally from two to five years. The contracts are typically fixed price on machine hours, with provisions for inflationary and foreign exchange adjustments. Due to the long-term nature of these contracts, there is a risk that maintenance costs may exceed the estimate, thereby resulting in a loss on the contract. Preventative measures such as condition monitoring and scheduled fluid sampling help identify problems in equipment early on and help reduce the risk of costly repair work. These contracts are closely monitored 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. There is no assurance that such measures will always address such risks. Our failure to effectively price and manage these contracts could have a material adverse impact on our business, results of operations and financial position.

Standard and extended warranties are provided for most of the equipment, parts and services sold. The warranty claim risk is generally shared jointly with the equipment manufacturer. Accordingly, liability is generally limited to the service component of the warranty claim, while the manufacturer is responsible for providing the required parts. There is a risk that product quality erosion or lack of skilled labor could increase warranty claims in the future, or that future warranty claims may be greater than we anticipate. If our liability in respect of such claims is greater than anticipated, it may have a material adverse impact on our business, results of operations and financial condition. To mitigate this risk, we regularly review our warranty offering to assess the experience with the product and endeavour to adequately manage the costs to service the product over its warranty period. Additionally, we work closely with Caterpillar on all product quality issues and have extensive product improvement, product support and pre-delivery inspection programs in place. No assurance can be given that these steps will fully mitigate these risks.

Foreign Exchange

Toromont's operating results are reported in Canadian dollars. Approximately 92% of Toromont's sales are transacted in Canadian dollars. Significant portions of equipment and parts purchases are made in U.S. dollars. Changes in the U.S. dollar exchange rate can have a negative or positive impact on revenue, margins and working capital balances.

Foreign exchange contracts reduce volatility by fixing landed costs related to specific customer orders and establishing a level of price stability for high-volume goods such as spare parts. Foreign exchange contracts

are also used to secure rates related to translation of USD revenue generated in Canadian operations. The Company does not enter into foreign exchange forward contracts for speculative purposes. The gains and losses on the foreign exchange forward contracts designated as cash flow hedges are intended to offset the translation losses and gains on the hedged foreign currency transactions when they occur. As a result, the foreign exchange impact on earnings with respect to transactional activity is not significant.

The rate of exchange between the Canadian and US dollar can have an impact on revenue trends. A significant portion of equipment and parts sold in the Equipment Group are sourced in US dollars, and sold in Canadian dollar. Sales prices generally reflect changes in the rate of exchange. As a result, a stronger Canadian dollar can adversely affect revenue, while a weaker Canadian dollar can increase reported revenue. The impact is not readily estimable as it is largely dependent on when customers order the equipment versus when it was sold. Bookings in a given period would more closely follow period-over-period changes in exchange rates. Sales of parts come from inventories maintained to service customer requirements. As a result, constant parts replenishment means that there is a lagging impact of changes in exchange rates. In CIMCO, sales are largely affected by the same factors. The Canadian dollar averaged US$0.72 in 2025 and US$0.73 in 2024.

In addition, revenue from US subsidiaries reflect changes in exchange rates on the translation of results, although this is not significant.

As well, many of Toromont's customers export products to the U.S., or sell products based on the US dollar. A strengthening Canadian dollar can negatively impact their overall competitiveness and demand for their products, which in turn may reduce product purchases from Toromont.

Interest Rate

Changes in market interest rates can cause fluctuations in the fair value or future cash flows of financial instruments.

The Company has exposure to changes in interest rates on interest-bearing financial liabilities, primarily from long-term debt. The Company has fixed-rate debt obligations outstanding with maturities in 2027 and 2030. Fixed-rate debt exposes the Company to future interest rate movements upon refinancing the debt at maturity. The fair value of fixed-rate debt obligations fluctuates with changes in interest rates, exposing the Company to potential losses on early settlements or refinancing. The Company does not intend to settle or refinance any existing fixed-rate debt before maturity.

The Company's revolving credit facilities bear interest at floating-rates and exposes the Company to fluctuations in short-term interest rates by causing related interest payments and finance expense to vary.

The Company minimizes its interest rate risk by managing its portfolio of floating-and fixed-rate debt, as well as managing the term to maturity.

The Company is also exposed to changes in interest rates on interest bearing financial assets, primarily cash and cash equivalents. Due to the short-term nature of cash and cash equivalents, the impact of fluctuations in fair value is limited but interest income earned can be impacted.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due. The Company follows an active cash management program including continuous monitoring of actual and forecast

cash flows. The Company also maintains syndicated credit facilities, and holds cash balances to provide added liquidity. Based on cash balances on hand, the availability of credit facilities, expected cash flow generation of operations, and the discretionary nature of some cash outflows, such as rental and capital expenditures, the Company expects to continue to have sufficient liquidity to meet operational needs.

The Company will also require capital to finance future growth and to refinance outstanding debt obligations as they come due for repayment. If the cash generated from the Company's business, together with the credit available under existing bank facilities, are not sufficient to fund future capital requirements, the Company will require additional debt or equity financing in the capital markets. The Company's ability to access capital markets, on terms that are acceptable, will be dependent upon prevailing financial market conditions, as well as the Company's current and expected future financial condition. Further, the Company's ability to increase its debt financing may be limited by existing financial covenants or credit rating objectives. The Company maintains a conservative leverage structure and although it does not anticipate difficulties, there can be no assurance that capital will be available on suitable terms and conditions, or that borrowing costs and credit ratings will not be adversely affected.

Growth Initiatives

The Company's Strategic Plan establishes priorities for growth, including organic growth and strategic acquisitions.

We have strategic initiatives underway, designed to improve our market competitiveness, and our operational and financial performance. These initiatives include enhancing our customers' experience including expanding our product offering; operational excellence and sharing of best practices across our decentralized organization; continuous investment and improvement in systems and processes to reduce cost-to-serve and provide value-added information; and, improving employee relations and engagement. Failure to effectively execute on these initiatives may result in the inability to obtain desired business results and could adversely affect our business, results of operations and financial condition.

Climate Change

Toromont is committed to monitoring, reporting and reducing greenhouse gas ("GHG") emissions of our operations. Further, we see ourselves as valuable partners to our customers to help them reduce their carbon emissions and build resilience into their own operations.

Our service facilities and fleets of vehicles, generate direct GHG emissions (Scope 1) from fuel combustion in our fleet, natural gas use for heating facilities, and diesel use for engine and transmission diagnostics. We also generate indirect GHG emissions (Scope 2) from purchased electricity. Our strategy to address the climate change challenge is to focus on monitoring and reducing our emissions and to offer and develop products and services that help our customers further decarbonize their operations. Focus in this area is viewed as a shared responsibility among our employees and is an important part of our corporate culture.

Our principal climate-related risks are categorized into risks related to the transition to a lower carbon economy (transition risks) and physical risks resulting from climate change (physical risks) which may impact our operations and facilities.

Government and Other Regulation

Our business and customers are subject to evolving law, regulation, and intervention by governments at the federal, provincial, state, and municipal levels in the countries where we and they conduct operations. The

nature and magnitude of regulatory risks has the potential to change over time, and have the potential to impact our existing and planned projects as well as impose costs of compliance and increase capital expenditures and operating expenses. In addition, changes to laws and regulations may impact our customers in ways that affect their demand for our products. Amendments to, or more stringent implementation of current laws and regulations governing our operations, or the operations of our customers could have a material adverse effect on our business, operating results or financial position. In addition, noncompliance with laws and regulations could significantly damage, and require us to spend substantial amounts of money to rebuild, our reputation and negatively impact our business.

Our operations expose Toromont to liability for environmental contamination, which may render the Company liable for remediation costs, natural resource damages and other damages as a result of conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior owners, operators or other third parties. In addition, where contamination may be present, it is not uncommon for neighbouring land owners and other third parties to file claims for personal injury, property damage and recovery of response costs. Toromont maintains an environmental management program that includes robust policies and procedures, training and audit and compliance processes. We retain environmental engineering consultants to conduct the following activities: environmental site assessments prior to the acquisition or occupation; 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 Toromont's results of operations or cash flows. Management is not aware of any material environmental concerns for which a provision has not been recorded.

We have in place, in each of our business units, programs for monitoring and compliance to ensure that we meet or exceed applicable laws and regulatory requirements. In addition, our Board has established and maintains the Human Resources and Health and Safety Committee, the Environment, Social and Governance Committee, and the Audit Committee to oversee, monitor, and report to the Board on compliance matters. More information about the mandates of these committees may be found in our most recent Management Proxy Circular, which can be found on our website www.toromont.com or under our profile on SEDAR at www.sedarplus.ca. No assurance can be given that these steps will be successful in completely mitigating these risks and ensuring we meet all applicable laws and regulatory requirements.

Information Technology

The Company depends on information technology infrastructure and systems, hosted internally or outsourced, to conduct day-to-day operations and for the effective operation of our business. Our business also requires the appropriate and secure utilization of sensitive and confidential information belonging to third parties such as our customers and suppliers. While we strive to leverage technology to meet the growing needs of our customers and enhance the efficiency of our operations, it nevertheless comes with information risks.

The integrity, reliability and availability of technology and the data processed by that technology is an integral part of our business processes, including marketing of equipment and support services, inventory and logistics optimization, business intelligence and finance. Some of these systems are integrated with our suppliers and other partners' core processes and systems.

Toromont continues to invest in information systems to improve business performance through our internal transactional systems and install or upgrade various business process enablement and decision support systems as appropriate on a continuous basis. These system implementations often drive business process changes as well as technology changes.

Information systems, technology and business process changes, and related organizational change, often carry a risk of business disruption, failure to achieve expected business benefits, cost overruns and ineffective design and operation of systems of internal control over financial reporting and disclosure controls and procedures. Benefits assessment, change management, risk and impact assessments, solution validation, strong project governance, communication and training have been identified as critical success factors in the successful implementation of new systems. Any disruptions to these systems or the failure of these systems to operate as expected, or any failure to appropriately adapt to business process changes, could adversely impact our operating results by limiting our ability to effectively monitor and control our operations.

In addition, new digital and other technologies and advancements to equipment in the market, such as equipment electrification, can become disruptive to our operations, market share and business model. We scan continuously for emerging digital and other technologies and equipment advancements and their potential impacts. In order to face this disruption risk, our digital and technology solutions initiatives are focused on investigating emerging digital technologies to determine how they can impact customers and our core business opportunities, improving the customer experience, and identifying and pursuing new opportunities for revenue generation in the digitally enabled value-added services area. While execution performance to date has been strong, our failure to meet these objectives could have an adverse impact on our business.

A rigorous management process is followed to manage these risks and a great deal of the business processes and systems transformation program focus is on developing capabilities to reduce and mitigate these risks, however, there is no certainty that these risks can be sufficiently reduced or mitigated.

Cybersecurity

Cybersecurity incidents related to our information technology systems are a threat to the integrity, reliability, and availability of technology and data. Cybersecurity incidents may take the form of malware, computer viruses, cyber threats, cyber extortion, employee error, malfeasance, system errors and other types of security and data breaches and may arise from inside and outside of our organization. Cybersecurity incidents could also target customer data or the security, integrity and/or reliability of the hardware and software installed in products we sell or service. We rely heavily on information technology systems, some of which are managed by third parties, to process, transmit and store electronic information, including personally identifiable information, credit card payment data and other sensitive customer and employee information, and to manage or support a variety of critical business processes and activities.

The Company continues to monitor and enhance its defenses and procedures to prevent, detect, respond to and manage these threats, which are constantly evolving, however there can be no assurance these efforts and measures will be able to prevent all cybersecurity incidents. Disruption to information systems or breaches of security could result in a negative impact on the Company's financial results or result in reputational damage, including the following: disruption of our business operations and lost revenue; unauthorized access to, or destruction, loss, theft, misappropriation or release of, our proprietary, confidential, sensitive or otherwise valuable information or that of our customers, suppliers or employees, which could be used for disruptive or otherwise harmful purposes; disruptions in the functioning or operation of equipment, which could lead to property loss or damage or personal injury or death; damage to our reputation with our customers, partners, suppliers, investors and the general public; a disruption to the proper functioning of our information technology systems; potential significant expenditures related to remediation; investigations by regulatory agencies or litigation, claims and liability for breach of contract, damages or other penalties; inability to process customer transactions or service customers; and/or disruptions to inventory management.

To mitigate information security risks, the Company, through a dedicated, full-time team of cybersecurity professionals, undertakes preventative measures, including controlling access to its network and applications

using secure firewalls and limiting access to an "as-needed" basis. To identify information security risks, the company uses various detection methods, including monitoring event logs for firewalls, server, mail systems, and applications. Third-party experts are utilized to perform testing and assessments. The Company provides regular and mandatory information security training to employees as applicable and appropriate. The Company maintains an insurance policy with coverage for information security risk.

The security of the Company's data and other information is one of the operational risks overseen by the Board. Three members of the Board have knowledge and experience in technology, including cyber risk. Management reports to the Board regularly on information technology and security matters.

Risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes, practices and training designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. To date, the Company has not experienced any material losses relating to cyber-attacks or other information security breaches; however, there can be no assurance that we will not incur such losses in the future.

Business Continuity Risks

The occurrence of one or more natural or man-made disasters, such as earthquakes, floods, hurricanes, unusually adverse weather, health pandemic outbreaks, boycotts, security breach, power loss, telecommunications failure, and geo-political events in countries in which we supply or sell goods, could materially adversely affect our business, people, customers and financial results. We maintain and continue to enhance our business continuity program to address and mitigate, to the extent possible, the impact of these risks. Our decentralized operations provides certain coverage in the case of localized issues. However, no such plan can eliminate the risks associated with events of this nature, which could still have a material adverse impact on our business, results of operations and financial condition.

Pandemic Risk

A pandemic can create significant volatility, uncertainty and economic disruption. A pandemic could exacerbate or amplify other risks and uncertainties facing the Company. Such risks include, but are not limited to:

- uncertainty associated with the costs and ability of resources, including technicians, required to provide the appropriate/required levels of service to our customers on site;
- a material reduction in demand for, or profitability of, our products or services;
- an increase in accounts receivable delinquencies from financial hardship for our customers;
- issues delivering the Company’s products and services due to illness, Company or government imposed isolation programs, restrictions on the movement of personnel and other supply chain disruptions;
- increase in exposure to and reliance on networked systems and the internet increasing risk and frequency of cybersecurity incidents;
- the impact of additional legislation, regulation and other government interventions in response to pandemic;
- the negative impact on global debt and equity capital markets, including the trading price of the Company’s securities; and
- the ability to access capital markets at a reasonable cost.

Any of these risks, and others, could have a material adverse effect on our business, operations, capital resources and/or financial results of operations.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In making judgments, estimates and assumptions, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Management reviews its estimates and judgments on an ongoing basis. The Company has discussed the development, selection, and application of its key accounting policies, and the critical accounting estimates and assumptions they involve, with the Audit Committee.

Toromont's material accounting policies and significant accounting estimates, assumptions and judgments are described in the consolidated financial statements. Refer to notes 2 and 3 of the audited consolidated financial statements.

Changes in Accounting Policies

The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Certain amendments to accounting standards were adopted by the Company on January 1, 2025, however these did not have a significant impact on the Company's consolidated financial statements.

Amendments Issued but Not Effective

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective up to the date of authorization of these consolidated financial statements, for the financial year ended December 31, 2025, and accordingly, have not been applied in preparing these consolidated financial statements. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards, amendments and interpretations to existing standards may have been issued but are not expected to have a material impact to the Company's consolidated financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective, and is in the process of reviewing these amendments to determine the impact on the consolidated financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 (effective January 1, 2026):
Annual improvements are limited to changes that either clarify the wording in an accounting standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the accounting standards. It contains amendments to five standards as a result of the IASB's annual improvements project.

Amendments to IFRS 9 and IFRS 7 – *Classification and Measurement of Financial Instruments* (effective January 1, 2026):

- Clarify the requirements for the timing of recognition and derecognition of financial assets and liabilities at settlement date, except for regular-way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date;

- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- Add new disclosures guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social and governance linked features; and
- Add updates to the disclosures for equity instruments designated at fair value through OCI.

