



**WAJAX CORPORATION**  
**News Release**

**TSX Symbol: WJX**

**WAJAX ANNOUNCES 2023 FIRST QUARTER RESULTS**

***Expanded Relationship with Hitachi, and Continued Growth in Industrial Parts and Engineered Repair Services, Drive 17.4% Year-Over-Year Revenue Increase***

**Toronto, Ontario – May 1, 2023** – Wajax Corporation (“Wajax” or the “Corporation”) today announced its 2023 first quarter results. All monetary amounts are in Canadian dollars unless otherwise noted.

**Selected Highlights for the First Quarter**

- First quarter revenue of \$516.1 million, up 17.4% over 2022;
- First quarter adjusted EBITDA of \$43.0 million, up 9.5% over 2022<sup>(1)</sup>;
- First quarter adjusted net earnings of \$17.8 million, up 13.2% over 2022<sup>(1)</sup>; and
- Ended the quarter with backlog of \$530.8 million, up 13.2% from December 31, 2022.<sup>(1)</sup>

“Our improved top line performance this quarter was driven by strong customer demand across all regions, including continued positive momentum in central Canada”, said Iggy Domagalski, President and Chief Executive Officer. “Solid year-over-year growth in equipment sales was complemented by even stronger year-over-year growth in industrial parts and engineered repair services revenue, and we saw adjusted diluted earnings per share grow 13.1% to \$0.80. Our robust backlog, largely in line with the same period last year and up 13.2% sequentially from the fourth quarter, as well as solid fundamentals across many of our key markets, supports management’s confidence in our prospects as we advance further into 2023.”<sup>(1)</sup>

“Our leverage ratio increased to 1.74 times as a result of investments in working capital, most notably in inventory, to support customer orders and demand. We continue to believe that our strong financial results and balance sheet give us the flexibility to further invest in our expanded Hitachi relationship, additional organic initiatives and acquisition opportunities to help drive future growth.”<sup>(1)</sup>

(Dollars in millions, except per share data)

**CONSOLIDATED RESULTS**

**Revenue**

Equipment sales  
Product support  
Industrial parts  
Engineered repair services (ERS)  
Equipment rental

**Net earnings**

**Basic earnings per share<sup>(2)</sup>**

**Adjusted net earnings<sup>(1)(3)</sup>**

**Adjusted basic earnings per share<sup>(1)(2)(3)</sup>**

**Adjusted EBITDA<sup>(1)</sup>**

Three Months Ended March 31		
2023	2022	% change
<b>\$516.1</b>	\$439.5	<b>17.4%</b>
<b>\$132.3</b>	\$117.2	<b>12.8%</b>
<b>\$134.8</b>	\$124.5	<b>8.2%</b>
<b>\$153.3</b>	\$129.2	<b>18.6%</b>
<b>\$85.0</b>	\$59.8	<b>42.1%</b>
<b>\$10.7</b>	\$8.7	<b>22.8%</b>
<b>\$17.5</b>	\$16.1	<b>8.8%</b>
<b>\$0.81</b>	\$0.75	<b>8.5%</b>
<b>\$17.8</b>	\$15.7	<b>13.2%</b>
<b>\$0.83</b>	\$0.73	<b>12.8%</b>
<b>\$43.0</b>	\$39.3	<b>9.5%</b>

**Outlook**

After the first three months of 2023, the Corporation continues to see solid fundamentals in many of the markets it serves - particularly mining, energy and construction - supported by relatively elevated key commodity prices and sustained budgeting for capital projects. The Corporation's strong backlog also continues to support management's confidence as Wajax advances further into the year. In addition to expected growth in its heavy equipment business, Wajax anticipates further strong demand in its less cyclical industrial parts and engineered repair services businesses. Wajax continues to expect the challenges of 2023 to be similar to those of 2022 – ongoing supply chain volatility, higher interest rates, inflation, and a tight labour market.<sup>(1)</sup>

The Corporation's core strategic priorities remain unchanged and Wajax is focused on continuing to invest in its people and their overall health and well-being, delivering exceptional customer value, organically growing its business, transacting on a robust acquisition pipeline, leveraging its enhanced relationship with Hitachi, prudently managing its balance sheet, deploying its ERP system, and entrenching sustainability into the business.

**Dividend**

The Corporation has declared a dividend of \$0.33 per share for the second quarter of 2023, payable on July 5, 2023, to shareholders of record on June 15, 2023.

