

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian \$ millions)	September 30, 2022	December 31, 2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	120	502
Accounts receivable	1,011	839
Unbilled receivables	477	270
Inventory (Note 8)	2,526	1,687
Other assets (Note 9)	518	321
<b>Total current assets</b>	<b>4,652</b>	<b>3,619</b>
Property, plant, and equipment	932	914
Rental equipment	416	434
Intangible assets	319	306
Goodwill (Note 12)	317	237
Net post-employment assets	105	189
Distribution network	100	100
Investment in joint ventures and associate	88	84
Other assets	95	88
<b>Total assets</b>	<b>7,024</b>	<b>5,971</b>
<b>LIABILITIES</b>		
Current liabilities		
Short-term debt (Note 5)	1,087	374
Accounts payable and accruals	1,292	908
Deferred revenue	458	428
Current portion of long-term debt	106	190
Other liabilities	253	255
<b>Total current liabilities</b>	<b>3,196</b>	<b>2,155</b>
Long-term debt	836	921
Long-term lease liabilities	239	241
Deferred tax liabilities	154	149
Other liabilities	150	162
<b>Total liabilities</b>	<b>4,575</b>	<b>3,628</b>
<b>EQUITY</b>		
Share capital	543	561
Accumulated other comprehensive income	273	212
Retained earnings	1,614	1,550
Equity attributable to shareholders of Finning International Inc.	2,430	2,323
Non-controlling interests	19	20
<b>Total equity</b>	<b>2,449</b>	<b>2,343</b>
<b>Total liabilities and equity</b>	<b>7,024</b>	<b>5,971</b>

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these statements.

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF NET INCOME

(Canadian \$ millions, except per share amounts)	3 months ended September 30		9 months ended September 30	
	2022	2021	2022	2021
Revenue				
New equipment	679	631	1,939	1,627
Used equipment	96	83	261	285
Equipment rental	79	68	214	167
Product support	1,209	932	3,311	2,746
Fuel and other	321	190	901	520
Total revenue	2,384	1,904	6,626	5,345
Cost of sales	(1,807)	(1,443)	(5,031)	(4,028)
Gross profit	577	461	1,595	1,317
Selling, general, and administrative expenses	(353)	(311)	(1,042)	(938)
Equity earnings of joint ventures	—	—	1	1
Other income (Note 4)	—	—	—	15
Earnings before finance costs and income taxes	224	150	554	395
Finance costs (Note 5)	(23)	(19)	(62)	(56)
Income before provision for income taxes	201	131	492	339
Provision for income taxes	(52)	(32)	(126)	(79)
Net income	149	99	366	260
Net income (loss) attributable to:				
Shareholders of Finning International Inc.	149	99	367	260
Non-controlling interests	—	—	(1)	—
Earnings per share (Note 3)				
Basic	0.97	0.61	2.36	1.61
Diluted	0.97	0.61	2.36	1.60

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these statements.

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Canadian \$ millions)	3 months ended		9 months ended	
	September 30		September 30	
	2022	2021	2022	2021
Net income	149	99	366	260
Other comprehensive income, net of income tax				
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustments	78	41	68	(6)
Share of foreign currency translation adjustments of joint ventures	(1)	—	(1)	—
(Loss) gain on net investment hedges	(25)	(17)	(19)	2
Impact of foreign currency translation and net investment hedges, net of income tax	52	24	48	(4)
Gain on cash flow hedges	21	3	25	1
Gain on cash flow hedges, reclassified to net income	(1)	—	(2)	—
Provision for income taxes on cash flow hedges	(5)	(1)	(6)	—
Impact of cash flow hedges, net of income tax	15	2	17	1
Items that will not be subsequently reclassified to net income:				
Actuarial (loss) gain	(40)	24	(60)	49
Recovery of (provision for) income taxes on actuarial (loss) gain	10	(6)	15	(21)
Actuarial (loss) gain, net of income tax	(30)	18	(45)	28
<b>Total comprehensive income</b>	<b>186</b>	<b>143</b>	<b>386</b>	<b>285</b>
Total comprehensive income (loss) attributable to:				
Shareholders of Finning International Inc.	186	143	387	285
Non-controlling interests	—	—	(1)	—