IFRS 18 – *Presentation and Disclosure of Financial Statements,* which replaces International Accounting Standard ("IAS") 1 – *Presentation of Financial Statements* (effective January 1, 2027):

- Introduces new requirements on presentation and base disclosure requirements for financial statements, mostly within the statement of income or loss, including the requirement to classify income and expenses into three new categories – operating, investing and financing – and present specified totals and subtotals for operating profit and loss and profit and loss before financing and income taxes.
- Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g., employee compensation), by function (e.g., cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.
- Also provides enhanced guidance of information in the financial statements, such as disclosure of management-defined performance measures, and aggregation and disaggregation of financial information based on identified roles of the primary financial statements and the notes and eliminates classification options for interest and dividends in the statement of cash flows.
- In addition, narrow-scope amendments have been made to IAS 7 – *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method and the removal of the optionality around the classification of cash flows from dividends and interest.
- Minor consequential amendments to other standards were also made.
- Earlier adoption is permitted.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The President and Chief Executive Officer ("CEO") and Executive Vice President and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, and have designed such disclosure controls and procedures, or have caused it to be designed under their supervision, to provide reasonable assurance that material information with respect to Toromont is made known to them by others and is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Control over Financial Reporting

The CEO and CFO, together with management, are responsible for establishing and maintaining adequate internal control over financial reporting, as defined by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings,* and have designed such internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The CEO and the CFO, together with other members of management, have evaluated the effectiveness of the Company’s internal control over financial reporting as at December 31, 2025, using the criteria set forth in the

Internal Control – Integrated Framework (2013 edition) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the CEO and CFO concluded that the Company's internal control over financial reporting was effective as at December 31, 2025.

There have been no changes in the design of the Company's internal control over financial reporting during 2025, that would materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, a projection of the evaluation of the effectiveness of internal control over financial reporting to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation. Internal controls over financial reporting may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

ADDITIONAL GAAP MEASURES

IFRS mandates certain minimum line items for financial statements and also requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of the Company's financial position or performance. IFRS also requires the notes to the financial statements to provide information that is not presented elsewhere in the financial statements, but is relevant to understanding them. Such measures outside of the minimum mandated line items are considered additional GAAP measures. The Company's consolidated financial statements and notes thereto include certain additional GAAP measures where management considers such information to be useful to the understanding of the Company's results.

Gross Profit

Gross Profit is defined as total revenue less cost of goods sold.

Operating Income

Operating income is defined as net earnings from operations before interest expense, interest and investment income and income taxes and is used by management to assess and evaluate the financial performance of its operating segments. Financing and related interest charges cannot be attributed to business segments on a meaningful basis that is comparable to other companies. Business segments do not correspond to income tax jurisdictions and it is believed that the allocation of income taxes distorts the historical comparability of the performance of the business segments.

	Three months ended December 31		Year ended December 31	
($ thousands)	**2025**	2024	**2025**	2024
Net earnings	**$ 157,185**	$ 156,296	**$ 496,586**	$ 506,516
plus: Interest expense	**8,895**	7,415	**35,395**	28,655
less: Interest and investment income	**(12,719)**	(10,588)	**(43,446)**	(53,637)
plus: Change in fair value of purchase commitment	**3,366**	—	**7,891**	—
plus: Income taxes	**61,273**	58,044	**184,855**	188,638
Operating income	**$ 218,000**	$ 211,167	**$ 681,281**	$ 670,172
Total revenue	**$ 1,421,882**	$ 1,306,953	**$ 5,202,837**	$ 5,021,163
Operating income margin	**15.3%**	16.2%	**13.1%**	13.3%

Net Debt to Total Capitalization/Equity and Net Debt/Equity

Net debt to total capitalization/equity and net debt/equity are calculated as net debt divided by total capitalization and shareholders' equity, respectively, as defined below, and are used by management as measures of the Company's financial leverage.

Net debt is calculated as long-term debt plus current portion of long-term debt less cash and cash equivalents. Total capitalization is calculated as shareholders' equity plus net debt.

The calculations are as follows:

($ thousands)	**2025**	2024
Long-term debt	**$ 796,428**	$ 498,518
Current portion of long-term debt	**—**	149,910
less: Cash and cash equivalents	**1,325,466**	890,815
Net debt	**(529,038)**	(242,387)
Shareholders' equity	**3,290,495**	2,955,393
Total capitalization	**$ 2,761,457**	2,713,006
Net debt to total capitalization	**(19)%**	(9)%
Net debt to equity	**(0.16):1**	(0.08):1

NON-GAAP MEASURES

Management believes that providing certain non-GAAP measures provides users of the Company's audited consolidated financial statements with important information regarding the operational performance and related

trends of the Company's business. By considering these measures in combination with the comparable IFRS measures set out below, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS measures alone.

The non-GAAP measures used by management do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with IFRS.

Working Capital

Working capital is defined as total current assets less total current liabilities. Management views working capital as a measure for assessing overall liquidity.

($ thousands)		**2025**		2024
Total current assets	**$**	**3,266,633**	$	2,890,746
less: Total current liabilities		**1,113,374**		1,219,565
Working capital	**$**	**2,153,259**	$	1,671,181

Non-Cash Working Capital

Non-cash working capital is defined as total current assets, excluding cash and cash equivalents, less total current liabilities, excluding current portion of long-term debt, if applicable.

($ thousands)		**2025**		2024
Total current assets	**$**	**3,266,633**	$	2,890,746
less: Cash and cash equivalents		**1,325,466**		890,815
		1,941,167		1,999,931
Total current liabilities		**1,113,374**		1,219,565
less: Current portion of long-term debt		**—**		149,910
		1,113,374		1,069,655
Non-cash working capital	**$**	**827,793**	$	930,276

Market Capitalization & Total Enterprise Value

Market capitalization represents the total market value of the Company's equity. It is calculated by multiplying the closing share price of the Company's common shares by the total number of common shares outstanding.

Total enterprise value represents the total value of the Company and is often used as a more comprehensive alternative to market capitalization. It is calculated by adding debt/net debt (defined above) to market capitalization.

The calculations are as follows:

($ thousands, except for shares and share price)	**2025**	2024
Outstanding common shares	**81,449,458**	81,300,574
times: Ending share price	**$ 166.05**	$ 113.64
Market capitalization	**$ 13,524,683**	$ 9,238,997
Long-term debt	**$ 796,428**	$ 498,518
Current portion of long-term debt	**—**	149,910
less: Cash and cash equivalents	**1,325,466**	890,815
Net debt	**$ (529,038)**	$ (242,387)
Total enterprise value	**$ 12,995,645**	$ 8,996,610

KEY PERFORMANCE INDICATORS ("KPIs")

Management uses key performance indicators to enable consistent measurement of performance across the organization. These KPIs are non-GAAP financial measures, do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other issuers.

Gross Profit Margin

This measure is defined as gross profit (defined above) divided by total revenue.

Operating Income Margin

This measure is defined as operating income (defined above) divided by total revenue.

Order Bookings and Backlog

Order bookings represent the retail value of firm equipment or project orders received during a period. Backlog is defined as the retail value of equipment units ordered by customers with future delivery, and the remaining retail value of package/project orders remaining to be recognized in revenue under the percentage-of-completion method. Management uses order backlog as a measure of projecting future equipment and project deliveries. There are no directly comparable IFRS measures for order bookings or backlog.

Return on Capital Employed ("ROCE")

ROCE is utilized to assess both current operating performance and prospective investments. The adjusted earnings numerator used for the calculation is income before income taxes, interest expense and interest income (excluding interest on rental conversions). The denominator in the calculation is the monthly average capital employed, which is defined as net debt plus shareholders' equity, also referred to as total capitalization, adjusted for discontinued operations.

($ thousands)		**2025**		2024
Net earnings	**$**	**496,586**	$	506,516
plus: Interest expense		**35,395**		28,655
less: Interest and investment income		**(43,446)**		(53,637)
plus: Interest income – rental conversions		**6,508**		3,635
plus: Income taxes		**184,855**		188,638
Adjusted net earnings	**$**	**679,898**	$	673,807
Average capital employed	**$**	**2,900,883**	$	2,621,627
Return on capital employed		**23.4%**		25.7%

Return on Equity ("ROE")

ROE is monitored to assess profitability and is calculated by dividing net earnings by opening shareholders' equity (adjusted for shares issued and shares repurchased and cancelled during the year).

($ thousands)		**2025**		2024
Net earnings	**$**	**496,586**	$	506,516
Opening shareholder's equity (net of adjustments)	**$**	**2,944,707**	$	2,636,834
Return on equity		**16.9%**		19.2%

MANAGEMENT'S REPORT TO THE SHAREHOLDERS

The accompanying consolidated financial statements and Management's Discussion and Analysis ("MD&A") are the responsibility of the management of Toromont Industries Ltd. (the "Company"; the "Group"). The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The financial information presented in the Company's MD&A is consistent, where applicable, with that contained in the consolidated financial statements.

The consolidated financial statements reflect certain amounts which are, necessarily, based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to provide reasonable assurance that the consolidated financial statements are presented fairly in all material respects.

Management is also responsible for establishing and maintaining appropriate systems of internal control and procedures over the financial reporting process. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or unauthorized use and financial records are properly maintained to provide reliable information for preparation of the consolidated financial statements.

Ernst & Young LLP, an independent firm of chartered professional accountants, were appointed by the shareholders as external auditor to examine the consolidated financial statements in accordance with generally accepted auditing standards in Canada and provide an independent professional opinion. Ernst & Young LLP's report is presented with the consolidated financial statements.

The Board of Directors of the Company (the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board carries out its responsibilities principally through the Audit Committee of the Board, which is composed solely of independent directors. The Audit Committee recommends the independent auditor for appointment by the shareholders. It meets regularly with management and the internal and external auditors to review internal accounting controls, internal and external audit matters and accounting principles and practices. Internal and external auditors have full and unrestricted access to the Audit Committee. The consolidated financial statements and MD&A have been approved by the Board, based on the review and recommendation of the Audit Committee.

/s/ M.S. McMillan

Michael S. McMillan
President and
Chief Executive Officer

/s/ J.M. Doolittle

John M. Doolittle
Executive Vice President and
Chief Financial Officer

February 10, 2026
Toronto, Canada

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Toromont Industries Ltd.,

Opinion

We have audited the consolidated financial statements of Toromont Industries Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

	Revenue recognition for long-term refrigeration packages
Key Audit Matter	The Company sells industrial and recreational refrigeration packages, which involve the design, manufacture, installation and commissioning of longer-term projects under the customer's control and typically construction is completed in under two years. Revenue is recognized progressively based on the percentage-of-completion method. This method is measured by reference to costs incurred to date as a percentage of the total estimated costs. The Company's policy for revenue recognition together with the related significant accounting estimates and assumptions is described in notes 2 and 3 of the consolidated financial statements. The Company recognized $282.3 million of revenues for the year ended December 31, 2025, related to these contracts. The determination of the estimated costs to complete projects that are open at period end is a significant judgement that can have a material impact on the amount of revenue and profit recognized in the period. These significant judgements include those related to estimated future labour, materials and overhead costs for contracts. Given the variation in the types of refrigeration projects, these judgements related to the estimation of future costs are subjective in nature and dependent on the complexity and status of the related contract as of the period end date.
How our audit addressed the key audit matter	For long-term refrigeration package contracts that were open as of December 31, 2025, our audit procedures included the following, among others: We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls related to the Company's estimation processes (including the approval of the initial budget, and the monitoring and assessment of contract activities and estimated costs to complete), and the recording of revenue in the consolidated financial statements; We reviewed contractual arrangements, including pricing and billing terms, change orders and terms and conditions impacting revenue recognition, if any, and had discussions with operational personnel and assessed whether appropriate approvals were obtained in accordance with the Company’s authorization matrix for a sample of projects. Once a project commenced, we also obtained and reviewed a sample of meeting minutes and observed a sample of project update calls where management and project managers discussed the status of each project; We compared prior period cost estimates to actual contract costs incurred in the current period to assess management’s ability to estimate the costs to complete a contract; We obtained management’s initial cost estimates and tested a sample of actual material and labour costs incurred to assess the measurement of the estimated costs to complete at period end; and We assessed the adequacy of disclosures in describing the areas of judgement and estimation uncertainties involving revenue recognition for projects that are open at period end.

	Valuation of acquired intangible assets and future purchase commitment consideration in business combination of AVL Manufacturing Inc.
Key Audit Matter	On January 31, 2025, the Company acquired 60% of the shares of AVL Manufacturing Inc. ("AVL") and agreed to purchase the remaining 40% at various dates through to 2031 for aggregate purchase consideration of $122.4 million, as disclosed in note 4 of the consolidated financial statements. Management determined that the initial fair value of the future purchase commitment at the acquisition date was $42.1 million. The purchase price allocation includes intangible assets, such as customer order backlog and customer relationships of $118.7 million. The determination of the fair value of intangible assets acquired and future purchase commitment consideration required management to make significant estimates and assumptions over the projected financial information including: forecasted revenue growth rates, margin percentages and discount rates. Auditing the business combinations was complex due to the subjective nature of estimating the fair value of the acquired intangible assets and future purchase commitment consideration. Management uses significant judgment in evaluating the inputs and assumptions used in the determination of fair value. The valuation of intangible assets and future purchase commitment consideration is subject to estimation uncertainty due to management's judgment in determining key assumptions.
How our audit addressed the key audit matter	To test the Company's estimated fair value of the acquired intangible assets and future purchase commitment consideration, we performed the following procedures, among others: Read the executed purchase agreement to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations and the identification of assets acquired and liabilities assumed; Involved our valuation specialists to assess the valuation methodology applied in estimating the fair value of the intangible assets acquired and the key assumptions utilized, including the discount rates, by referencing current industry and comparable company information as well as cash flow and company specific risk; Involved our valuation specialists to assess in the valuation methodology applied in estimating the fair value of the purchase commitment liability at the date of acquisition by assessing the key assumptions utilized, including the discount rates, by referencing current industry and comparable company information as well as cash flow and company specific risk; Assessed the appropriateness of forecasted revenue growth rates, margin percentages, and attrition rates used in the estimation of fair value of the intangible assets acquired by comparing to historical performance, market data, and industry trends; and Assessed the adequacy of the disclosures included in the accompanying consolidated financial statements in relation to this matter.

Other Information

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

- Management's discussion and analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We 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.

We also 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephanie Lamont.