## **First Quarter Highlights**

- Revenue in the first quarter of 2023 increased \$76.5 million, or 17.4%, to \$516.1 million, from \$439.5 million in the first quarter of 2022. Regionally:
  - Revenue in western Canada of \$238.0 million increased 15.0% from the prior year due to strength in the engineered repair services (“**ERS**”) and industrial parts categories, as well as higher construction and forestry equipment sales, offset partially by lower mining equipment sales.
  - Revenue in central Canada of \$87.3 million increased 14.2% from the prior year due primarily to strength in industrial parts sales and higher material handling equipment sales.
  - Revenue in eastern Canada of \$190.8 million increased 22.2% from the prior year due primarily to strength in the industrial parts and ERS categories, and higher equipment sales in the construction and forestry, and material handling categories.
- Gross profit margin of 20.4% in the first quarter of 2023 decreased 90 basis points (“**bps**”) compared to gross profit margin of 21.3% in the same period of 2022. The decrease was driven primarily by lower product support margins and a lower proportion of product support revenue. This was offset partially by higher equipment margins and a higher proportion of ERS revenue.<sup>(1)</sup>
- Selling and administrative expenses as a percentage of revenue decreased to 14.9% in the first quarter of 2023 from 15.3% in the first quarter of 2022, driven by the 17.4% increase in revenue. Selling and administrative expenses in the first quarter of 2023 increased \$9.7 million compared to the first quarter of 2022 due primarily to higher personnel costs as the volume of business increased over the prior year, and a \$0.9 million unrealized loss on interest rate swaps during the quarter as compared to a \$2.1 million unrealized gain on interest rate swaps in the prior year.<sup>(1)</sup>
- EBIT increased \$2.2 million, or 8.5%, to \$28.6 million in the first quarter of 2023 versus \$26.4 million in the same period of 2022. The year-over-year increase in EBIT resulted primarily from higher sales volumes, offset partially by lower product support margins and higher selling and administrative expenses.
- The Corporation generated net earnings of \$17.5 million, or \$0.81 per share, in the first quarter of 2023 versus \$16.1 million, or \$0.75 per share, in the same period of 2022. The Corporation generated adjusted net earnings of \$17.8 million, or \$0.83 per share, in the first quarter of 2023 versus \$15.7 million, or \$0.73 per share, in the same period of 2022. Adjusted net earnings in the first quarter of 2023 excludes non-cash losses on mark to market of derivative instruments of \$0.3 million after-tax, or \$0.01 per share (2022 – gains of \$0.3 million, or \$0.02 per share).<sup>(1)</sup>
- Adjusted EBITDA margin decreased to 8.3% in the first quarter of 2023 from 8.9% in the first quarter of 2022.<sup>(1)</sup>
- The Corporation’s backlog at March 31, 2023 of \$530.8 million increased \$62.0 million, or 13.2%, compared to December 31, 2022 backlog of \$468.8 million due to higher orders in all categories, but most notably in the mining, material handling, ERS, and construction and forestry categories. The Corporation’s backlog at March 31, 2023 of \$530.8 million decreased \$9.3 million, or 1.7%, compared to March 31, 2022 due to lower construction and forestry, mining and power systems orders, offset partially by higher ERS, industrial parts, and material handling orders.<sup>(1)</sup>
- Working capital of \$425.2 million at March 31, 2023 increased \$79.2 million from December 31, 2022 due primarily to higher inventory and decreased income taxes payable, offset partially by increased accounts payable and accrued liabilities, and higher bank indebtedness. Working capital efficiency was 17.4%, an increase of 70 bps from December 31, 2022, due to the higher trailing four quarter average working capital.<sup>(1)</sup>