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## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Canadian \$ millions)	Attributable to Shareholders of Finning International Inc.						
	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total	Non- controlling Interests	Total
Balance, January 1, 2021	566	1	218	1,421	2,206	—	2,206
Net income	—	—	—	260	260	—	260
Other comprehensive (loss) income	—	—	(3)	28	25	—	25
Total comprehensive (loss) income	—	—	(3)	288	285	—	285
Exercise of share options	11	(2)	—	(9)	—	—	—
Share option expense	—	1	—	—	1	—	1
Hedging loss transferred to statement of financial position	—	—	3	—	3	—	3
Non-controlling interests on acquisition of subsidiary	—	—	—	—	—	21	21
Repurchase of common shares (Note 6)	(10)	—	—	(83)	(93)	—	(93)
Dividends on common shares	—	—	—	(103)	(103)	—	(103)
Balance, September 30, 2021	567	—	218	1,514	2,299	21	2,320
Balance, January 1, 2022	<b>561</b>	<b>—</b>	<b>212</b>	<b>1,550</b>	<b>2,323</b>	<b>20</b>	<b>2,343</b>
Net income	—	—	—	367	367	(1)	366
Other comprehensive income (loss)	—	—	65	(45)	20	—	20
Total comprehensive income (loss)	—	—	65	322	387	(1)	386
Exercise of share options	2	(2)	—	—	—	—	—
Share option expense	—	2	—	—	2	—	2
Hedging gain transferred to statement of financial position	—	—	(4)	—	(4)	—	(4)
Repurchase of common shares (Note 6)	(17)	—	—	(132)	(149)	—	(149)
Share repurchase commitment under the automatic share purchase program (Note 6)	(3)	—	—	(17)	(20)	—	(20)
Dividends on common shares	—	—	—	(109)	(109)	—	(109)
Balance, September 30, 2022	<b>543</b>	<b>—</b>	<b>273</b>	<b>1,614</b>	<b>2,430</b>	<b>19</b>	<b>2,449</b>

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these statements.

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

<b>(Canadian \$ millions)</b>	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>				
Net income	149	99	366	260
Adjusting for:				
Depreciation and amortization	84	80	246	235
Loss on disposal of property, plant, and equipment	—	1	—	3
Return on investment in Energyst B.V.	—	—	—	(5)
Equity earnings of joint ventures	—	—	(1)	(1)
Share-based payment expense	—	4	7	25
Provision for income taxes	52	32	126	79
Finance costs (Note 5)	23	19	62	56
Net benefit cost of defined benefit pension plans and other post-employment benefit plans in selling, general, and administrative expenses	3	2	10	10
Changes in operating assets and liabilities (Note 11)	(258)	55	(964)	(247)
Additions to rental fleet	(42)	(30)	(86)	(84)
Additions to rental equipment with purchase options	(14)	(53)	(56)	(87)
Proceeds on disposal of rental fleet	11	13	30	46
Proceeds on disposal of rental equipment with purchase options	23	15	48	28
Interest paid	(21)	(16)	(60)	(53)
Income tax paid	(34)	(9)	(137)	(33)
Cash flow (used in) provided by operating activities	(24)	212	(409)	232
<b>INVESTING ACTIVITIES</b>				
Additions to property, plant, and equipment and intangible assets	(33)	(38)	(93)	(88)
Proceeds on disposal of property, plant, and equipment	—	2	—	8
Consideration paid for business acquisitions, net of cash acquired (Note 12)	(16)	(5)	(100)	(18)
Decrease (increase) in short-term and long-term investments	7	(27)	4	(20)
Return on investment in Energyst B.V.	—	—	—	6
Cash flow used in investing activities	(42)	(68)	(189)	(112)
<b>FINANCING ACTIVITIES</b>				
Increase in short-term debt (Note 11)	37	297	645	322
Decrease in long-term debt (Note 11)	—	(200)	(188)	(200)
Decrease in lease liabilities (Note 11)	(18)	(21)	(57)	(63)
Credit facility fee	—	(1)	—	(1)
Repurchase of common shares	(22)	(54)	(144)	(88)
Dividends paid	(37)	(36)	(109)	(103)
Cash flow (used in) provided by financing activities	(40)	(15)	147	(133)
Effect of currency translation on cash balances	56	11	69	(8)
(Decrease) increase in cash and cash equivalents	(50)	140	(382)	(21)
Cash and cash equivalents, beginning of period	170	378	502	539
Cash and cash equivalents, end of period (Note 11)	120	518	120	518

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these statements.