/s/ Ernst & Young LLP

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

February 10, 2026
Toronto, Canada

TOROMONT INDUSTRIES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
($ thousands)

As at December 31	Note	2025	2024
Assets			
Current assets			
Cash and cash equivalents		**$ 1,325,466**	$ 890,815
Accounts receivable	5	**693,102**	628,671
Inventories	6	**1,190,987**	1,321,567
Income taxes recoverable		**31,704**	8,267
Derivative financial instruments	16	**3,916**	19,352
Other current assets		**21,458**	22,074
Total current assets		**3,266,633**	2,890,746
Property, plant and equipment	7	**790,183**	624,552
Rental equipment	7	**767,745**	783,080
Right-of-use assets	8	**51,699**	39,169
Other assets	9	**67,912**	60,618
Deferred tax assets	20	**3,437**	1,203
Goodwill	10	**114,533**	95,294
Intangible assets	11	**408,177**	373,830
Total assets		**$ 5,470,319**	$ 4,868,492
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8, 23	**$ 701,153**	$ 707,034
Provisions	12	**34,216**	30,675
Deferred revenue and contract liabilities	13	**359,154**	331,946
Current portion of long-term debt	14, 16	**—**	149,910
Derivative financial instruments	16	**6,920**	—
Income taxes payable		**11,931**	—
Total current liabilities		**1,113,374**	1,219,565
Deferred revenue and contract liabilities	13	**26,651**	23,585
Long-term lease liabilities	8	**44,687**	32,487
Long-term debt	14, 16	**796,428**	498,518
Post-employment obligations	24	**28,427**	28,774
Other long-term liabilities	4	**50,000**	—
Deferred tax liabilities	20	**120,257**	110,170
Total liabilities		**2,179,824**	1,913,099
Shareholders' equity			
Share capital	15	**639,521**	597,976
Contributed surplus		**40,334**	34,293
Retained earnings		**2,608,647**	2,309,784
Accumulated other comprehensive income		**1,993**	13,340
Total shareholders' equity		**3,290,495**	2,955,393
Total liabilities and shareholders' equity		**$ 5,470,319**	$ 4,868,492

Commitments (note 27)

See accompanying notes

Approved by the Board:

/s/ R. G. Roy
Richard G. Roy
Director

/s/ C. E. Cranston
Cathy E. Cranston
Director

TOROMONT INDUSTRIES LTD.
CONSOLIDATED STATEMENTS OF INCOME
($ thousands, except share amounts)

Years ended December 31	Note	2025	2024
Revenue	28	**$ 5,202,837**	$ 5,021,163
Cost of goods sold	6, 7	**3,880,634**	3,758,531
Gross profit		**1,322,203**	1,262,632
Selling and administrative expenses	18	**640,922**	592,460
Operating income		**681,281**	670,172
Interest expense	19	**35,395**	28,655
Interest and investment income	19	**(43,446)**	(53,637)
Change in fair value of purchase commitment		**7,891**	—
Income before income taxes		**681,441**	695,154
Income taxes	20	**184,855**	188,638
Net earnings		**$ 496,586**	$ 506,516
Earnings per share			
Basic	21	**$ 6.11**	$ 6.18
Diluted	21	**$ 6.07**	$ 6.13
Weighted average number of shares outstanding			
Basic	21	**81,301,104**	82,011,672
Diluted	21	**81,861,756**	82,591,896

See accompanying notes

TOROMONT INDUSTRIES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
($ thousands)

Years ended December 31	2025	2024
Net earnings	**$ 496,586**	$ 506,516
Other comprehensive (loss) income, net of income taxes:		
Items that may be reclassified subsequently to net earnings:		
Foreign currency translation adjustments	**(1,745)**	2,579
Unrealized (losses) gains on derivatives designated as cash flow hedges	**(9,440)**	35,937
Income tax recovery (expense)	**2,435**	(9,340)
Unrealized (losses) gains on cash flow hedges, net of income taxes	**(7,005)**	26,597
Realized gains on derivatives designated as cash flow hedges	**(3,511)**	(13,004)
Income tax expense	**914**	3,377
Realized gains on cash flow hedges, net of income taxes	**(2,597)**	(9,627)
Items that will not be reclassified subsequently to net earnings:		
Remeasurement gain on defined benefit plans (note 23)	**12,108**	26,969
Income tax expense	**(3,209)**	(7,147)
Remeasurement gain on defined benefit plans, net of income taxes	**8,899**	19,822
Other comprehensive (loss) income	**(2,448)**	39,371
Total comprehensive income	**$ 494,138**	$ 545,887

See accompanying notes

TOROMONT INDUSTRIES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
($ thousands, except share amounts)

	Share capital				Accumulated other comprehensive income (loss)			
	Number	Amount	Contributed surplus	Retained earnings	Foreign currency translation adjustments	Cash flow hedges	Total	Total shareholders' equity
As at January 1, 2024	82,297,341	$ 582,801	$ 27,346	$ 2,079,914	$ 2,409	$ (8,618)	$ (6,209)	$ 2,683,852
Net earnings	—	—	—	506,516	—	—	—	506,516
Other comprehensive income	—	—	—	19,822	2,579	16,970	19,549	39,371
Total comprehensive income	—	—	—	526,338	2,579	16,970	19,549	545,887
Exercise of share options	324,733	23,972	(3,708)	—	—	—	—	20,264
Share-based compensation expense	—	—	10,655	—	—	—	—	10,655
Effect of share compensation plans	324,733	23,972	6,947	—	—	—	—	30,919
Shares purchased for cancellation	(1,321,500)	(8,797)	—	(139,165)	—	—	—	(147,962)
Dividends declared	—	—	—	(157,303)	—	—	—	(157,303)
As at December 31, 2024	81,300,574	$ 597,976	$ 34,293	$ 2,309,784	$ 4,988	$ 8,352	$ 13,340	$ 2,955,393
Net earnings	**—**	**—**	**—**	**496,586**	**—**	**—**	**—**	**496,586**
Other comprehensive income (loss)	**—**	**—**	**—**	**8,899**	**(1,745)**	**(9,602)**	**(11,347)**	**(2,448)**
Total comprehensive income (loss)	**—**	**—**	**—**	**505,485**	**(1,745)**	**(9,602)**	**(11,347)**	**494,138**
Exercise of share options	**360,779**	**30,015**	**(4,620)**	**—**	**—**	**—**	**—**	**25,395**
Share-based compensation expense	**—**	**—**	**14,156**	**—**	**—**	**—**	**—**	**14,156**
Settlement of RSUs and PSUs	**15,158**	**1,266**	**(3,495)**	**—**	**—**	**—**	**—**	**(2,229)**
Effect of share compensation plans	**375,937**	**31,281**	**6,041**	**—**	**—**	**—**	**—**	**37,322**
Business acquisition	**110,447**	**12,800**	**—**	**—**	**—**	**—**	**—**	**12,800**
Shares purchased for cancellation	**(337,500)**	**(2,536)**	**—**	**(37,522)**	**—**	**—**	**—**	**(40,058)**
Dividends declared	**—**	**—**	**—**	**(169,100)**	**—**	**—**	**—**	**(169,100)**
As at December 31, 2025	**81,449,458**	**$ 639,521**	**$ 40,334**	**$ 2,608,647**	**$ 3,243**	**$ (1,250)**	**$ 1,993**	**$ 3,290,495**

See accompanying notes

TOROMONT INDUSTRIES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
($ thousands)

Years ended December 31	Note	2025	2024
Operating activities			
Income from operations		**$ 496,586**	$ 506,516
Items not requiring cash:			
Depreciation and amortization	7, 8, 11, 14	**316,949**	204,975
Share-based compensation		**12,530**	8,853
Post-employment obligations		**3,837**	2,803
Deferred income taxes		**(24,224)**	(658)
Change in fair value of purchase commitment		**7,891**	—
Gain on sale of rental equipment and property, plant and equipment		**(32,725)**	(26,097)
		780,844	696,392
Net change in non-cash working capital and other	26	**79,864**	(188,189)
Additions to rental equipment		**(171,491)**	(209,393)
Proceeds on disposal of rental equipment		**52,905**	60,417
Cash provided by operating activities		**742,122**	359,227
Investing activities			
Additions to property, plant and equipment		**(228,164)**	(136,516)
Proceeds on disposal of property, plant and equipment		**16,662**	3,431
Business acquisition, net of cash acquired	4	**(47,450)**	(73,591)
Additions (disposals) in other assets		**95**	(125)
Cash used in investing activities		**(258,857)**	(206,801)
Financing activities			
Issuance of long-term senior debentures	14	**300,000**	—
Repayment of senior debentures	14, 26	**(150,000)**	—
Financing fees	26	**(2,996)**	(103)
Dividends paid	15	**(165,880)**	(153,560)
Net cash received on long-term incentive plan exercise/settlements		**23,166**	20,264
Shares purchased for cancellation	15	**(40,058)**	(160,414)
Payment of lease liabilities	8	**(11,524)**	(9,728)
Cash used in financing activities		**(47,292)**	(303,541)
Effect of currency translation on cash balances		**(1,322)**	1,173
Increase (decrease) in cash and cash equivalents during the year		**434,651**	(149,942)
Cash and cash equivalents, at beginning of the year		**890,815**	1,040,757
Cash and cash equivalents, at end of the year		**$ 1,325,466**	$ 890,815

Supplemental cash flow information (note 26)

See accompanying notes

1. DESCRIPTION OF BUSINESS

Corporate Information

Toromont Industries Ltd. (the "Company" or "Toromont") is a Canada Business Corporations Act company incorporated and domiciled in Canada. Toromont's shares are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol TIH. The registered office is located at 3131 Highway 7 West, Concord, Ontario, Canada.

The Company operates through two business segments: the Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory, spanning the Canadian provinces of Newfoundland and Labrador, Nova Scotia, New Brunswick, Prince Edward Island, Québec, Ontario and Manitoba, in addition to most of the territory of Nunavut. The Equipment Group includes industry-leading rental operations, a material handling business and a power generation enclosure manufacturer. CIMCO is one of North America's leading suppliers of thermal management solutions that enable customers to reduce energy consumption and emissions, use natural refrigerants, and monitor and control their operating environments autonomously. Both segments offer comprehensive product support capabilities. Toromont employs over 7,900 people in more than 165 locations.

2. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements are 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 of Toromont (the "Board") on February 10, 2026 on the recommendation of the Audit Committee of the Board.

Basis of Measurement

These consolidated financial statements were prepared on a historical cost basis, except for certain items recorded at fair value as detailed in the accounting policies disclosed below.

Presentation and Functional Currency

The consolidated financial statements are presented in Canadian dollars, which is Toromont's functional currency. All values are rounded to the nearest thousand, except where otherwise indicated. Certain comparative figures have been reclassified to conform to the current period's presentation.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries:

- Toromont Energy Ltd.;
- SITECH Eastern Canada Ltd.;
- CIMCO Refrigeration Inc.; and
- AVL Manufacturing Inc. Refer to note 4 for further information.

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of acquisition, being the date

on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full upon consolidation.

Business Combinations and Goodwill

When determining the nature of an acquisition, as either a business combination or an asset acquisition, management defines a business as "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants." An integrated set of activities and assets requires inputs and processes applied to those inputs, which together are or will be used to create outputs. However, a business need not include all of the inputs or processes that the seller used in operating that business if the Company is capable of acquiring the business and continuing to produce outputs, for example, by integrating the business with their own inputs and processes. If the transaction does not meet the criteria of a business, it is accounted for as an asset acquisition.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of consideration transferred, measured at the acquisition date fair value. Acquisition costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in bank, and short-term deposits with an original maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

Accounts Receivable

Trade accounts receivable are amounts due from customers for products sold or services performed in the ordinary course of business. 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 loss (provision for expected credit losses). The expense relating to expected credit loss is included within selling and administrative expenses in the consolidated statements of income.

Unbilled receivables represent contract assets related to the Company's rights to consideration for work completed but not billed as at the reporting date on the sale of power and energy systems and refrigeration packages. These are transferred to trade receivables when the entitlement to payment becomes unconditional.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Cost of equipment, repair and distribution parts and direct materials include purchase cost and costs incurred in bringing each product to its present location and condition. Serialized inventory is determined on a specific-item basis. Non-serialized inventory is determined based on a weighted average actual cost.

Cost of work-in-process includes cost of direct materials, direct labour and an allocation of overhead costs, based on normal operating capacity.

Cost of work-in-process (contracts) are costs specifically chargeable to customers that are deferred in inventories and are probable of recovery.

Cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in other comprehensive (loss) income ("OCI"), in respect of the purchase of inventory.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized principally on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives range from 20 to 30 years for buildings, 3 to 10 years for equipment and 20 years for power generation assets. Leasehold improvements are amortized on a straight-line basis over the term of the lease. Land is not depreciated.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Rental Equipment

Rental equipment is recorded at cost, net of accumulated depreciation and any impairment losses. Cost is determined on a specific-item basis. Rental equipment is depreciated to its estimated residual value over its estimated useful life on a straight-line basis, which ranges from 1 to 10 years.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired as part of a business acquisition are initially recorded at the acquisition date fair value. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, as applicable.

Intangible assets with a finite useful life are amortized over their estimated useful lives and are assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period.

Amortization is recorded as follows:

- Customer relationships – 8 years, straight-line
- Customer order backlog – specific basis
- Patents and licenses – remaining life, straight-line

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually or when indicators of impairment are present. Distribution networks are considered to have an indefinite life based on the terms of the distribution rights contracts. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Financial Instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition or when reclassified on the consolidated statements of financial position. Financial assets and liabilities are classified in the following measurement categories: (i) amortized cost; (ii) fair value through OCI; or (iii) fair value through profit or loss ("FVTPL"). Initially, all financial assets and liabilities are recognized at fair value, net of transaction costs, except for financial instruments classified as FVTPL, whereby transaction costs are recognized immediately in profit or loss. Regular-way trades of financial assets and liabilities are recognized on the trade date.

Financial Assets

Subsequent measurement of financial assets depends on the classification. The Company has made the following classifications:

- Cash and cash equivalents and accounts receivable are classified as amortized cost and measured using the effective interest rate method less any impairment losses.
- Accounts receivable comprise amounts due from customers for goods or services transferred in the ordinary course of business and non-trade accounts. Unbilled receivables relate to the Company's right to consideration for goods or services transferred to a customer but not yet billed as at the reporting date. Installment notes receivable represent amounts due from customers relating to the financing of equipment and parts and services sold.

The Company assesses, as at each consolidated statement of financial position date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. The carrying amount of accounts receivable is reduced through the use of provisions for expected credit losses.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at FVTPL. Financial liabilities are classified as FVTPL when the financial liability is: (i) contingent consideration of an acquirer in a business combination; (ii) held for trading; or (iii) it is designated as FVTPL.

For financial liabilities that are designated as FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in the consolidated statements of income. The remaining amount of change in the fair value of the liability is recognized in the consolidated statements of income. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to the consolidated statements of income; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities that are not: (i) contingent consideration of an acquirer in a business combination; (ii) held for trading; or (iii) are designated as FVTPL, are subsequently measured at amortized cost using the effective interest rate method.

Derivatives

Derivative assets and liabilities are measured at fair value with changes in fair value being included in profit or loss, unless they are designated as hedging instruments, in which case changes in fair value are included in OCI.

Fair Value of Financial Instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- 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.

Impairment of Financial Assets

Financial assets classified as 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. Certain categories of financial assets, such as trade receivables, that are considered not to be impaired individually are also assessed for impairment on a collective basis.

A financial asset is considered in default when contractual payments are 90 days past due. A financial asset may also be considered to be in default if internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derivative Financial Instruments and Hedge Accounting

Derivative financial arrangements are used to hedge exposure to fluctuations in exchange rates. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At inception, the Company designates and documents the hedge relationship, including identification of the transaction and the risk management objectives and strategy for undertaking the hedge. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The Company has designated certain derivatives as cash flow hedges. These are hedges of firm commitments and highly probable forecast transactions. The effective portion of changes in the fair value of derivatives that are designated as a cash flow hedge is recognized in OCI. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of income. Additionally:

- If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset, the associated gains or losses that were recognized in OCI are included in the initial cost or other carrying amount of the asset;
- For cash flow hedges other than those identified above, amounts accumulated in OCI are recycled to the consolidated statements of income in the period when the hedged item will affect earnings (for instance, when the forecast sale that is hedged takes place);
- When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in OCI remains in OCI and is recognized when the forecast transaction is ultimately recognized in the consolidated statements of income; and
- When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately recognized in the consolidated statements of income.

Impairment of Non-financial Assets

The Company assesses whether goodwill or intangible assets with indefinite lives may be impaired annually during the fourth quarter, or when indicators of impairment are present. For the purpose of impairment testing, goodwill arising from acquisitions is allocated to each of the Company's CGUs expected to benefit from the acquisition. The level at which goodwill is allocated represents the lowest level at which goodwill is monitored for internal management purposes, and is not higher than an operating segment. Intangible assets with indefinite lives that do not have separate identifiable cash flows are also allocated to CGUs or a group of CGUs. Any potential impairment of goodwill or intangible assets is identified by comparing the recoverable amount of a CGU or a group of CGUs to its carrying value. The recoverable amount is the higher of its fair value less costs to sell and its value-in-use. If the recoverable amount is less than the carrying amount, then the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets pro-rata on the basis of the carrying amount of each asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statements of income.