- Cash flows used in operating activities amounted to \$69.6 million in the first quarter of 2023, compared to cash flows generated from operating activities of \$19.4 million in the same quarter of the previous year. The decrease in cash generated from operating activities of \$89.0 million was mainly attributable to an increase in inventory of \$122.2 million during the quarter compared to an increase of \$20.1 million in the prior year, and income taxes paid of \$27.0 million during the quarter compared to \$4.2 million in the prior year. These decreases in cash generated from operating activities were offset partially by a decrease in trade and other receivables of \$5.0 million compared to an increase of \$15.2 million in the prior year, and an increase in accounts payable and accrued liabilities of \$46.7 million compared to an increase of \$26.4 million in the prior year.
- The Corporation's leverage ratio increased to 1.74 times at March 31, 2023, compared to 1.13 times at December 31, 2022. The increase in the leverage ratio was due to the higher debt level in the current period, driven largely by the Corporation's investment in inventory. The Corporation's senior secured leverage ratio was 1.33 times at March 31, 2023, compared to 0.71 times at December 31, 2022.<sup>(1)</sup>
- Subsequent to quarter-end, Justin Warren, Senior Vice President, Industrial Parts and ERS, left the Corporation to pursue another opportunity. Mr. Warren's responsibilities have been assumed on an interim basis by Steven Deck who, as Chief Operating Officer of Wajax, previously had executive responsibility for the Corporation's industrial parts and ERS business from 2019 to 2021.

### **Conference Call Details**

Wajax will webcast its First Quarter Financial Results Conference Call. You are invited to listen to the live webcast on Tuesday, May 2, 2023 at 2:00 p.m. EDT. To access the webcast, please visit our website [wajax.com](http://wajax.com), under "Investor Relations", "Events and Presentations", "Q1 2023 Financial Results" and click on the "Webcast" link. An archive of the webcast will be available following the live presentation.

### **About Wajax Corporation**

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

The Corporation's goal is to be Canada's leading industrial products and services provider, distinguished through its three core capabilities: sales force excellence, the breadth and efficiency of repair and maintenance operations, and the ability to work closely with existing and new vendor partners to constantly expand its product offering to customers. The Corporation believes that achieving excellence in these three areas will position it to create value for its customers, employees, vendors and shareholders.

### **Notes:**

- (1) "Adjusted net earnings", "Adjusted basic and diluted earnings per share", "Adjusted EBITDA", "Adjusted EBITDA margin", "Backlog", "Leverage ratio", "Senior secured leverage ratio", "Working capital", "Gross profit margin", "Selling and administrative expenses as a percentage of revenue" and "Pro-forma adjusted EBITDA" do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"). See the Non-GAAP and Other Financial Measures section later in this press release.
- (2) Weighted average shares, net of shares held in trust, outstanding for calculation of basic and diluted earnings per share for the three months ended March 31, 2023 was 21,489,126 (2022 – 21,415,435) and 22,154,023 (2022 – 22,126,541), respectively.
- (3) Net earnings excluding the following:
  - a. after-tax non-cash losses on mark to market of derivative instruments of \$0.3 million (2022 – gains of \$0.3 million), or basic and diluted loss per share of \$0.01 (2022 – earnings per share of \$0.02) for the three months ended March 31, 2023.

## Non-GAAP and Other Financial Measures

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

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

Non-GAAP financial measures are identified and defined below:

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

<b>Adjusted EBIT</b>	EBIT before any gains/losses recorded on the sale of properties, restructuring and other related costs, non-cash gains/losses on mark to market of derivative instruments, and acquisition-related transaction costs.
<b>Adjusted EBITDA</b>	EBITDA before any gains/losses recorded on the sale of properties, restructuring and other related costs, non-cash gains/losses on mark to market of derivative instruments, and acquisition-related transaction costs.
<b>Pro-forma adjusted EBITDA</b>	Defined as adjusted EBITDA adjusted for the EBITDA of business acquisitions made during the period as if they were made at the beginning of the trailing 12-month period pursuant to the terms of the bank credit facility and the deduction of payments of lease liabilities.
<b>Working capital</b>	Defined as current assets less current liabilities, as presented in the condensed consolidated interim statements of financial position.
<b>Other working capital amounts</b>	Defined as working capital less trade and other receivables and inventory plus accounts payable and accrued liabilities, as presented in the condensed consolidated interim statements of financial position.

Non-GAAP ratios are identified and defined below:

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

Supplementary financial measures are identified and defined below:

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

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

	<b>Three months ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Net earnings	\$ 17.5	\$ 16.1
Non-cash losses (gains) on mark to market of derivative instruments, after-tax	0.3	(0.3)
<b>Adjusted net earnings</b>	<b>\$ 17.8</b>	<b>\$ 15.7</b>
<b>Adjusted basic earnings per share<sup>(1)</sup></b>	<b>\$ 0.83</b>	<b>\$ 0.73</b>
<b>Adjusted diluted earnings per share<sup>(1)</sup></b>	<b>\$ 0.80</b>	<b>\$ 0.71</b>

(1) For the three months ended March 31, 2023, the numbers of basic and diluted shares outstanding were 21,489,126 and 22,154,023, respectively (2022 – 21,415,435 and 22,126,541, respectively).