## 1. SIGNIFICANT ACCOUNTING POLICIES, KEY ASSUMPTIONS, AND SIGNIFICANT JUDGMENTS

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These unaudited condensed interim consolidated financial statements (Interim Financial Statements) of Finning International Inc. and its subsidiaries (together, Finning or the Company) have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) have been omitted or condensed, and therefore these Interim Financial Statements should be read in conjunction with the December 31, 2021 audited annual consolidated financial statements and the notes to such financial statements.

These Interim Financial Statements are based on the IFRS issued and effective for the current year. The Interim Financial Statements were authorized for issuance by the Company's Board of Directors on November 7, 2022. The Company has applied the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the changes in accounting policies disclosed below:

### a) Amendments to Standards

The Company has adopted the following amendments to IFRS:

- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* (effective January 1, 2022) clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling the contract. The amendments apply to contracts existing at the date when the amendments are first applied. On adoption of this amendment, there was no impact to the Company's consolidated financial statements.

### b) Future Accounting Pronouncements

The Company has not applied the following amendments to standards that have been issued but are not yet effective:

- Amendments to IAS 1, *Presentation of Financial Statements* (effective January 1, 2023) require entities to disclose their material accounting policy information rather than significant accounting policy information. The amendments provide guidance on how an entity can identify material accounting policy information and clarify that information may be material because of its nature, even if the related amounts are immaterial. Management reviewed the Company's accounting policies and believes no changes will be required to the disclosure of accounting policy information for the December 31, 2023 annual financial statements.
- Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (effective January 1, 2023) introduce a definition of 'accounting estimates' and clarify the difference between changes in accounting policies and changes in accounting estimates. These amendments will impact changes in accounting policies and changes in accounting estimates made after these amendments are adopted by the Company.
- Amendments to IAS 12, *Income Taxes* (effective January 1, 2023) clarify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of the related asset and liability. Management has assessed the impact of these amendments and does not expect any changes to the statement of financial position.
- Amendments to IAS 1, *Presentation of Financial Statements* (effective January 1, 2024) clarify the presentation of liabilities in the consolidated statement of financial position. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer or accelerate settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. Management has assessed the impact of these amendments and does not expect any changes to the presentation of liabilities in the statement of financial position.

## 2. SEGMENTED INFORMATION

The Company's revenue, results, and other information by reportable segment were as follows:

<b>3 months ended September 30, 2022</b> <b>(\$ millions)</b>	<b>Canada</b>	<b>South America</b>	<b>UK &amp; Ireland</b>	<b>Other</b>	<b>Total</b>
Revenue					
New equipment	259	204	216	—	679
Used equipment	69	10	17	—	96
Equipment rental	53	15	11	—	79
Product support	647	463	99	—	1,209
Fuel and other	321	—	—	—	321
Total revenue	1,349	692	343	—	2,384
Cost of fuel	(277)	—	—	—	(277)
Net revenue	1,072	692	343	—	2,107
Operating costs <sup>(1)</sup>	(900)	(582)	(311)	(6)	(1,799)
Earnings (loss) before finance costs, income taxes, depreciation, and amortization	172	110	32	(6)	308
Depreciation and amortization	(47)	(25)	(11)	(1)	(84)
Earnings (loss) before finance costs and income taxes	125	85	21	(7)	224
Finance costs					(23)
Provision for income taxes					(52)
Net income					149
Invested capital <sup>(2)</sup>	2,450	1,438	400	70	4,358
Gross capital expenditures <sup>(3)(4)</sup>	37	8	2	8	55
Gross rental equipment spend <sup>(4)</sup>	34	17	5	—	56

(1) Operating costs are calculated as cost of sales less cost of fuel plus selling, general, and administrative expenses less depreciation and amortization.

(2) Invested capital is calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term debt and long-term debt, net of cash and cash equivalents.