For non-financial assets other than goodwill and intangible assets with indefinite lives, an assessment is made at each reporting date whether there is any indication of impairment, or that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s recoverable amount. An impairment loss is recognized for the amount by which the asset's carrying

amount exceeds its recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

- *Sale of Equipment* – Revenue is recognized when control of the equipment has been transferred to the customer. This usually occurs when the equipment is delivered or picked up by the customer. The transaction price is documented on the sales invoice and agreed to by the customer. Payment is generally due at the time of delivery; as such, a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due. In certain situations, control transfers to the customer through a bill and hold arrangement when the following criteria are met: (i) there is a substantive reason for the arrangement; (ii) the equipment is separately identified as belonging to the customer; (iii) Toromont is no longer able to use the equipment or direct it to another customer; and (iv) the equipment is currently ready for physical transfer to the customer.
- *Sale of Equipment with a Guaranteed Residual Value or Repurchase Commitment* – The sale of equipment for which the Company has provided a guarantee to repurchase the equipment at a predetermined residual value and date is accounted for as an operating lease in accordance with IFRS 16, *Leases* ("IFRS 16"). Revenue is therefore recognized over the period extending to the date of the residual guarantee.
- *Sale of Systems* – The Company sells systems, including power and energy facilities, industrial and recreational refrigeration systems, as well as power generation enclosures, which involve the design, manufacture, installation and commissioning of longer-term projects under the customer's control and typically construction is completed in under two years. Revenue is recognized progressively based on the percentage-of-completion method. This method is normally measured by reference to costs incurred to date as a percentage of the total estimated costs. Payment terms are usually based on set milestones outlined in the contract. Periodically: (i) amounts are received in advance of the associated contract work being performed – these amounts are recorded as deferred revenue and contract liabilities; and (ii) revenue is recognized without issuing an invoice – this entitlement to consideration is recognized as unbilled receivables. Any foreseeable losses on such projects are recognized immediately in profit or loss as identified.
- *Equipment Rentals* – Revenue is accounted for in accordance with IFRS 16. Revenue is recognized on a straight-line basis over the term of the agreement. Payment terms are generally 30 days from invoicing.
- *Product Support Services* – Revenue from product support services includes the sale of parts and performance of service work on equipment. For the sale of parts, revenue is recognized when the part is shipped or picked up by the customer. For the servicing of equipment, revenue on both the labour and parts used in performing the work is recognized when the job is completed. Payment terms are generally 30 days from invoicing.
- *Long-term Maintenance Contracts* – Long-term maintenance contracts generally range from one to five years and are customer specific. These contracts are sold either separately or bundled together with the sale of equipment to a customer. These arrangements cover a range of services from regular maintenance to major repairs. The Company has concluded that these are two separate performance

obligations as each of the promises to transfer equipment and provide services is capable of being distinct and separately identifiable. If the sales are bundled, the Company allocates a portion of the transaction price based on the relative stand-alone selling price to each performance obligation. Customers are invoiced on a periodic basis reflecting the terms of the agreement, generally based on machine hours, with payment terms of 30 days from invoicing. These amounts are recognized as deferred revenue and contract liabilities. Revenue is recognized as work is performed under the contract based on standard or contract rates. Revenue from maintenance services is recognized over time, using an input method to measure progress towards complete satisfaction of the service.

- *Extended Warranty* – Extended warranty may be purchased by a customer at time of purchase of a machine to provide additional warranty coverage beyond the initial one-year standard warranty covered by the supplier. Extended warranty generally covers specified components for a term from three to five years. Extended warranty is normally invoiced at time of purchase and payment is expected at time of invoicing. These billings are included in deferred revenue and contract liabilities. The Company recognizes revenue for extended warranty as work is performed under the extended warranty contract using standard rates.
- *Power Generation* – The Company owns and operates power generation plants that sell electricity and thermal power. Revenue is recognized monthly based on set rates as power is consumed. Payment is due within 30 days of invoicing.

Consideration is given as to whether there are other commitments in a contract with a customer that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any) are considered.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Toromont as Lessee

A single recognition and measurement approach is applied for all leases, except for short-term leases and leases of low-value assets. Right-of-use assets representing the right to use the underlying assets and lease liabilities representing lease payments are recognized.

Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (i.e., the date the underlying asset is available for use) and are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term, which ranges from 3 to 5 years for vehicles and 1 to 15 years for properties. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, lease liabilities are recognized and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The interest rate implicit in the lease is used, if readily determinable, to calculate the present value of lease payments. If not readily determinable, the Company's incremental borrowing rate at the lease commencement date is used in the present value calculation. After the commencement date, the amount of lease liabilities is reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The short-term lease recognition exemption is applied to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Company also applies the recognition exemption for leases that are considered low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Toromont as Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is recognized on a straight-line basis over the lease terms and is included in the consolidated statements of income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Foreign Currency Translation

The functional and presentation currency of the Company is the Canadian dollar. Each of the Company's subsidiaries determines its functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing as at the date of the transaction or at the average rate for the period when this is a reasonable approximation. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange as at the reporting date. All differences are recorded directly in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The assets and liabilities of foreign operations (having a functional currency other than the Canadian dollar) are translated into Canadian dollars at the rate of exchange prevailing at the consolidated statements of financial position dates, and the consolidated statements of income are translated at the average exchange rate for the period. The exchange differences arising on translation are recognized in accumulated other comprehensive income (loss) in shareholders' equity. On disposal of a foreign operation, the deferred cumulative amount recognized in equity is recognized in the consolidated statements of income.

Share-based Payment Transactions

The Company has a stock option plan and other share-based compensation plans. Units under such plans may be awarded to certain employees and directors as part of their compensation package for services performed (excluding options in the case of directors).

Stock options – Expense is based on the fair value of the awards granted determined using the Black-Scholes option pricing model and the best estimate of the number of equity instruments that will ultimately vest. For awards with graded vesting, each tranche is considered to be a separate grant based on its respective vesting period. The fair value of each tranche is determined separately at the time of grant and is recognized as share-based compensation expense, net of estimated forfeitures, over its respective vesting period with a credit to contributed surplus. When options are exercised, the proceeds, together with the amount recorded in contributed surplus, are transferred to share capital.

Performance Share Units ("PSUs") – PSUs are awarded at no cost to the recipient and cliff vest over a three-year performance period. Vesting level is subject to performance condition achievement with respect to relative total shareholder return performance compared to the TSX index (a market condition) or return on capital employed (a non-market condition), and can range from 0% to 200%. PSUs are paid out in common shares or, if elected by the individual at time of grant, are transferred to an equity-settled *Deferred Share Units* ("DSU") account (see description below). Additional PSUs are credited to the holder upon each dividend payment made by Toromont.

The fair market value of the award is determined at date of grant. The fair value of grants with a market condition are based on the expected payout as of the grant date. The fair value of grants with a non-market condition is initially based on the volume-weighted average trading price of Toromont's common shares for five days preceding the date of the grant and the probability of achieving performance conditions at date of grant. The fair value of awards with non-market conditions is adjusted over time based on actual performance and expected payout, while the fair value of awards with market conditions is not adjusted. Share-based compensation expense is recognized over the vesting period with a related credit to contributed surplus.

Restricted Share Units ("RSUs") – RSUs are awarded at no cost to the recipient and cliff vest over a three-year performance period. RSUs are paid out in common shares or, if elected by the individual at time of grant, are transferred to an equity-settled DSU account (see description below). Additional RSUs are credited to the holder upon each dividend payment made by Toromont.

The fair market value of the award is based on the volume-weighted average trading price of Toromont's common shares for five days preceding the date of the grant and expected performance condition payout. Share-based compensation expense is recognized over the vesting period with a related credit to contributed surplus.

DSUs – The Company has two DSU plans:

- Equity-settled DSUs – Expense is determined based on the fair value of the liability incurred at each award date. The fair value of the liability is measured by applying quoted market prices.
- Cash-settled DSUs – Expense is determined based on the fair value of the liability incurred at each award date. The fair value of the liability is measured by applying quoted market prices. Changes in fair value are recognized in the consolidated statements of income in selling and administrative expenses. This plan was closed to new grants/elections in 2022.

Employee Future Benefits

For defined contribution plans, the pension expense recorded in the consolidated statements of income is the amount of the contributions the Company is required to pay in accordance with the terms of the plans.

For defined benefit pension plans and other post-employment benefit plans, the expense is determined separately for each plan using the following policies:

- The cost of future benefits earned by employees is actuarially determined using the projected unit credit method prorated on length of service and management's best estimate assumptions using a measurement date of December 31;
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset;
- Past service costs from plan amendments are recognized immediately in net earnings to the extent that the benefits have vested; otherwise, they are amortized on a straight-line basis over the vesting period; and
- Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and changes in the effect of the asset ceiling are recognized in retained earnings and included in the consolidated statements of comprehensive income in the period in which they occur.

Defined benefit plan assets or liabilities recognized in the consolidated statements of financial position correspond to the difference between the present value of defined benefit obligations and the fair value of plan assets. In the case of a surplus funded plan, these assets are limited at the lesser of the actuarial value determined for accounting purposes or the value of the future economic benefit by way of surplus refunds or contribution holidays.

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities.

Deferred income taxes are provided for using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the consolidated statements of income in the period that includes the date of substantive enactment. The Company assesses recoverability of deferred tax assets based on the Company’s estimates and assumptions. Deferred tax assets are recorded at an amount that the Company considers probable to be realized.

Current and deferred income taxes, relating to items recognized directly in shareholders' equity, are also recognized directly in shareholders' equity.

Standards Adopted in 2025

The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Certain amendments to accounting standards were adopted by the Company on January 1, 2025, however these did not have a significant impact on the Company's consolidated financial statements.

New Standards and Amendments Issued but Not Yet Effective

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective up to the date of authorization of these consolidated financial statements, for the financial year ended December 31, 2025, and accordingly, have not been applied in preparing these consolidated financial statements. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards, amendments and interpretations to existing standards may have been issued but are not expected to have a material impact to the Company's consolidated financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective, and is in the process of reviewing these amendments to determine the impact on the consolidated financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 (effective January 1, 2026):
Annual improvements are limited to changes that either clarify the wording in an accounting standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the accounting standards. It contains amendments to five standards as a result of the IASB's annual improvements project.

Amendments to IFRS 9 and IFRS 7 – *Classification and Measurement of Financial Instruments* (effective January 1, 2026):

- Clarify the requirements for the timing of recognition and derecognition of financial assets and liabilities at settlement date, except for regular-way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- Add new disclosures guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social and governance linked features; and
- Add updates to the disclosures for equity instruments designated at fair value through OCI.

IFRS 18 – *Presentation and Disclosure of Financial Statements,* which replaces International Accounting Standard ("IAS") 1 – *Presentation of Financial Statements* (effective January 1, 2027):

- Introduces new requirements on presentation and base disclosure requirements for financial statements, mostly within the statement of income or loss, including the requirement to classify income and expenses into three new categories – operating, investing and financing – and present specified totals and subtotals for operating profit and loss and profit and loss before financing and income taxes.
- Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g., employee compensation), by function (e.g., cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.
- Also provides enhanced guidance of information in the financial statements, such as disclosure of management-defined performance measures, and aggregation and disaggregation of financial information based on identified roles of the primary financial statements and the notes and eliminates classification options for interest and dividends in the statement of cash flows.
- In addition, narrow-scope amendments have been made to IAS 7 – *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method and the removal of the optionality around the classification of cash flows from dividends and interest.
- Minor consequential amendments to other standards were also made.
- Earlier adoption is permitted.

3. USE OF SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and accompanying disclosures as at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting periods. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Management reviews its estimates and judgments on an ongoing basis, considering historical experience, external information and observable conditions where possible, supplemented by internal analysis as required. Revisions to estimates are recognized prospectively.

The consolidated financial statement areas that require significant estimates and judgments are as follows:

Sale of Power and Energy Systems and Refrigeration Packages

Revenue is recognized over time for the sale of power and energy systems and refrigeration packages. Because of the control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products and services to be provided.

The percentage-of-completion method is used as the measure of progress for these contracts as it best depicts the transfer of assets to the customer, which occurs as costs are incurred on the contracts. Under the percentage-of-completion method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs of completion of the performance obligation. Revenue is recorded proportionally as costs are incurred. Costs to fulfill include labour, materials and subcontractors' costs, other direct costs, and an allocation of indirect costs.

This method requires management to make a number of estimates and assumptions about the expected profitability of these contracts. These factors are routinely reviewed as part of the project management process.

Long-term Maintenance Contracts

These contracts typically have fixed prices based on machine hours, with provisions for inflationary and exchange adjustments. Revenue is recognized as work is performed under the contract based on standard or contract rates. Revenue from maintenance services is recognized over time, using an input method to measure progress towards complete satisfaction of the service.

Management makes a number of estimates and assumptions surrounding machine usage, machine performance, future parts and labour pricing, manufacturers' warranty coverage and other detailed factors. These factors are routinely reviewed as part of the project management process.

Property, Plant and Equipment and Rental Equipment

Depreciation is calculated based on the estimated useful lives of the assets and estimated residual values. Depreciation expense is sensitive to the estimated service lives and residual values determined for each type of asset. Actual lives and residual values may vary depending on a number of factors including technological

innovation, product life cycles and physical condition of the asset, prospective use, and maintenance programs.

Impairment of Non-financial Assets

Judgment is used in identifying an appropriate discount rate and growth rate for the calculations required in assessing potential impairment of non-financial assets. Judgment is also used in identifying the CGUs to which the intangible assets should be allocated, and the CGU or group of CGUs at which goodwill is monitored for internal management purposes. The impairment calculations require the use of estimates related to the future operating results and cash-generating ability of the assets.

Income Taxes

Estimates and judgments are made for uncertainties that exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income.

Inventories

Management is required to make an assessment of the net realizable value of inventory at each reporting period. These estimates are determined on the basis of age, stock levels, current market prices, current economic trends and past experience in the measurement of net realizable value.

Provision for Expected Credit Losses

The Company raises a provision that represents its estimate of expected credit losses in respect of trade receivables. The main components of these expected credit losses are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that may have been incurred but not yet specifically identified. The Company's expected credit losses are determined by historical experiences, and considers factors including the aging of the balances, the customer's creditworthiness, current economic conditions, expectation of bankruptcies and the economic volatility in the markets/locations of customers. The current economic environment has increased the measurement uncertainty with respect to the determination of the provision for expected credit losses.

Share-based Compensation

The models used to determine the fair value of share-based payments require various estimates relating to volatility, interest rates, dividend yields, expected life of the options granted and, in the case of PSUs, expected share price performance. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant. Separate from the fair value calculation, the Company is required to estimate the expected forfeiture rate of equity-settled share-based payments.

Post-employment Benefit Plans

The Company has defined benefit pension plans and other post-employment benefit plans that provide certain benefits to its employees. Actuarial valuations of these plans are based on assumptions, which include discount rates, retail price inflation, mortality rates, employee turnover and salary escalation rates. Judgment is exercised in setting these assumptions. These assumptions impact the measurement of the net employee benefit obligation, funding levels, the net benefit cost and the actuarial gains and losses recognized in OCI.

Leases

The lease term is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. All relevant factors that create an economic incentive for the Company to exercise the renewal are considered. After the commencement date, the lease term is reassessed if there is a significant event or change in circumstances that is within the Company's control and affects its ability to exercise (or not to exercise) the option to renew.

If the Company cannot readily determine the interest rate implicit in the lease, the incremental borrowing rate ("IBR") is used to measure lease liabilities. The IBR is a rate of interest that the Company would have to pay to borrow funds, over a similar term and with similar security, in order to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using observable market interest rates and adjusts for entity-specific estimates, such as credit rating.

Business Combinations and Valuation of Future Purchase Commitment

In a business combination, the Company may acquire certain assets and assume certain liabilities of an acquired entity. The estimate of fair values for these transactions involves judgment to determine the fair values assigned to the tangible and intangible assets (i.e. customer order backlog and client relationships) acquired and the liabilities assumed on the acquisition, including liability for future purchase commitments. Determining fair value involves a variety of assumptions, including revenue growth rates, expected operating income, and discount rates.

The non-controlling interest liability for future purchase commitment is based on estimates of the future performance of the acquired business. The estimates are based on management's best assessment of the related inputs used in the valuation models, such as future cash flows and earnings, 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 income.

During a measurement period, not to exceed one year, adjustments of the initial estimates may be required to finalize the fair value of assets acquired and liabilities assumed. After the measurement period, a revision of fair value may impact the Company’s net income.

4. BUSINESS COMBINATIONS

AVL Manufacturing Inc. ("AVL")

On January 31, 2025, the Company acquired 60% of the shares of AVL for consideration of $67.5 million cash plus the issuance of 110.4 thousand Toromont shares. In addition, the Company has committed to purchase the remaining 40% at various dates through to 2031. The initial purchase price was funded with cash on hand. AVL designs and fabricates power generation and storage enclosures. At the time of acquisition AVL had operations in Hamilton, Ontario, which has subsequently expanded to the US. AVL currently serves the data centre market across eastern North America.