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

	<b>Three months ended</b>		<b>Twelve months ended</b>	
	<b>March 31</b>	<b>March 31</b>	<b>March 31</b>	<b>December 31</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>EBIT</b>	<b>\$ 28.6</b>	<b>\$ 26.4</b>	<b>\$ 116.1</b>	<b>\$ 113.9</b>
Depreciation and amortization	14.0	13.4	56.1	55.5
<b>EBITDA</b>	<b>\$ 42.6</b>	<b>\$ 39.7</b>	<b>\$ 172.2</b>	<b>\$ 169.3</b>
<b>EBIT</b>	<b>\$ 28.6</b>	<b>\$ 26.4</b>	<b>\$ 116.1</b>	<b>\$ 113.9</b>
Non-cash losses (gains) on mark to market of derivative instruments <sup>(1)</sup>	0.4	(0.5)	(2.6)	(3.5)
<b>Adjusted EBIT</b>	<b>\$ 29.0</b>	<b>\$ 25.9</b>	<b>\$ 113.5</b>	<b>\$ 110.4</b>
Depreciation and amortization	14.0	13.4	56.1	55.5
<b>Adjusted EBITDA</b>	<b>\$ 43.0</b>	<b>\$ 39.3</b>	<b>\$ 169.6</b>	<b>\$ 165.9</b>
Payment of lease liabilities <sup>(3)</sup>	(8.6)	(7.6)	(33.0)	(32.0)
<b>Pro-forma adjusted EBITDA</b>	<b>\$ 34.4</b>	<b>\$ 31.6</b>	<b>\$ 136.6</b>	<b>\$ 133.9</b>

(1) Non-cash losses (gains) on mark to market of non-hedged derivative instruments.

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

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

	March 31 2023	December 31 2022
Bank indebtedness	\$ 19.0	\$ 5.2
Debentures	55.9	55.8
Long-term debt	158.5	83.6
<b>Funded net debt</b>	<b>\$ 233.4</b>	<b>\$ 144.6</b>
Letters of credit	4.0	6.2
<b>Debt</b>	<b>\$ 237.5</b>	<b>\$ 150.8</b>
<b>Pro-forma adjusted EBITDA<sup>(1)</sup></b>	<b>\$ 136.6</b>	<b>\$ 133.9</b>
<b>Leverage ratio<sup>(2)</sup></b>	<b>1.74</b>	<b>1.13</b>
<b>Senior secured leverage ratio<sup>(3)</sup></b>	<b>1.33</b>	<b>0.71</b>

(1) For the twelve months ended March 31, 2023 and December 31, 2022.

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

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

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

	March 31 2023	December 31 2022
Shareholders' equity	\$ 455.0	\$ 449.8
Funded net debt	233.4	144.6
<b>Total capital</b>	<b>\$ 688.4</b>	<b>\$ 594.4</b>
<b>Funded net debt to total capital</b>	<b>33.9%</b>	<b>24.3%</b>

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

	March 31 2023	December 31 2022
Total current assets	\$ 981.1	\$ 860.1
Total current liabilities	555.8	514.1
<b>Working capital</b>	<b>\$ 425.2</b>	<b>\$ 346.0</b>
Trade and other receivables	(301.1)	(307.1)
Inventory	(584.4)	(462.2)
Accounts payable and accrued liabilities	470.8	423.8
<b>Other working capital amounts</b>	<b>\$ 10.6</b>	<b>\$ 0.7</b>