(3) Capital includes property, plant, and equipment and intangible assets.

(4) Includes leases and borrowing costs capitalized and excludes additions through business acquisitions.

3 months ended September 30, 2021 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	170	256	205	—	631
Used equipment	63	12	8	—	83
Equipment rental	47	10	11	—	68
Product support	491	360	81	—	932
Fuel and other	190	—	—	—	190
<b>Total revenue</b>	<b>961</b>	<b>638</b>	<b>305</b>	<b>—</b>	<b>1,904</b>
Cost of fuel	(156)	—	—	—	(156)
<b>Net revenue</b>	<b>805</b>	<b>638</b>	<b>305</b>	<b>—</b>	<b>1,748</b>
Operating costs <sup>(1)</sup>	(673)	(558)	(278)	(9)	(1,518)
Earnings (loss) before finance costs, income taxes, depreciation, and amortization	132	80	27	(9)	230
Depreciation and amortization	(48)	(22)	(10)	—	(80)
<b>Earnings (loss) before finance costs and income taxes</b>	<b>84</b>	<b>58</b>	<b>17</b>	<b>(9)</b>	<b>150</b>
Finance costs					(19)
Provision for income taxes					(32)
<b>Net income</b>					<b>99</b>
Invested capital <sup>(2)</sup>	1,922	1,057	339	17	3,335
Gross capital expenditures <sup>(3)(4)</sup>	27	33	—	5	65
Gross rental equipment spend <sup>(4)</sup>	71	9	3	—	83

- (1) Operating costs are calculated as cost of sales less cost of fuel plus selling, general, and administrative expenses less depreciation and amortization.
- (2) Invested capital is calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term debt and long-term debt, net of cash and cash equivalents.
- (3) Capital includes property, plant, and equipment and intangible assets.
- (4) Includes leases and borrowing costs capitalized and excludes additions through business acquisitions.

The Company's revenue, results, and other segment information was as follows:

<b>9 months ended September 30, 2022</b>					
<b>(\$ millions)</b>	<b>Canada</b>	<b>South America</b>	<b>UK &amp; Ireland</b>	<b>Other</b>	<b>Total</b>
Revenue					
New equipment	693	613	633	—	1,939
Used equipment	197	28	36	—	261
Equipment rental	138	43	33	—	214
Product support	1,819	1,216	276	—	3,311
Fuel and other	901	—	—	—	901
<b>Total revenue</b>	<b>3,748</b>	<b>1,900</b>	<b>978</b>	<b>—</b>	<b>6,626</b>
Cost of fuel	(779)	—	—	—	(779)
<b>Net revenue</b>	<b>2,969</b>	<b>1,900</b>	<b>978</b>	<b>—</b>	<b>5,847</b>
Operating costs <sup>(1)</sup>	(2,522)	(1,615)	(889)	(22)	(5,048)
Equity earnings of joint ventures	1	—	—	—	1
Earnings (loss) before finance costs, income taxes, depreciation, and amortization	448	285	89	(22)	800
Depreciation and amortization	(141)	(71)	(31)	(3)	(246)
Earnings (loss) before finance costs and income taxes	307	214	58	(25)	554
Finance costs					(62)
Provision for income taxes					(126)
<b>Net income</b>					<b>366</b>
Invested capital <sup>(2)</sup>	2,450	1,438	400	70	4,358
Gross capital expenditures <sup>(3)(4)</sup>	86	22	6	22	136
Gross rental equipment spend <sup>(4)</sup>	104	31	8	—	143

(1) Operating costs are calculated as cost of sales less cost of fuel plus selling, general, and administrative expenses less depreciation and amortization.

(2) Invested capital is calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term debt and long-term debt, net of cash and cash equivalents.

(3) Capital includes property, plant, and equipment and intangible assets.

(4) Includes leases and borrowing costs capitalized and excludes additions through business acquisitions.