The acquisition is accounted for as a business combination with Toromont as the acquirer of AVL. The acquisition has been accounted for using the anticipated-acquisition method of accounting, whereby the underlying non-controlling interests ("NCI") are presented as owned by Toromont, both in the consolidated statements of financial position and in the statements of income and OCI, even though legally they are still NCI. This is because the recognition of the financial liability implies that the NCI subject to the future purchase commitments are deemed to have been acquired already. Results from AVL have been included in the consolidated statements of income and consolidated statements of comprehensive income since the date of acquisition and are included in the Equipment Group.

The following table summarizes the fair value of consideration paid on the acquisition date.

Purchase Price

		2025
Cash consideration	$	67,500
Issue of Toromont common shares		12,800
Future purchase commitment consideration (included in other long-term liabilities)		42,109
Total	$	122,409

The Company has also entered into an agreement to purchase the remaining 40% of outstanding shares at various dates through 2031. Under the agreement, the Company is obligated to purchase shares from the non-controlling interest holders at a price determined in reference to future earnings and cash flows. The Company has assessed the terms of the transaction to determine that the purchase commitment gives it a present ownership interest in the remaining shares outstanding. The Company has recognized a financial liability measured as the present value of the expected future purchase price of the remaining 40% shares outstanding.

During the fourth quarter, the measurement period ended and the purchase price allocation was finalized. The Company determined the fair values based on market information, independent valuations and management's estimates. The effect of the purchase price allocation finalization included an increase of $7.6 million to the future purchase commitment consideration liability and a $7.6 million increase to goodwill.

	Note		2025
Cash		$	24,050
Accounts receivable			30,921
Inventory			5,159
Other current assets			840
Property, plant and equipment			6,468
Other assets - right-of-use assets			17,324
Intangible assets			118,694
Accounts payable and accrued liabilities			(14,262)
Provisions - warranty			(500)
Deferred revenue			(35,925)
Lease liabilities			(17,382)
Deferred income taxes			(32,217)
Net identifiable assets			103,170
Residual purchase price allocated to goodwill	10		19,239
Total		$	122,409

Accounts receivable represent gross contractual amounts receivable and reflect the best estimate at the acquisition date of the contractual cash flows expected to be collected.

Goodwill is attributed to the existing AVL business, the assembled workforce and the combined strategic value to the Company's growth plan. The amount assigned to goodwill is not expected to be deductible for tax purposes.

Acquisition-related costs were expensed as incurred and are included in selling and administrative expenses.

From the date of acquisition, AVL has contributed $254.7 million of revenue and approximately $1.1 million of net income. The consolidated revenue and pre-tax earnings for the year ended December 31, 2025 as though the acquisition date had been January 1, 2025, would not be significantly different from those reported.

Tri-City Equipment Rentals ("Tri-City")

On September 9, 2024, the Company acquired the rental business and net operating assets of Tri-City, an industry leader in heavy equipment rentals with operations in Southwestern Ontario. The acquisition expands Toromont Cat's heavy rents business to better serve the Company's customer base.

The Company acquired the business and net operating assets of Tri-City in exchange for cash consideration of $77.6 million, with $73.6 million paid on closing in 2024, $2.0 million paid in Q1 2025, and $2.0 million paid in Q3 2025. Toromont funded the transaction with cash on hand.

The acquisition was accounted for as a business combination, and the results of Tri-City have been included in the consolidated statements of income and statements of comprehensive income from the date of acquisition, and are included in the Equipment Group.

The purchase price allocation is final. The Company determined the fair values based on market information, independent valuations and management’s estimates.

	Note		2024
Accounts receivable		$	5,624
Inventories			943
Property, plant and equipment			6,860
Rental equipment			62,650
Net identifiable assets			76,077
Residual purchase price allocated to goodwill	10		1,514
Total		$	77,591

Accounts receivable represent gross contractual amounts receivable and reflect the best estimate at the acquisition date of the contractual cash flows expected to be collected.

Goodwill is attributed to the existing Tri-City business, the assembled workforce and the combined strategic value to the Company's growth plan. The amount assigned to goodwill is expected to be deductible for tax purposes.

5. ACCOUNTS RECEIVABLE

		2025		2024
Trade receivables	**$**	**656,379**	$	605,521
Less: Provision for expected credit losses		**(25,116)**		(30,014)
Trade receivables, net		**631,263**		575,507
Unbilled receivables		**40,622**		39,780
Other receivables		**21,217**		13,384
	$	**693,102**	$	628,671

The aging of gross trade receivables was as follows:

		2025		2024
Current to 90 days	**$**	**611,058**	$	554,055
Over 90 days		**45,321**		51,466
Trade receivables	**$**	**656,379**	$	605,521

The movement in the Company's provision for expected losses was as follows:

		2025		2024
Balance, January 1	**$**	**30,014**	$	25,082
Provisions and revisions, net		**(4,898)**		4,932
Balance, December 31	**$**	**25,116**	$	30,014

The movement in the Company's unbilled receivables was as follows:

		2025		2024
Balance, January 1	**$**	**39,780**	$	21,433
Amounts received or recognized in revenue		**(34,568)**		(17,770)
Additions		**35,410**		36,117
Balance, December 31	**$**	**40,622**	$	39,780

6. INVENTORIES

		2025		2024
Equipment	**$**	**658,777**	$	759,506
Repair and distribution parts		**370,973**		380,451
Direct materials		**5,320**		5,515
Work-in-process		**93,441**		79,015
Work-in-process (contracts)		**62,476**		97,080
	$	**1,190,987**	$	1,321,567

The amount of inventory recognized as an expense in cost of goods sold (accounted for other than by the percentage-of-completion method) during 2025 was $3.0 billion (2024 – $3.1 billion). In 2025, cost of goods sold included a net write-down pertaining to obsolescence and aging of $0.5 million. In 2024, cost of goods sold included a net reversal of write-downs of $6.3 million.

7. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

	Property, plant and equipment					Rental equipment
	Land	Buildings	Equipment	Power generation	Total	
Cost						
January 1, 2025	**$ 196,768**	**$ 426,138**	**$ 420,737**	**$ 40,460**	**$ 1,084,103**	**$ 1,423,468**
Additions	**26,083**	**131,790**	**70,774**	**—**	**228,647**	**172,088**
Business combination (note 4)	**—**	**2,700**	**3,768**	**—**	**6,468**	**—**
Disposals	**(1,275)**	**(3,700)**	**(15,863)**	**—**	**(20,838)**	**(98,480)**
Foreign currency translation adjustments	**(69)**	**(565)**	**(598)**	**—**	**(1,232)**	**—**
December 31, 2025	**$ 221,507**	**$ 556,363**	**$ 478,818**	**$ 40,460**	**$ 1,297,148**	**$ 1,497,076**
Accumulated depreciation						
January 1, 2025	**$ —**	**$ 164,010**	**$ 256,096**	**$ 39,445**	**$ 459,551**	**$ 640,388**
Depreciation expense	**—**	**19,879**	**46,234**	**144**	**66,257**	**152,975**
Depreciation of disposals	**—**	**(3,017)**	**(15,428)**	**—**	**(18,445)**	**(64,032)**
Foreign currency translation adjustments	**—**	**(52)**	**(346)**	**—**	**(398)**	**—**
December 31, 2025	**$ —**	**$ 180,820**	**$ 286,556**	**$ 39,589**	**$ 506,965**	**$ 729,331**
Net book value – December 31, 2025	**$ 221,507**	**$ 375,543**	**$ 192,262**	**$ 871**	**$ 790,183**	**$ 767,745**

	Property, plant and equipment					Rental equipment
	Land	Buildings	Equipment	Power generation	Total	
Cost						
January 1, 2024	$ 182,938	$ 370,334	$ 361,697	$ 40,138	$ 955,107	$ 1,263,079
Additions	11,294	54,276	70,608	322	136,500	208,976
Business combination (note 4)	2,888	2,800	1,172	—	6,860	62,650
Disposals	(366)	(1,564)	(13,526)	—	(15,456)	(111,237)
Foreign currency translation adjustments	14	292	786	—	1,092	—
December 31, 2024	$ 196,768	$ 426,138	$ 420,737	$ 40,460	$ 1,084,103	$ 1,423,468
Accumulated depreciation						
January 1, 2024	$ —	$ 148,538	$ 229,309	$ 38,341	$ 416,188	$ 580,710
Depreciation expense	—	15,940	39,443	1,104	56,487	134,883
Depreciation of disposals	—	(536)	(13,202)	—	(13,738)	(75,205)
Foreign currency translation adjustments	—	68	546	—	614	—
December 31, 2024	$ —	$ 164,010	$ 256,096	$ 39,445	$ 459,551	$ 640,388
Net book value – December 31, 2024	$ 196,768	$ 262,128	$ 164,641	$ 1,015	$ 624,552	$ 783,080

During the year ended December 31, 2025, depreciation expense of $193.4 million was charged to cost of goods sold (2024 – $171.7 million), and $25.8 million was charged to selling and administrative expenses (2024 – $19.7 million).

As at December 31, 2025, the balance of assets under construction or not yet available for use and not subject to depreciation was $49.0 million (2024 – $11.4 million).

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Activity within right-of-use assets and lease liabilities during the year was as follows:

	Right-of-use assets			Lease liabilities
	Properties	Vehicles	Total	
January 1, 2025	**$ 39,169**	**$ —**	**$ 39,169**	**$ 41,299**
Additions and remeasurements	**7,856**	**—**	**7,856**	**7,856**
Business combination (note 4)	**17,082**	**242**	**17,324**	**17,382**
Depreciation	**(12,261)**	**(67)**	**(12,328)**	**—**
Disposals and retirements	**(153)**	**—**	**(153)**	**(175)**
Foreign currency translation adjustments	**(169)**	**—**	**(169)**	**(179)**
Payments	**—**	**—**	**—**	**(11,524)**
December 31, 2025	**$ 51,524**	**$ 175**	**$ 51,699**	**$ 54,659**

	Right-of-use assets			Lease liabilities
	Properties	Vehicles	Total	
January 1, 2024	$ 32,337	$ 555	$ 32,892	$ 34,289
Additions and remeasurements	16,436	—	16,436	16,436
Depreciation	(9,912)	(544)	(10,456)	—
Disposals and retirements	—	(11)	(11)	(11)
Foreign currency translation adjustments	308	—	308	313
Payments	—	—	—	(9,728)
December 31, 2024	$ 39,169	$ —	$ 39,169	$ 41,299

The current portion of lease liabilities as at December 31, 2025 of $10.0 million (2024 – $8.8 million) is included in accounts payable and accrued liabilities on the consolidated statements of financial position.

The following amounts were recognized in the consolidated statements of income during the year:

	2025	2024
Depreciation expense of right-of-use assets	**$ 12,328**	$ 10,456
Interest expense on lease liabilities	**2,322**	1,656
Expense relating to short-term leases and leases of low-value assets	**392**	378
	$ 15,042	$ 12,490

Cash outflows for leases in 2025 were $11.5 million (2024 – $9.7 million).

The future cash outflows relating to leases are disclosed in note 27.

9. OTHER ASSETS

	2025	2024
Post-employment obligations net surplus (note 24)	**63,241**	55,317
Equipment sold with guaranteed residual values	**1,075**	1,707
Other	**3,596**	3,594
Other assets	**$ 67,912**	$ 60,618

10. GOODWILL

Cost		
January 1, 2024	$	93,780
Business acquisition (note 4)		1,514
December 31, 2024	$	95,294
Business acquisition (note 4)		**19,239**
December 31, 2025	**$**	**114,533**

The carrying amount of goodwill has been allocated as follows:

		2025		2024
Equipment Group				
Toromont Cat	**$**	**89,270**	$	89,270
Tri-City Equipment Rentals (note 4)		**1,514**		1,514
Battlefield Equipment Rentals		**4,060**		4,060
AVL Manufacturing Inc. (note 4)		**19,239**		—
CIMCO		**450**		450
	$	**114,533**	$	95,294

The Company performed the annual impairment test as at December 31, 2025. The recoverable amounts have been determined based on the fair value less costs to sell ("FVLCS") based on a range of relevant historical company and current market multiples of earnings, applied to current earnings, adjusted for current economic conditions. As a result of the analysis, management determined there was no impairment of goodwill.

These valuations are determined using Level 2 inputs, which are observable inputs or inputs that can be corroborated by observable market data. The calculation of FVLCS for impairment testing is most sensitive to the earnings multiplier. Management believes that any reasonable change in the key assumptions used to determine the recoverable amount would not cause the carrying amount of any CGU or group of CGUs to exceed its recoverable amount.

11. INTANGIBLE ASSETS

	Patents and licenses	Customer order backlog	Customer relationships	Distribution networks	Total
Cost					
January 1, 2024	$ 500	$ 8,691	$ 15,137	$ 371,551	$ 395,879
December 31, 2024	$ 500	$ 8,691	$ 15,137	$ 371,551	$ 395,879
Business acquisition (note 4)	**—**	**76,447**	**42,247**	**—**	**118,694**
December 31, 2025	**$ 500**	**$ 85,138**	**$ 57,384**	**$ 371,551**	**$ 514,573**
Accumulated amortization					
January 1, 2024	$ 326	$ 7,586	$ 11,659	$ —	$ 19,571
Amortization	30	556	1,892	—	2,478
December 31, 2024	$ 356	$ 8,142	$ 13,551	$ —	$ 22,049
Amortization	**30**	**74,986**	**9,331**	**—**	**84,347**
December 31, 2025	**$ 386**	**$ 83,128**	**$ 22,882**	**$ —**	**$ 106,396**
Net book value					
December 31, 2024	$ 144	$ 549	$ 1,586	$ 371,551	$ 373,830
December 31, 2025	**$ 114**	**$ 2,010**	**$ 34,502**	**$ 371,551**	**$ 408,177**

Intangible Assets with Indefinite Lives – Distribution Networks

The carrying amount of distribution networks has been allocated to the following CGUs and/or group of CGUs:

	2025	2024
Equipment Group		
Toromont Cat – Quebec/Maritimes	**$ 352,434**	$ 352,434
Toromont Cat – all other locations	**13,669**	13,669
Battlefield Equipment Rentals – Quebec/Maritimes	**5,448**	5,448
	$ 371,551	$ 371,551

The Company performed the annual impairment test as at December 31, 2025. The recoverable amounts have been determined based on FVLCS based on a range of relevant historical company and current market multiples of earnings, applied to current earnings, adjusted for current economic conditions. Based on the analysis, management determined there was no impairment of indefinite-lived intangible assets.

These valuations are determined using Level 2 inputs, which are observable inputs or inputs that can be corroborated by observable market data. The calculation of FVLCS for impairment testing is most sensitive to the earnings multiplier. Management believes that any reasonable change in the key assumptions used to determine the recoverable amount would not cause the carrying amount of any CGU or group of CGUs to exceed its recoverable amount.

12. PROVISIONS

Activities related to provisions were as follows:

	Warranty	Other	Total
Balance, January 1, 2024	$ 18,471	$ 11,798	$ 30,269
New provisions	36,684	2,952	39,636
Utilized or released	(34,200)	(5,030)	(39,230)
Balance, December 31, 2024	$ 20,955	$ 9,720	$ 30,675
Business acquisition (note 4)	**500**	**—**	**500**
New provisions	**43,183**	**5,402**	**48,585**
Utilized or released	**(40,890)**	**(4,654)**	**(45,544)**
Balance, December 31, 2025	**$ 23,748**	**$ 10,468**	**$ 34,216**

Warranty

At the time of sale, a provision is recognized for expected warranty claims on products and services, based on past experience and known issues. It is expected that most of these costs will be incurred in the next financial year.

Other

Other provisions relate largely to open legal, insurance and potential environmental claims, and potential onerous contracts. No one claim is significant.

13. DEFERRED REVENUE AND CONTRACT LIABILITIES

Deferred revenue and contract liabilities represent billings to customers in excess of revenue recognized and arise on the sale of equipment with residual value guarantees, extended warranty contracts, long-term maintenance agreements, and the sale of power and energy systems, refrigeration packages and power generation enclosures which are recorded using the percentage-of-completion method.