## Cautionary Statement Regarding Forward-Looking Information

This news release contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, “**forward-looking statements**”). These forward-looking statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “anticipates”, “intends”, “predicts”, “expects”, “is expected”, “scheduled”, “believes”, “estimates”, “projects” or “forecasts”, or variations of, or the negatives of, such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation’s ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward-looking statements. To the extent any forward-looking information in this news release constitutes future-oriented financial information or financial outlook within the meaning of applicable securities law, such information is being provided to demonstrate the potential of the Corporation and readers are cautioned that this information may not be appropriate for any other purpose. There can be no assurance that any forward-looking statement will materialize. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this news release, reflect management’s current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this news release includes forward looking statements regarding, among other things: our belief that our robust backlog, as well as solid fundamentals across many of our key markets, supports management’s confidence in our prospects as we advance further into 2023; our continued belief that the Corporation’s strong financial results and balance sheet give us the flexibility to further invest in our expanded Hitachi relationship, additional organic initiatives and acquisition opportunities to help drive future growth; our outlook after the first three months of 2023, including our view that solid fundamentals persist in many of the markets Wajax serves – particularly mining, energy and construction, and that our strong backlog also continues to support our confidence as Wajax advances further into the year; our expectation that Wajax’s heavy equipment business will grow in 2023, and anticipated further strong demand in Wajax’s less cyclical industrial parts and ERS businesses; our continued expectation that the challenges of 2023 will be similar to 2022 - ongoing supply chain volatility, higher interest rates, inflation, and a tight labour market; our core strategic priorities, including our continued focus on investing in Wajax’s people and their overall health and well-being, delivering exceptional customer value, organically growing our business, transacting on a robust acquisition pipeline, leveraging our enhanced relationship with Hitachi, prudently managing our balance sheet, deploying our ERP system, and entrenching sustainability into our business; our objective of managing our leverage ratio within a range of 1.5 – 2.0 times; and our goal of being Canada’s leading industrial products and services provider, distinguished by our sales force excellence, the breadth and efficiency of our repair and maintenance operations, and our ability to work closely with existing and new vendor partners to constantly expand our product offering to customers, together with our belief that achieving excellence in these three areas will position us to create value for our customers, employees, vendors and shareholders. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding: the absence of significant negative changes to general business and economic conditions; limited negative fluctuations in the supply and demand for, and the level and volatility of prices for, oil, natural gas and other commodities; the stability of financial market conditions, including interest rates; the ability of Hitachi and Wajax to develop and execute successful sales, marketing and other plans related to the expanded direct distribution relationship which took effect on March 1, 2022; our continued ability to execute our One Wajax strategy, including our ability to execute on our organic growth priorities, complete and effectively integrate acquisitions, and successfully implement new information technology platforms, systems and software, such as our ERP system; the receding effects of the COVID-19 pandemic and actions taken by governments, public authorities, suppliers and customers in response to the COVID-19 virus and its variants; the future financial performance of the Corporation; limited fluctuations in our costs; the level of market competition; our continued ability to attract and retain skilled staff; our continued ability to procure quality products and inventory; and our ongoing maintenance of strong relationships with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to: a continued or prolonged deterioration in general business and economic conditions, including as a result of new COVID-19 variants or armed conflicts between nations; supply chain disruptions and shortages related to or arising from the impacts of COVID-19 or armed conflicts between nations;

fluctuations in financial market conditions, including interest rates; the impacts of new COVID-19 variants, including the duration and severity of travel, business and other restrictions imposed by governments and public authorities in response to such variants; actions taken by our suppliers and customers in relation to new COVID-19 variants, including slowing, reducing or halting operations; the inability of Hitachi and Wajax to develop and execute successful sales, marketing and other plans related to the expanded direct distribution relationship which took effect on March 1, 2022; negative fluctuations in the supply and demand for, and the level of prices for, oil, natural gas and other commodities; a continued or prolonged decrease in the price of oil or natural gas; the level of demand for, and prices of, the products and services we offer; a decrease in levels of customer confidence and spending; decreased market acceptance of the products we offer; the termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions (including those caused by or related to new COVID-19 variants), job action and unanticipated events related to health, safety and environmental matters); our inability to attract and retain skilled staff and our inability to maintain strong relationships with our suppliers, employees and customers. The foregoing list of factors is not exhaustive. Further information concerning the risks and uncertainties associated with these forward-looking statements and the Corporation's business may be found in our MD&A for the year-ended December 31, 2022 (the "**2022 MD&A**"), which has been filed under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com), under the heading "Risk Management and Uncertainties". The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

Readers are cautioned that the risks described in the 2022 MD&A are not the only risks that could impact the Corporation. Risks and uncertainties not currently known to the Corporation, or currently deemed to be immaterial, may have a material effect on the Corporation's business, financial condition or results of operations.

Additional information, including Wajax's Annual Report, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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