The Company's revenue, results, and other segment information was as follows:

9 months ended September 30, 2021 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	577	523	527	—	1,627
Used equipment	212	37	36	—	285
Equipment rental	108	28	31	—	167
Product support	1,463	1,044	239	—	2,746
Fuel and other	520	—	—	—	520
<b>Total revenue</b>	<b>2,880</b>	<b>1,632</b>	<b>833</b>	<b>—</b>	<b>5,345</b>
<b>Cost of fuel</b>	<b>(423)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(423)</b>
<b>Net revenue</b>	<b>2,457</b>	<b>1,632</b>	<b>833</b>	<b>—</b>	<b>4,922</b>
Operating costs <sup>(1)</sup>	(2,092)	(1,420)	(762)	(34)	(4,308)
Equity earnings of joint ventures	1	—	—	—	1
Other income	10	—	—	5	15
<b>Earnings (loss) before finance costs, income taxes, depreciation, and amortization</b>	<b>376</b>	<b>212</b>	<b>71</b>	<b>(29)</b>	<b>630</b>
<b>Depreciation and amortization</b>	<b>(141)</b>	<b>(62)</b>	<b>(30)</b>	<b>(2)</b>	<b>(235)</b>
<b>Earnings (loss) before finance costs and income taxes</b>	<b>235</b>	<b>150</b>	<b>41</b>	<b>(31)</b>	<b>395</b>
Finance costs					(56)
Provision for income taxes					(79)
<b>Net income</b>					<b>260</b>
Invested capital <sup>(2)</sup>	1,922	1,057	339	17	3,335
Gross capital expenditures <sup>(3)(4)</sup>	61	53	7	14	135
Gross rental equipment spend <sup>(4)</sup>	142	17	13	—	172

- (1) Operating costs are calculated as cost of sales less cost of fuel plus selling, general, and administrative expenses less depreciation and amortization.
- (2) Invested capital is calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term debt and long-term debt, net of cash and cash equivalents.
- (3) Capital includes property, plant, and equipment and intangible assets.
- (4) Includes leases and borrowing costs capitalized and excludes additions through business acquisitions.

### 3. EARNINGS PER SHARE

3 months ended (\$ millions, except share and per share amounts)	September 30, 2022		September 30, 2021	
	Basic	Diluted	Basic	Diluted
Net income attributable to shareholders of Finning	149	149	99	99
Weighted average shares outstanding (WASO)	153,754,628	153,754,628	160,819,146	160,819,146
Effect of dilutive share options		228,970		470,088
WASO with assumed conversions		153,983,598		161,289,234
Earnings per share	0.97	0.97	0.61	0.61

9 months ended (\$ millions, except share and per share amounts)	September 30, 2022		September 30, 2021	
	Basic	Diluted	Basic	Diluted
Net income attributable to shareholders of Finning	367	367	260	260
WASO	155,598,174	155,598,174	161,747,466	161,747,466
Effect of dilutive share options		347,621		571,411
WASO with assumed conversions		155,945,795		162,318,877
Earnings per share	2.36	2.36	1.61	1.60

Share options granted to employees that were anti-dilutive were excluded from the weighted average number of shares for the purpose of calculating diluted earnings per share. Anti-dilutive share options related to the three and nine months ended September 30, 2022 were one million (three and nine months ended September 30, 2021: one million).

### 4. OTHER INCOME

(\$ millions)	3 months ended September 30		9 months ended September 30	
	2022	2021	2022	2021
Canada Emergency Wage Subsidy (a)	—	—	—	10
Return on investment in Energyst B.V. (Note 12)	—	—	—	5
Other income	—	—	—	15

(a) In response to the negative economic impact of the novel coronavirus (COVID-19), various government programs were introduced to provide financial relief to affected businesses, including wage-subsidy programs for eligible entities that met certain criteria. The Company records government grants and subsidies when it is reasonably assured that the Company will comply with the relevant conditions and that the amount will be received.

## 5. DEBT AND FINANCE COSTS

At September 30, 2022, short-term debt included \$1.0 billion drawn on the Company's committed revolving credit facility (December 31, 2021: \$370 million). The Company's short-term borrowings were used primarily to fund operations and repay the 3.98% USD \$100 million Medium Term Note, due January 19, 2022 and the 4.18% USD \$50 million Medium Term Note, due April 3, 2022.