The components of deferred revenue and contract liabilities were as follows:

	2025			2024		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Deposits from customers	**$ 159,664**	**$ 2,577**	**$ 162,241**	$ 115,761	$ 1,324	$ 117,085
Product support service agreements	**82,838**	**—**	**82,838**	104,137	—	104,137
Sale of systems – contract liabilities	**104,615**	**—**	**104,615**	100,918	—	100,918
Extended warranty	**12,037**	**24,074**	**36,111**	11,130	22,261	33,391
	$ 359,154	**$ 26,651**	**$ 385,805**	$ 331,946	$ 23,585	$ 355,531

During the year ended December 31, 2025, the Company recognized as revenue $335.6 million (2024 – $362.9 million) of the deferred revenue and contract liabilities balance as at January 1, 2025.

Management expects that 93% of the transaction price allocated to unsatisfied performance obligations as at December 31, 2025 will be recognized as revenue during the year ended December 31, 2026 and the remaining 7% between the years ended December 31, 2027 and 2032.

14. LONG-TERM DEBT

	2025	2024
Senior debentures		
3.71%, $150.0 million, due September 30, 2025 [1]	**$ —**	$ 150,000
3.84%, $500.0 million, due October 27, 2027 [1]	**500,000**	500,000
3.76%, $300.0 million, due March 28, 2030 [1]	**300,000**	—
	800,000	650,000
Debt issuance costs, net of amortization	**(3,572)**	(1,572)
Total long-term debt	**$ 796,428**	$ 648,428
Less: current portion of long-term debt	**—**	(149,910)
Non-current portion of long-term debt	**$ 796,428**	$ 498,518

[1] Interest payable semi-annually, principal due on maturity.

Effective March 21, 2025, the Company amended its existing $500.0 million committed revolving credit facility and extended the term of the agreement to March 2030, with a syndicate of financial institutions. Debt under this facility is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. Interest is based on a floating rate, primarily bankers' acceptances and prime, plus applicable margins and fees based on the terms of the credit facility.

No amounts were drawn on this revolving credit facility as at December 31, 2025 or 2024.

Standby letters of credit issued utilized $47.3 million of the facility as at December 31, 2025 (2024 – $40.8 million).

On March 28, 2025, the Company issued senior unsecured debentures in an aggregate principal amount of $300.0 million (the "Debentures"). The Debentures mature in 2030 and bear interest at a rate of 3.76% per annum, payable semi-annually. The Debentures are unsecured, unsubordinated and rank pari passu with other unsecured, unsubordinated debt.

On July 11, 2025, the Company completed the early redemption of its 10-year, 3.71% senior debentures, which were due on September 30, 2025. The 2025 debentures were redeemed at par, plus accrued and unpaid interest, for a total of approximately $151.6 million. The redemption of the debentures was completed with cash on hand.

These credit arrangements include covenants, restrictions and events of default usually present in credit facilities of this nature, including requirements to meet certain financial tests periodically and restrictions on additional indebtedness and encumbrances. The Company was in compliance with all covenants as at December 31, 2025 and 2024.

Interest expense includes interest on debt initially incurred for a term of one year or greater and was $33.1 million in 2025 (2024 – $27.0 million).

Scheduled principal repayments and interest payments on long-term debt are as follows:

	Principal	Interest
2026	$ —	$ 30,490
2027	500,000	27,280
2028	—	11,280
2029	—	11,280
2030	300,000	2,820
	$ 800,000	$ 83,150

15. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares (no par value) and preferred shares. No preferred shares were issued or outstanding for the years ended December 31, 2025 and 2024.

A continuity of the shares issued and outstanding for the years ended December 31, 2025 and 2024 is presented in the consolidated statements of changes in shareholders' equity.

Shareholder Rights Plan

The Company has a shareholder rights plan, which is designed to encourage the fair treatment of shareholders in connection with any takeover offer. Rights issued under the plan become exercisable when a person, and any related parties, acquires or commences a takeover bid to acquire 20% or more of the Company's outstanding common shares without complying with certain provisions set out in the plan or without approval of the Board. Should such an acquisition occur, each rights holder, other than the acquiring person and related parties, will have the right to purchase common shares of the Company at a 50% discount to the market price at that time.

Normal Course Issuer Bid ("NCIB")

The Company's NCIB program was renewed in September 2025. Under the NCIB, the Company may purchase for cancellation up to a maximum of 8,128,838 common shares during the 12-month period ending September 22, 2026.

The Company purchased and cancelled 337,500 common shares for $40.1 million (average cost of $118.69 per share, including transaction costs) during the year ended December 31, 2025.

The Company maintains an Automatic Share Purchase Plan ("ASPP") with a broker to enable the purchase of common shares under the NCIB during regular trading blackout periods. The volume of the purchases are determined by the broker based on share price and maximum volume parameters established by the Company prior to the commencement of each blackout period. As at December 31, 2025, there was no obligation for the repurchase of shares under the ASPP.

The Company purchased and cancelled 1,321,500 common shares for $160.4 million (average cost of $121.39 per share, including transaction costs) during the year ended December 31, 2024. As at December 31, 2024 there was no obligation for the repurchase of shares under the ASPP.

Dividends Paid

The Company paid dividends of $165.9 million ($2.04 per share) for the year ended December 31, 2025, and $153.6 million ($1.87 per share) for the year ended December 31, 2024.

Dividends Declared

	2025				2024			
Dividend	Record date	Dividend amount per share	Payment date	Total dividends declared ($ millions)	Record date	Dividend amount per share	Payment date	Total dividends declared ($ millions)
Quarter 1	**Mar. 7, 2025**	**$ 0.52**	**Apr. 4, 2025**	**$ 42.3**	Mar. 8, 2024	$ 0.48	Apr. 4, 2024	$ 39.5
Quarter 2	**Jun. 6, 2025**	**0.52**	**Jul. 3, 2025**	**42.2**	Jun. 7, 2024	0.48	Jul. 5, 2024	39.4
Quarter 3	**Sep. 6, 2025**	**0.52**	**Oct. 4, 2025**	**42.3**	Sep. 6, 2024	0.48	Oct. 4, 2024	39.3
Quarter 4	**Dec. 5, 2025**	**0.52**	**Jan. 5, 2026**	**42.3**	Dec. 6, 2024	0.48	Jan. 6, 2025	39.1
		$ 2.08		**$ 169.1**		$ 1.92		$ 157.3

On February 10, 2026, the Board declared a quarterly dividend of $0.56 per common share, payable on April 2, 2026, to shareholders of record at the close of business on March 6, 2026.

16. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Classification and Measurement

The following table highlights the carrying amounts and classifications of certain financial assets and liabilities:

	2025	2024
Other financial liabilities:		
Current portion of long-term debt	**$ —**	$ 149,910
Long-term debt	**796,428**	498,518
Derivative financial instruments:		
Derivative financial instrument assets	**$ 3,916**	$ 19,352
Derivative financial instrument liabilities	**(6,920)**	—
	$ (3,004)	$ 19,352

Fair Value of Financial Instruments

The fair value of derivative financial instruments is measured using the discounted value of the difference between the contract's value at maturity based on the contracted foreign exchange rate and the contract's value at maturity based on the comparable foreign exchange rate as at year-end under the same conditions. The financial institution's credit risk is also taken into consideration in determining fair value. The valuation is determined using Level 2 inputs, which are observable inputs or inputs that can be corroborated by observable market data for substantially the full term of the asset or liability, most significantly foreign exchange spot and forward rates.

The fair value and carrying value of total long-term debt were as follows:

	2025	2024
Total long-term debt:		
Fair value	**$ 807,343**	$ 653,673
Carrying value	**$ 796,428**	$ 648,428

The fair value was determined using the discounted cash flow method, a generally accepted valuation technique. The discounted factor is based on market rates for debt with similar terms and remaining maturities, and based on Toromont's credit risk. The Company has no plans to prepay these instruments prior to maturity.

During the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

Derivative Financial Instruments and Hedge Accounting

Foreign exchange contracts and options are transacted with financial institutions to hedge foreign-currency-denominated obligations related to purchases of inventory and sales of products. As at December 31, 2025, the Company was committed to: (i) US dollar purchase contracts with a notional amount of $432.5 million at an average exchange rate of $1.3808, maturing between January 2026 and December 2026; (ii) US dollar sale contracts with a notional amount of $243.6 million at an average exchange rate of $1.3761, maturing between January 2026 and December 2026; and (iii) GBP sale contracts with a notional amount of £0.5 million at an average exchange rate of $1.8313, maturing between January 2026 and December 2026.

Management estimates that a loss of $3.0 million (2024 – gain of $19.4 million) would be realized if the contracts were terminated on December 31, 2025. Certain of these forward contracts are designated as cash flow hedges and, accordingly, an unrealized loss of $1.4 million (2024 – unrealized gain of $10.9 million) has been included in OCI. These gains will be reclassified to net earnings within the next 12 months and will offset gains/losses recorded on the underlying hedged items, namely foreign currency-denominated accounts payable and accrued liabilities. Certain of these forward contracts are not designated as cash flow hedges but are entered into for periods consistent with foreign currency exposure of the underlying transactions. A loss of $1.6 million (2024 – gain of $8.5 million) on forward contracts not designated as hedges is included in net earnings, which offsets losses recorded on the associated foreign currency-denominated items, namely accounts payable and accrued liabilities.

All hedging relationships are formally documented, including the risk management objective and strategy. On an ongoing basis, an assessment is made as to whether the designated derivative financial instruments continue to be effective in offsetting changes in cash flows of the hedged transactions.

17. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

In the normal course of business, Toromont is exposed to financial risks that may potentially impact its operating results in one or all of its reportable segments. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis. Derivative financial agreements are used to manage exposure to fluctuations in exchange rates. The Company does not enter into derivative financial agreements for speculative purposes.

Currency Risk

The Canadian operations of the Company source the majority of its products and major components from the United States. Consequently, reported costs of inventory and the transaction prices charged to customers for equipment and parts are affected by the relative strength of the Canadian dollar. The Company mitigates exchange rate risk by entering into foreign currency contracts to fix the cost of imported inventory where appropriate. In addition, pricing to customers is customarily adjusted to reflect changes in the Canadian dollar landed cost of imported goods.

The Company also sells its products to certain customers in US currency. The Company mitigates exchange rate risk by entering into foreign currency contracts to fix the cash inflows where appropriate.

The Company maintains a hedging policy whereby all significant transactional currency risks are identified and hedged.

Sensitivity Analysis

The following sensitivity analysis is intended to illustrate the sensitivity to changes in foreign exchange rates on the Company's financial instruments and show the impact on net earnings and comprehensive income. It is provided as a reasonably possible change in currency in a volatile environment. Financial instruments affected by currency risk include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and derivative financial instruments.

As at December 31, 2025, a 5% weakening (strengthening) of the Canadian dollar against the US dollar would result in a $1.8 million (decrease) increase in OCI for financial instruments held in foreign operations, and a $0.8 million (decrease) increase in net earnings and $6.1 million (decrease) increase in OCI for financial instruments held in Canadian operations.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, accounts receivable and derivative financial instruments. The carrying amount of assets included on the consolidated statements of financial position represents the maximum credit exposure.

The Company has deposited cash and cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company has accounts receivable from customers engaged in various industries including mining, construction, food and beverage, and governmental agencies. These specific customers may be affected by economic factors that may impact accounts receivable. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base.

The credit risk associated with derivative financial instruments arises from the possibility that the counterparties may default on their obligations. In order to minimize this risk, the Company enters into derivative transactions only with highly rated financial institutions.

Interest Rate Risk

The Company minimizes its interest rate risk by managing its portfolio of floating- and fixed-rate debt, as well as managing the term to maturity. The Company may use derivative instruments such as interest rate swap

agreements to manage its current and anticipated exposure to interest rates. There were no interest rate swap agreements outstanding as at December 31, 2025 or 2024.

The Company had no floating-rate debt outstanding as at December 31, 2025 or 2024.

Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. As at December 31, 2025, the Company had unutilized lines of credit of $452.7 million (2024 – $459.2 million).

Accounts payable are primarily due within 90 days and will be satisfied from current working capital.

The Company expects that continued cash flows from operations in 2026, together with currently available cash and cash equivalents on hand (2025 – $1.3 billion) and currently available credit facilities, will be more than sufficient to fund its requirements for investments in working capital, capital assets and dividend payments through the next 12 months, and that the Company's credit ratings provide reasonable access to capital markets to facilitate future debt issuance.

18. SELLING AND ADMINISTRATIVE EXPENSES

		2025		2024
Compensation	**$**	**331,551**	$	318,127
Performance based compensation		**41,908**		47,396
Cash-settled stock compensation plans		**9,259**		173
Equity-settled stock compensation plans		**12,530**		8,853
Depreciation and amortization		**40,911**		24,964
Gain on sale of fixed assets		**(14,269)**		(1,705)
Bad debt (recovery) expense		**(3,805)**		5,964
All other expenses		**222,837**		188,688
	$	**640,922**	$	592,460

19. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

		2025		2024
Credit facilities	**$**	**1,664**	$	1,783
Senior debentures		**31,409**		25,216
Interest on lease liabilities		**2,322**		1,656
	$	**35,395**	$	28,655

The components of interest and investment income were as follows:

		2025		2024
Interest on conversion of rental equipment	**$**	**6,508**	$	3,635
Interest income		**36,938**		50,002
	$	**43,446**	$	53,637

20. INCOME TAXES

Significant components of the provision for income tax expense were as follows:

		2025		2024
Current income tax expense	**$**	**209,264**	$	189,253
Deferred income tax recovery		**(24,409)**		(615)
Total income tax expense	**$**	**184,855**	$	188,638

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes was as follows:

		2025		2024
Statutory Canadian federal and provincial income tax rates		**26.5%**		26.5%
Expected taxes on income	**$**	**180,582**	$	184,216
Increase (decrease) in income taxes resulting from:				
Higher effective tax rates in other jurisdictions		**2,069**		1,607
Manufacturing and processing rate reduction		**(990)**		(50)
Expenses not deductible for tax purposes		**5,724**		3,364
Non-taxable gains		**(1,857)**		(760)
Effect of change in future income tax rate		**(8)**		46
Change in tax reserve		**(486)**		401
Other		**(179)**		(186)
Provisions for income taxes	**$**	**184,855**	$	188,638
Effective income tax rate		**27.1%**		27.1%

The statutory income tax rate represents the combined Canadian federal and Ontario provincial income tax rates, which are the relevant tax jurisdictions for the Company.

The sources of deferred income taxes were as follows:

	2025	2024
Accrued liabilities	$ 38,088	$ 36,746
Deferred revenue and contract liabilities	4,214	5,948
Accounts receivable	5,317	7,194
Inventories	23,563	18,661
Capital assets	(121,880)	(121,793)
Goodwill and intangible assets	(60,357)	(47,678)
Tax loss carryforward	726	—
Other	2,059	1,533
Cash flow hedges on OCI	415	(2,934)
Post-employment obligations	(8,965)	(6,644)
Net deferred tax liabilities	$ (116,820)	$ (108,967)

The movement in net deferred income taxes was as follows:

	2025	2024
Balance, January 1	$ (108,967)	$ (96,516)
Tax expense recognized in income	24,409	615
Foreign exchange and other	(185)	44
Business combination (note 4)	(32,217)	—
Tax recovery (expense) recognized in OCI	140	(13,110)
Balance, December 31	$ (116,820)	$ (108,967)

The aggregate amount of unremitted earnings in the Company's subsidiaries was $79.9 million (2024 – $67.2 million). These earnings can be remitted with no tax consequences.

Pillar 2 — Global minimum top-up tax

The Base Erosion and Profit Shifting ("BEPS") 2.0 initiative is a significant reform of the international tax system led by the Inclusive Framework and the Organization for Economic Co-operation and Development. This initiative includes a substantial change for large multinational groups with the "Pillar Two" proposal of a global minimum tax of 15%. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. On May 23, 2023 and June 27, 2023, respectively, the Financial Accounting Standards Board and the Auditing and Assurance Standards Board issued amendments to IAS12 – *Income taxes* ("IAS 12"), introducing a mandatory temporary exception to the requirements of IAS12, under which a company does not recognize or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules.The Company has applied the temporary exception in the December 31, 2025 financial statements.

The Company has performed an assessment of the impact of Pillar Two income taxes for the constituent entities in the Group. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Company. The Company is relying on the Transitional Country-by-country Reporting Safe Harbour provisions and meets one of the three tests to deem the Group's top-up tax to be nil for 2025. Based on the assessment performed, the Pillar Two simplified effective tax rates in all jurisdictions in which the Company operates is above 16%. The Group continues to follow Pillar Two legislative developments, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows.

21. EARNINGS PER SHARE

($ 000's except share and per share amounts)		**2025**		2024
Net earnings available to common shareholders	**$**	**496,586**	$	506,516
Weighted average common shares outstanding		**81,301,104**		82,011,672
Effect of dilutive securities		**560,652**		580,224
Weighted average common shares outstanding – diluted		**81,861,756**		82,591,896
Earnings per share:				
Basic	**$**	**6.11**	$	6.18
Diluted	**$**	**6.07**	$	6.13

For the year ended December 31, 2025, there were no outstanding share options which were considered anti-dilutive. For the year ended December 31, 2024, 157,522 outstanding share options with a weighted average exercise price of $125.11 were considered anti-dilutive and were excluded from the calculations.

22. EMPLOYEE BENEFITS EXPENSE

		2025		2024
Wages and salaries	**$**	**819,834**	$	763,716
Other employment benefit expenses		**126,214**		107,424
Share-based compensation expense		**12,530**		8,853
Pension costs		**27,626**		28,082
	$	**986,204**	$	908,075

23. SHARE-BASED COMPENSATION

Share Option Plan

The Company maintains a share option program for certain employees. Under the plan, up to 7,000,000 options may be granted for subsequent exercise in exchange for common shares. It is the Company's policy that the aggregate number of options that may be granted in any one calendar year shall not exceed 1% of the outstanding shares as of the beginning of the year in which a grant is made (2025 – 813,006; 2024 – 822,973).

Share options have a 10-year life, vest 20% per year on each anniversary date of the grant, and are exercisable at the designated common share price, which is fixed at prevailing market prices of the common shares at the date the option is granted. Toromont accrues compensation cost over the vesting period based on the grant date fair value.

A reconciliation of the outstanding options for the year ended December 31, 2025 and 2024 was as follows:

	2025		2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, January 1	**1,458,651**	**$ 85.61**	1,783,993	$ 78.50
Granted	**192,443**	**122.02**	160,960	125.11
Exercised [1]	**(360,779)**	**70.39**	(324,733)	62.40
Forfeited	**(21,527)**	**109.62**	(161,569)	93.08
Options outstanding, December 31	**1,268,788**	**$ 95.05**	1,458,651	$ 85.61
Options exercisable, December 31	**776,573**	**$ 80.63**	918,409	$ 72.53

[1] The weighted average share price at the date of exercise for the year ended December 31, 2025 was $139.75 (2024 – $122.77).

The following table summarizes share options outstanding and exercisable as at December 31, 2025:

	Options outstanding			Options exercisable	
Range of exercise prices	Number	Weighted average remaining life (years)	Weighted average exercise price	Number	Weighted average exercise price
$36.65 – $39.79	**28,250**	**0.6**	**$ 39.79**	**28,250**	**$ 39.79**
$53.88 – $65.72	**175,415**	**2.8**	**60.94**	**175,415**	**60.94**
$66.22 – $72.95	**303,600**	**4.0**	**70.94**	**303,600**	**70.94**
$104.91 – $125.11	**761,523**	**7.3**	**114.57**	**269,308**	**108.68**
	1,268,788	**5.7**	**$ 95.05**	**776,573**	**$ 80.63**

The fair values of the share options granted during 2025 and 2024 were determined at the time of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2025	2024
Fair value price per option	**$ 24.52**	$ 27.86
Share price	**$ 122.02**	$ 125.11
Expected life of options (years)	**5.00**	5.00
Expected share price volatility	**22.0%**	22.0%
Expected dividend yield	**1.70%**	1.53%
Risk-free interest rate	**2.89%**	3.70%

Long-term Incentive Plan ("LTIP")

Amendments to the LTIP were effective in early 2022, and the Company introduced PSUs, RSUs and executive deferred share units ("EDSUs"). The Company has the ability to grant options and awards under each of these plans.

Details of each grant will be determined at the date of grant, including performance requirements, vesting and settlement method. PSUs and RSUs will settle upon vesting, while EDSUs will settle upon cessation of service to the Company. PSU vesting will be based upon the achievement of performance objectives established at the time of grant by the Board. The maximum number of common shares reserved for issuance under the LTIP is in aggregate 750,000.

A reconciliation of the outstanding RSUs and PSUs for the year ended December 31, 2025 and 2024 was as follows:

	2025		2024	
	RSUs	**PSUs**	RSUs	PSUs
Units outstanding, January 1	**27,544**	**73,420**	14,396	56,784
Granted	**9,641**	**30,429**	13,575	28,494
Reinvested dividends	**445**	**1,156**	298	1,041
LTIP settlement	**(13,307)**	**(21,810)**	—	—
Forfeited	**(23)**	**(4,505)**	(725)	(12,899)
Units outstanding, December 31	**24,300**	**78,690**	27,544	73,420

LTIP expense of $5.7 million (2024 – $3.5 million) was included in selling and administrative expenses with a credit to contributed surplus.

Deferred Share Unit Plans

The Company offers DSU plans for executives and non-employee directors, whereby they may elect, on an annual basis, to receive all or a portion of their performance incentive bonus or fees, respectively, in DSUs. In addition, the Board may grant discretionary DSUs. Non-employee directors also receive a portion of their compensation in DSUs. The equity-settled DSU plan commenced in 2022, at which time the cash-settled DSU plan was closed for new grants/elections.

A reconciliation of the cash-settled DSU plan for the year ended December 31, 2025 and 2024 was as follows:

	2025		2024	
	Number of DSUs	**Value**	Number of DSUs	Value
Outstanding, January 1	**177,706**	**$ 20,266**	191,320	$ 22,133
Dividend credits	**2,843**	**349**	2,707	336
Redemptions	**(30,955)**	**(4,656)**	(16,321)	(2,039)
Fair market value adjustments	**—**	**8,910**	—	(164)
Outstanding, December 31	**149,594**	**$ 24,869**	177,706	$ 20,266

The cost of the cash-settled DSU plan is recorded in selling and administrative expenses with the liability recorded in accounts payable and accrued liabilities.

A reconciliation of the outstanding units of the equity-settled DSU plan for the year ended December 31, 2025 and 2024 was as follows:

	2025 Number of DSUs	2024 Number of DSUs
Outstanding, January 1	**62,673**	33,360
Units issued or taken in lieu and dividends	**30,419**	29,313
Redemptions	**(2,044)**	—
Units transferred on settlement of RSUs and PSUs	**13,283**	—
Outstanding, December 31	**104,331**	62,673

The cost of the equity-settled DSU plan is recorded in selling and administrative expenses with a credit to contributed surplus.

Employee Share Ownership Plan ("ESOP")

The Company offers an ESOP whereby employees who meet the eligibility criteria can purchase shares by way of payroll deductions. There is a Company match at the rate of $1 for every $3 contributed, to a maximum of 2.5% of an employee's base salary per annum. Company contributions vest five years from date of contribution. Company contributions amounting to $5.9 million in 2025 (2024 – $5.2 million) were charged to selling and administrative expenses when paid. The plan is administered by a third party.

24. POST-EMPLOYMENT OBLIGATIONS

Defined Contribution Plans

The Company sponsors pension arrangements for approximately 4,800 employees, primarily through defined contribution plans in Canada and a 401(k) matched savings plan in the United States. Certain unionized employees do not participate in Company-sponsored plans, and contributions are made to these retirement programs in accordance with the respective collective bargaining agreements. In the case of defined contribution plans, regular contributions are made to the individual employee accounts, which are administered by a plan trustee in accordance with the plan documents.

Pre-tax pension expenses recognized in net earnings were as follows:

	2025	2024
Defined contribution plans	**$ 20,825**	$ 19,607
401(k) matched savings plans	**525**	449
	$ 21,350	$ 20,056

Defined Benefit Plans

The Company sponsors funded and unfunded defined benefit pension plans and post-employment benefit plans as described below with approximately 1,100 active employees.

a) Defined Benefit Pension Plans – The Company sponsors both registered and non-registered pension plans that provide pension benefits based on length of service and career average earnings. These plans are closed to new members. The one funded plan is registered with the Ontario provincial regulators and is subject to

provincial pension legislation as well as the *Income Tax Act* (Canada). Assets are held in a pension fund that is legally separate from the Company and cannot be used for any purpose other than payment of pension benefits and related administrative fees. All plans are administered by the Toromont Pension Management Committee. An actuarial valuation was completed as of December 31, 2022, with the next valuation scheduled as at December 31, 2025.

b) Executive Pension Plan – This plan is a supplemental pension plan and is solely the obligation of the Company. All members of the plan are retired. The Company is not obligated to fund the plan but is obligated to pay benefits under the terms of the plan as they come due. As at December 31, 2025, the Company has posted letters of credit in the amount of $10.8 million to secure the obligations under this plan. The most recent actuarial valuation was completed as at December 31, 2025. The next valuation is scheduled as at December 31, 2026.

c) Post-employment Benefit Plans – These plans provide supplementary post-employment health and life insurance coverage to certain employees as well as disability coverage for active employees. The post-employment health and life insurance coverage covers a closed group of approximately 450 retirees, and no active employees will receive post-employment benefits. The Company is not obligated to fund the plans but is obligated to pay benefits under the terms of the plan as they come due. The most recent actuarial valuation was completed as at January 1, 2023, with the next valuation scheduled as at January 1, 2026.

Risks

Defined benefit pension plans and other post-employment benefit plans expose the Company to risks as described below:

- Investment risk – The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high-quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently, the plans have a relatively balanced investment in equity securities, debt instruments and real estate assets. The Toromont Pension Management Committee reviews the asset mix and performance of the plan assets on a quarterly basis with the balanced investment strategy intention.
- Interest rate risk – A decrease in the bond yields will increase the plan liability; however, this will be partially offset by higher market values of the plan's holdings in debt instruments.
- Longevity risk – An increase in the life expectancy of the plan participants will increase the plan's liability by lengthening the period in which benefits are paid.
- Salary risk – The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Information about the Company's defined benefit plans as at December 31, in aggregate, is as follows:

	Pension benefit plans		Other post-employment benefit plans	
	2025	2024	**2025**	2024
Defined benefit obligations:				
Balance, January 1	**$ 281,397**	$ 270,857	**$ 15,103**	$ 14,771
Settlement due to buy-out annuity transactions	**(59,352)**	(2,900)	**—**	—
Current service cost	**6,792**	7,141	**1,238**	1,174
Interest cost	**11,720**	12,295	**638**	628
Actuarial remeasurement losses (gains) arising from:				
Experience adjustments	**148**	108	**(266)**	(224)
Demographic adjustments	**—**	—	**—**	—
Changes in financial assumptions	**(11,667)**	(3,843)	**(125)**	—
Benefits paid	**(9,396)**	(5,402)	**(1,229)**	(1,246)
Contributions by plan participants	**3,004**	3,141	**—**	—
Balance, December 31	**222,646**	281,397	**15,359**	15,103
Plan assets:				
Fair value, January 1	**323,044**	288,007	**—**	—
Purchase of buy-out annuities	**(59,260)**	(2,792)	**—**	—
Interest income on plan assets	**13,781**	13,333	**—**	—
Return on plan assets (excluding amounts included in net interest)	**255**	22,954	**—**	—
Contributions by the Company	**1,391**	3,803	**1,229**	1,246
Contributions by plan participants	**3,004**	3,141	**—**	—
Benefits paid	**(9,396)**	(5,402)	**(1,229)**	(1,246)
Fair value, December 31	**272,819**	323,044	**—**	—
Fair value, December 31, net of asset ceiling limit	**272,819**	323,044	**—**	—
Net post-employment (assets) obligations	**$ (50,173)**	$ (41,647)	**$ 15,359**	$ 15,103

The funded status of the Company's defined benefit plans as at December 31 was as follows:

	2025			2024		
	Defined benefit obligations	**Plan assets**	**Net post-employment obligations**	Defined benefit obligations	Plan assets	Net post-employment obligations
Defined benefit pension plans	**$ 209,578**	**$ 272,819**	**$ 63,241**	$ 267,727	$ 323,044	$ 55,317
Executive pension plan	**13,068**	**—**	**(13,068)**	13,670	—	(13,670)
Post-employment benefit plans	**15,359**	**—**	**(15,359)**	15,103	—	(15,103)
	$ 28,427	**$ —**	**$ (28,427)**	$ 28,773	$ —	$ (28,773)
Post-employment obligations, net	**$ 238,005**	**$ 272,819**	**$ 34,814**	$ 296,500	$ 323,044	$ 26,544

The plans with a net retirement surplus have been classified as non-current assets on the consolidated statements of financial position (note 8).

The significant weighted average actuarial assumptions adopted in measuring the Company's defined benefit obligations are noted below. The mortality assumption is based upon the 2014 Private Sector Canadian Pensioners' Mortality Table, developed by the Canadian Institute of Actuaries, projected generationally using scale MI-2017, and adjusted to reflect differences in each plan.

	2025	2024
Discount rate	**4.90 %**	4.70 %
Expected rate of salary increase	**3.00 %**	3.00 %

Pre-tax pension and other post-retirement benefit expenses recognized in net earnings were as follows:

		2025		2024
Service cost	**$**	**8,030**	$	8,315
Net interest income		**(1,423)**		(410)
Remeasurements		**(57)**		56
Settlement charges		**(92)**		(108)
	$	**6,458**	$	7,853

During the year, an annuity purchase transaction was entered into in which the defined benefit obligations associated with retired plan members and deferred vested members were assumed by a third-party insurer, in exchange for a lump-sum payment from plan assets. Toromont considers, for accounting purposes, that this buy-out transaction essentially eliminates any further legal or constructive obligations for benefits, and that a settlement has occurred. Following the transaction, benefits for plan participants are protected under Assuris, the life insurance compensation association designated under the *Insurance Companies Act* of Canada. Toromont considers the combined risk of a) the insurer going bankrupt and b) that Toromont would be responsible for paying the portion of pensions not covered by Assuris should the insurer go bankrupt, remote.

Pre-tax amounts recognized in OCI were as follows:

		2025		2024
Actuarial gains arising from experience adjustments	**$**	**(118)**	$	(172)
Actuarial (gains) losses arising from changes in financial assumptions		**(11,735)**		(3,843)
Return on plan assets greater than net interest recognized		**(255)**		(22,954)
	$	**(12,108)**	$	(26,969)

The Company's pension plans' actual weighted average asset allocations by asset category were as follows:

	2025	2024
Debt securities	**49.8 %**	39.3 %
Equity securities	**35.3 %**	40.4 %
Real estate assets	**14.0 %**	19.5 %
Cash and cash equivalents	**0.9 %**	0.8 %

The fair values of the plan assets were determined based on the following methods:

- Equity securities – generally quoted market prices in active markets.
- Debt securities – generally quoted market prices in active markets.
- Real estate assets – infrastructure assets valued based on appraisals performed by a qualified external appraiser.
- Cash and cash equivalents – generally recorded at cost, which approximates fair value.

The actual return on plan assets for the year ended December 31, 2025 was a gain of $14.0 million (2024 – gain of $36.3 million).

The Company expects to contribute $21.2 million to pension and other benefit plans in 2026, inclusive of defined contribution plans.

The weighted average duration of the defined benefit plan obligations as at December 31, 2025 was 16.8 years (2024 – 16.1 years).

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligations ("DBO") are discount rate and life expectancy. The sensitivity analyses have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

As at December 31, 2025, the following quantitative analysis shows changes to the significant actuarial assumptions and the corresponding impact to the DBO:

		Increase (decrease) in DBO		
Actuarial Assumption	**Sensitivity**	**Pension benefit plans**	**Other post-employment benefit plans**	**Total**
Period-end discount rate	1% increase	**$ (32,990)**	**$ (1,198)**	**$ (34,188)**
	1% decrease	**$ 40,199**	**$ 1,369**	**$ 41,568**
Mortality	Increase of 1 year in expected lifetime of plan participants	**$ 3,073**	**$ (135)**	**$ 2,938**
Trend rate	1% increase	**N/A**	**$ 905**	**$ 905**

The sensitivity analysis presented above may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

25. CAPITAL MANAGEMENT

The Company defines capital as the aggregate of shareholders' equity and long-term debt, less cash and cash equivalents.