The components of finance costs were as follows:

(\$ millions)	3 months ended		9 months ended	
	September 30		September 30	
	2022	2021	2022	2021
Interest on short-term debt	10	—	17	1
Interest on long-term debt	9	13	29	37
Interest on debt	19	13	46	38
Interest on lease liabilities	3	3	8	8
Other finance related expenses	1	3	8	10
Finance costs	23	19	62	56

## 6. SHARE CAPITAL

During the nine months ended September 30, 2022, the Company repurchased 4,649,748 Finning common shares for cancellation for \$149 million, at an average cost of \$32.04 per share, through the Company's normal course issuer bid. During the nine months ended September 30, 2021, the Company repurchased 2,879,340 common shares for cancellation for \$93 million, at an average cost of \$32.41 per share.

In connection with the normal course issuer bid, the Company implemented an automatic share purchase plan with a designated broker to enable share repurchases for cancellation during selected blackout periods. At September 30, 2022, an obligation of \$20 million was recorded for the repurchase of shares from October 1, 2022 to November 8, 2022 under this automatic share purchase plan.

## 7. SHARE-BASED PAYMENTS

The Company has a number of share-based compensation plans in the form of share options and other share-based payment plans noted below.

### Share Options

Details of the share option plans are as follows:

9 months ended	September 30, 2022		September 30, 2021	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	1,772,547	25.12	3,683,449	24.40
Granted	339,689	33.90	370,776	33.11
Exercised	(293,587)	25.83	(2,049,289)	25.10
Forfeited	(21,753)	25.42	(71,001)	26.77
Expired	(1,110)	25.44	(8,160)	30.83
Options outstanding, end of period	1,795,786	26.66	1,925,775	25.21
Options exercisable, end of period	1,008,349	24.73	947,817	26.39

In the three and nine months ended September 30, 2022, the Company granted 6,820 and 339,689 common share options, respectively, to senior executives and management of the Company (three and nine months ended September 30, 2021: 3,848 and 370,776 common share options, respectively). The Company only grants and prices share options when all material information has been disclosed to the market.

In the nine months ended September 30, 2022, 293,587 options were exercised resulting in 89,593 common shares being issued; 203,994 options were withheld in respect of the exercise price, and returned to the option pool for future issues/grants (nine months ended September 30, 2021: 2,049,289 options were exercised resulting in 430,626 common shares being issued; 1,618,663 options were withheld in respect of the exercise price, and returned to the option pool for future issues/grants).

The fair value of the options granted has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	3 months ended		9 months ended	
	September 30		September 30	
	2022	2021	2022	2021
Dividend yield	3.09%	3.14%	3.07%	3.18%
Expected volatility <sup>(1)</sup>	32.70%	31.23%	31.75%	31.37%
Risk-free interest rate	3.13%	0.79%	2.82%	0.97%
Expected life (in years)	5.20	5.24	5.11	5.18
Grant date fair value of options	\$ 6.95	\$ 6.53	\$ 7.98	\$ 6.70

<sup>(1)</sup> Expected volatility is based on historical share price volatility of Finning shares.

### Other Share-Based Payment Plans

The Company has other share-based payment plans in the form of deferred share units, performance share units, and restricted share units that use notional common share units. Grants under these plans were as follows:

(Share units granted)	3 months ended		9 months ended	
	September 30		September 30	
	2022	2021	2022	2021
Executive Deferred Share Unit Plan	—	—	471	3,585
Directors' Deferred Share Unit Plan A	17,492	12,851	44,298	37,799
Performance Share Unit Plan <sup>(2)</sup>	4,727	2,188	346,489	320,416
Restricted Share Unit Plan	6,374	1,312	259,623	207,430

<sup>(2)</sup> Based on 100% vesting

## 8. INVENTORY

(\$ millions)	September 30, 2022	December 31, 2021
On-hand equipment	941	540
Parts and supplies	1,104	790
Internal service work in progress	481	357
<b>Total inventory</b>	<b>2,526</b>	<b>1,687</b>

## 9. OTHER ASSETS

(\$ millions)	September 30, 2022	December 31, 2021
Supplier claims receivable	145	103
Equipment deposits	112	82
Commodity taxes receivable	78	5
Prepaid expenses	55	30
Finance assets	47	36
Income tax recoverable	17	15
Other	64	50
<b>Total other assets – current</b>	<b>518</b>	<b>321</b>