The Company's capital management framework is designed to maintain a flexible capital structure that allows for optimization of the cost of capital at acceptable risk while balancing the interests of both equity and debt holders.

The Company generally targets a net debt to total capitalization ratio of 33%, although there is a degree of variability associated with the timing of cash flows. Also, if appropriate opportunities are identified, the Company is prepared to significantly increase this ratio depending upon the opportunity.

The Company's capital management criteria can be illustrated as follows:

		2025		2024
Long-term debt	**$**	**796,428**	$	498,518
Current portion of long-term debt		**—**		149,910
Less: Cash and cash equivalents		**1,325,466**		890,815
Net debt		**(529,038)**		(242,387)
Shareholders' equity		**3,290,495**		2,955,393
Total capitalization	**$**	**2,761,457**	$	2,713,006
Net debt as a % of total capitalization		**(19)%**		(9)%
Net debt to equity		**(0.16):1**		(0.08):1

The Company is subject to minimum capital requirements relating to bank credit facilities and senior debentures. The Company has met these minimum requirements during the years ended December 31, 2025 and 2024.

There were no changes in the Company's approach to capital management during the years ended December 31, 2025 and 2024.

26. SUPPLEMENTAL CASH FLOW INFORMATION

		2025		2024
Net change in non-cash working capital and other:				
Accounts receivable	**$**	**(33,510)**	$	4,196
Inventories		**135,739**		(201,553)
Accounts payable and accrued liabilities		**(16,116)**		59,675
Provisions		**3,041**		406
Deferred revenue and contract liabilities		**(5,651)**		(27,091)
Income taxes		**(15,367)**		(15,272)
Derivative financial instruments		**9,405**		(10,365)
Other		**2,323**		1,815
	$	**79,864**	$	(188,189)
Cash paid during the year for:				
Interest	**$**	**29,188**	$	24,775
Income taxes	**$**	**231,851**	$	205,635
Cash received during the year for:				
Interest	**$**	**34,733**	$	50,615
Income taxes	**$**	**5,137**	$	1,630

A reconciliation of liabilities arising from financing activities was as follows:

	Current portion of long-term debt	Long-term debt	Total
Balance, January 1, 2024	$ —	$ 647,784	$ 647,784
Finance costs paid	—	(103)	(103)
Reclassified to current	149,881	(149,881)	—
Deferred financing costs	29	718	747
Balance, December 31, 2024	$ 149,910	$ 498,518	$ 648,428
Finance costs paid	**—**	**(2,996)**	**(2,996)**
Repayment of debentures	**(150,000)**		**(150,000)**
Issuance of new debentures	**—**	**300,000**	**300,000**
Deferred financing costs	**90**	**906**	**996**
Balance, December 31, 2025	**$ —**	**$ 796,428**	**$ 796,428**

27. COMMITMENTS

Future minimum lease payments under non-cancellable leases as at December 31, 2025 were $10.0 million within one year, $31.8 million within two and five years and $12.9 million thereafter.

28. SEGMENTED INFORMATION

The Company has two reportable segments: the Equipment Group and CIMCO, each supported by the corporate office. These segments are strategic business units that offer different products and services, and each is managed separately. The corporate office provides finance, treasury, legal, human resources and other administrative support to the segments. The accounting policies of each of the reportable segments are the same as the material accounting policies described in note 2.

The operating segments are being reported based on the financial information provided to the Chief Executive Officer and Chief Financial Officer, who have been identified as the Chief Operating Decision Makers ("CODMs") in monitoring segment performance and allocating resources between segments. The CODMs assess segment performance based on segment operating income, which is measured differently than income from operations in the consolidated financial statements. Corporate overheads are allocated to the segments based on revenue. Income taxes, interest expense, interest and investment income are managed at a consolidated level and are not allocated to the reportable operating segments. Current income taxes, deferred income taxes and certain financial assets and liabilities are not allocated to the segments as they are also managed on a consolidated level.

The aggregation of the operating segments is based on the economic characteristics of the business units. These business units are considered to have similar economic characteristics including nature of products and services, class of customers and markets served and similar distribution models.

No reportable segment is reliant on any single external customer.

Equipment Group

The Equipment Group comprises the following:

- Toromont Cat – supplies, rents and provides product support services for specialized mobile equipment and industrial engines.
- Battlefield Equipment Rentals – The Cat Rental Store – supplies and rents specialized mobile equipment as well as specialty supplies and tools.
- AVL Manufacturing – designs and fabricates power generation and storage enclosures.
- Toromont Material Handling – supplies, rents and provides product support services for material handling lift trucks.
- SITECH – supplies control systems for specialized mobile equipment.
- Tri-City Equipment Rentals – supplies, rents and provides product support services for heavy equipment rentals.
- Toromont Energy – develops distributed generators and combined heat and power projects using Caterpillar engines.

CIMCO

CIMCO is one of North America's leading suppliers of thermal management solutions that enable customers to reduce energy consumption and emissions, use natural refrigerants, and monitor and control their operating environments autonomously. CIMCO provides design, engineering, fabrication, installation, and product support services.

Corporate Office

The corporate office does not meet the definition of a reportable operating segment as defined in IFRS 8 – O*perating Segments*, as it does not earn revenue.

	Equipment Group		CIMCO		Consolidated	
Years ended December 31	**2025**	2024	**2025**	2024	**2025**	2024
Equipment/package sales	**$ 2,246,718**	$ 2,235,424	**$ 282,250**	$ 239,156	**$ 2,528,968**	$ 2,474,580
Rentals	**534,065**	491,162	**—**	—	**534,065**	491,162
Product support	**1,888,553**	1,823,049	**241,913**	221,439	**2,130,466**	2,044,488
Power generation	**9,338**	10,933	**—**	—	**9,338**	10,933
Total revenue	**$ 4,678,674**	$ 4,560,568	**$ 524,163**	$ 460,595	**$ 5,202,837**	$ 5,021,163
Operating income	**$ 617,236**	$ 616,718	**$ 64,045**	$ 53,454	**$ 681,281**	$ 670,172
Interest expense					**35,395**	28,655
Interest and investment income					**(43,446)**	(53,637)
Change in fair value of purchase commitment					**7,891**	—
Income taxes					**184,855**	188,638
Income from operations					**$ 496,586**	$ 506,516

Operating income from rental operations for the year ended December 31, 2025 was $58.0 million (2024 – operating income $64.9 million).

Selected consolidated statements of financial position information:

	Equipment Group		CIMCO		Consolidated	
As at December 31	**2025**	2024	**2025**	2024	**2025**	2024
Identifiable assets	**$ 3,733,014**	$ 3,638,546	**$ 220,293**	$ 190,977	**$ 3,953,307**	$ 3,829,523
Corporate assets					**1,517,012**	1,038,969
Total assets					**$ 5,470,319**	$ 4,868,492
Identifiable liabilities	**$ 965,277**	$ 921,932	**$ 155,607**	$ 145,520	**$ 1,120,884**	$ 1,067,452
Corporate liabilities					**1,058,940**	845,647
Total liabilities					**$ 2,179,824**	$ 1,913,099
Capital expenditures, net	**$ 322,253**	$ 271,211	**$ 8,916**	$ 10,418	**$ 331,169**	$ 281,629
Depreciation expense	**$ 223,308**	$ 193,889	**$ 8,298**	$ 7,860	**$ 231,606**	$ 201,749

Operations are based in Canada and the United States. The following tables summarize the final destination of revenue to customers and the property, plant and equipment, rental equipment and goodwill held in each geographic segment:

Years ended December 31	**2025**	2024
Canada	**$ 4,786,211**	$ 4,879,240
United States	**415,320**	139,181
International	**1,306**	2,742
Revenue	**$ 5,202,837**	$ 5,021,163

As at December 31	**2025**	2024
Canada	**$ 1,584,725**	$ 1,495,173
United States	**87,736**	7,753
Property, plant and equipment, rental equipment and goodwill	**$ 1,672,461**	$ 1,502,926

29. RELATED PARTY DISCLOSURES

Key Management Personnel Compensation

Key management includes the Company's directors and named executive officers. The remuneration of key management is determined by the Human Resources and Health and Safety Committee, having regard to the performance of the individual and Company and market trends. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

	2025	2024
Salaries	**$ 3,811**	$ 3,347
Share-based payments	**4,307**	3,760
Annual non-equity incentive-based plan compensation	**2,696**	2,489
Post-employment benefits	**716**	478
All other compensation	**161**	154
	$ 11,691	$ 10,228

30. ECONOMIC RELATIONSHIP

The Company, through its Equipment Group, sells and services heavy equipment and related parts. Distribution agreements are maintained with several equipment manufacturers, of which the most significant are with subsidiaries of Caterpillar Inc. The distribution and servicing of these products account for the major portion of the Equipment Group's operations. Toromont has had a strong relationship with Caterpillar Inc. since inception in 1993.

Ten-Year Financial Review

For the years ended December 31

($ thousands, except ratios and share data)	2025 [1]	2024	2023 [2]	2022 [2]
OPERATING RESULTS				
Revenues	5,202,837	5,021,163	4,622,301	4,115,347
Net earnings	496,586	506,516	534,712	454,198
Net interest (income) expense	(8,051)	(24,982)	(17,884)	5,614
Capital expenditures, net	331,169	281,629	272,474	226,225
Dividends declared	169,100	157,303	141,845	128,463
FINANCIAL POSITION				
Working capital	2,153,259	1,671,181	1,744,739	1,512,456
Property, plant and equipment and rental equipment	1,557,928	1,407,632	1,221,288	1,086,913
Total assets	5,470,319	4,868,492	4,571,847	4,182,125
Non-current portion of long-term debt	796,428	498,518	647,784	647,060
Shareholders' equity	3,290,495	2,955,393	2,683,852	2,325,359
FINANCIAL RATIOS				
Working capital	2.9:1	2.4:1	2.6:1	2.4:1
Return on opening shareholders' equity (%)	16.9	19.2	23.1	23.5
Total debt, net of cash, to shareholders' equity	(.16):1	(.08):1	(.15):1	(.12):1
PER SHARE DATA ($)				
Basic earnings per share	6.11	6.18	6.50	5.52
Diluted earnings per share	6.07	6.13	6.45	5.47
Dividends declared	2.08	1.92	1.72	1.56
Book value (shareholders' equity)	40.40	36.35	32.61	28.25
Shares outstanding at year end	81,449,458	81,300,574	82,297,341	82,318,159
Price range				
High	168.56	135.53	117.13	124.25
Low	107.32	109.83	97.06	93.25
Close	166.05	113.64	116.10	97.71

Notes

(1) The Company completed the acquisition of 60% of the shares of AVL Manufacturing Inc., on January 31, 2025 for consideration of $67.5 million cash plus the issuance of 110.4 thousand Toromont shares. In addition, the Company has committed to purchase the remaining 40% at various dates through to 2031. Refer to note 4 of the 2025 audited consolidated financial statements for more information.

(2) The Company completed the sale of AgWest Ltd., a wholly owned subsidiary, on May 1, 2023. Revenues for 2023 and 2022 only are presented on a continuing operations basis. Earnings, EPS and ROE are reported including discontinued operations for all years. For more information, please refer to the annual audited consolidated financial statements and Managements' Discussion and Analysis for the year ended December 31, 2023. Certain other key metrics for 2022 were restated to conform to 2023 presentation.

(3) The Company completed the acquisition of the businesses and net operating assets of the Hewitt Group of Companies on October 27, 2017 for $1.02 billion. Long-term debt and common shares were issued on October 27, 2017, to partially fund the aforementioned acquisition. Refer to note 25 of the 2018 audited consolidated financial statements for more information.

2021	2020	2019	2018	2017[3]	2016
3,886,537	3,478,897	3,678,705	3,504,236	2,350,162	1,912,040
332,710	254,915	286,800	251,984	175,970	155,748
19,134	20,898	17,955	21,725	7,618	3,236
136,382	69,253	209,855	165,146	100,954	85,031
112,344	101,953	88,192	74,516	60,402	56,280
1,294,739	1,077,928	829,275	653,906	767,374	575,382
976,346	962,694	1,020,930	954,306	881,877	454,104
3,583,796	3,346,792	3,371,337	3,234,531	2,866,945	1,394,212
646,337	646,299	645,471	644,540	893,806	150,717
1,953,329	1,698,652	1,533,891	1,327,679	1,124,727	885,432
2.6:1	2.4:1	1.8:1	1.6:1	2.1:1	2.8:1
19.6	16.6	21.4	22.3	19.3	20.0
(.14):1	.03:1	.18:1	.23:1	.65:1	(.04):1
4.03	3.10	3.52	3.10	2.22	1.99
4.00	3.09	3.49	3.07	2.20	1.98
1.36	1.24	1.08	0.92	0.76	0.72
23.69	20.60	18.70	16.35	13.89	11.29
82,443,968	82,474,658	82,012,448	81,226,383	80,949,819	78,398,456
115.23	94.86	71.15	68.11	58.44	44.44
84.61	52.36	52.71	46.24	41.10	27.25
114.36	89.20	70.59	54.26	55.10	42.35

Board of Directors

Richard G. Roy
Chair of the Board (Director since 2018)

Peter J. Blake[1,2]
Corporate Director (since 2019)

Benjamin D. Cherniavsky[1,2]
Corporate Director (since 2021)

Cathryn E. Cranston[1,3]
Corporate Director (since 2013),
Chair of Audit Committee

Paramita Das[2,3]
Corporate Director (since 2024)

Sharon L. Hodgson[1,2]
Corporate Director (since 2019),
Chair of Human Resources and
Health and Safety Committee

Ave G. Lethbridge[2,3]
Corporate Director (since 2024)

Mike S. H. McMillan
President and Chief Executive Officer
(since October 2023)

Frederick J. Mifflin[1,3]
Corporate Director (since 2022),
Chair of Governance and
Sustainability Committee

Katherine A. Rethy[2,3]
Corporate Director (since 2013)

[1] Member of Audit Committee
[2] Member of Human Resources and Health and Safety Committee
[3] Member of Governance and Sustainability Committee

Executive Team

Corporate Executive

Mike S. H. McMillan
President and Chief Executive Officer

John M. Doolittle
Executive Vice President and Chief Financial Officer

Michael P. Cuddy
Chief Strategy Officer

Habeeb Syed
Chief Legal Officer, General Counsel and
Corporate Secretary

Stephanie A. Hardman
Chief People and Culture Officer

Rick Neuman
Chief Digital, Marketing and Technology Officer

Jennifer J. Cochrane
Vice President, Finance

Business Unit Leaders

Joel Couture
Chief Operating Officer, Toromont Cat

Miles Gregg
President Construction Industries, Toromont Cat

William Harvey
President Mining Division, Toromont Cat

Colin Goheen
President, Battlefield Equipment Rentals

David A. Malinauskas
President, CIMCO Refrigeration

Corporate Directory

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www.battlefieldequipment.ca

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CIMCO Refrigeration
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www.cimcorefrigeration.com

AVL Manufacturing Inc.
394 Sherman Ave. N, Unit 9
Hamilton, Ontario L8L 6P1
T: 905.545.7660
Toll-Free North America: 855.800.4812

www.avlmfg.com

Shareholder Information

Annual Meeting
In-person meeting:
Toromont Cat offices at
5001 Trans-Canada Highway,
Pointe-Claire, Québec H9R 1B8
Wednesday, April 29, 2026
10:00 a.m. (EDT)

Visit www.toromont.com for more details.

How to get in touch with us
T: 416.667.5511 F: 416.667.5555
E-mail: investorrelations@toromont.com

How to reach our Transfer Agent and Registrar
Investors are encouraged to contact TSX Trust Company for information regarding their security holdings.

TSX Trust Company
301–100 Adelaide Street West
Toronto, Ontario M5H 4H1

Toll-Free North America: 1.800.387.0825
Local: 416.682.3860
E-mail: shareholderinquiries@tmx.com

www.tsxtrust.com

Common shares
Listed on the Toronto Stock Exchange
Stock Symbol – TIH



Toromont's 2025 Sustainability Report is available at:

www.toromont.com/sustainability

TOROMONT