## 10. POST-EMPLOYMENT BENEFITS

The significant actuarial assumptions used in the valuation of the Company's defined benefit pension plans in Canada and UK and other post-employment benefit plans in South America include:

	September 30, 2022			September 30, 2021		
	Canada	UK	South America	Canada	UK	South America
Discount rate – obligation	5.1%	5.0%	7.0%	3.4%	2.1%	2.1%
Discount rate – expense <sup>(1)</sup>	3.0%	2.0%	2.2%	2.7%	1.4%	(0.2)%
Retail price inflation – obligation	n/m <sup>(2)</sup>	3.4%	n/a <sup>(2)</sup>	n/m <sup>(2)</sup>	3.1%	n/a <sup>(2)</sup>
Retail price inflation – expense <sup>(1)</sup>	n/m <sup>(2)</sup>	3.0%	n/a <sup>(2)</sup>	n/m <sup>(2)</sup>	2.6%	n/a <sup>(2)</sup>
Average staff turnover – obligation	n/m <sup>(2)</sup>	n/m <sup>(2)</sup>	7.9%	n/m <sup>(2)</sup>	n/m <sup>(2)</sup>	7.9%
Rate of compensation increase – obligation	n/m <sup>(2)</sup>	n/a <sup>(2)</sup>	6.6%	n/m <sup>(2)</sup>	n/a <sup>(2)</sup>	3.0%

<sup>(1)</sup> Used to determine the net interest cost and expense for the three and nine months ended September 30, 2022 and September 30, 2021

<sup>(2)</sup> n/m – not a material assumption used in the valuation  
n/a – not applicable

## 11. SUPPLEMENTAL CASH FLOW INFORMATION

The components of cash and cash equivalents were as follows:

<b>September 30</b> <b>(\$ millions)</b>	<b>2022</b>	<b>2021</b>
Cash	119	207
Cash equivalents	1	311
<b>Cash and cash equivalents</b>	<b>120</b>	<b>518</b>

The changes in operating assets and liabilities were as follows:

<b>(\$ millions)</b>	<b>3 months ended</b> <b>September 30</b>		<b>9 months ended</b> <b>September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Accounts receivable	(32)	—	(153)	(89)
Unbilled receivables	(81)	(66)	(197)	(89)
Inventory	(244)	38	(785)	(144)
Other assets	(128)	59	(158)	(49)
Accounts payable and accruals	163	45	338	130
Other liabilities	64	(21)	(9)	(6)
<b>Changes in operating assets and liabilities</b>	<b>(258)</b>	<b>55</b>	<b>(964)</b>	<b>(247)</b>

The changes in liabilities arising from financing and operating activities were as follows:

<b>(\$ millions)</b>	<b>Short-term</b> <b>debt</b>	<b>Long-term</b> <b>debt</b>	<b>Lease</b> <b>liabilities</b>	<b>Total</b>
Balance, January 1, 2022	374	1,111	328	1,813
Cash flows provided by (used in)				
Financing activities	645	(188)	(57)	400
Operating activities	—	—	(8)	(8)
<b>Total cash movements</b>	<b>645</b>	<b>(188)</b>	<b>(65)</b>	<b>392</b>
Non-cash changes				
Additions	—	—	42	42
Additions through business combination	—	—	3	3
Remeasurement of liability and disposals	—	—	(2)	(2)
Interest expense	—	—	8	8
Foreign exchange rate changes	68	19	(4)	83
<b>Total non-cash movements</b>	<b>68</b>	<b>19</b>	<b>47</b>	<b>134</b>
<b>Balance, September 30, 2022</b>	<b>1,087</b>	<b>942</b>	<b>310</b>	<b>2,339</b>

<b>(\$ millions)</b>	<b>Short-term</b> <b>debt</b>	<b>Long-term</b> <b>debt</b>	<b>Lease</b> <b>liabilities</b>	<b>Total</b>
Balance, January 1, 2021	92	1,308	298	1,698
Cash flows provided by (used in)				
Financing activities	322	(200)	(63)	59
Operating activities	—	—	(8)	(8)
<b>Total cash movements</b>	<b>322</b>	<b>(200)</b>	<b>(71)</b>	<b>51</b>
Non-cash changes				
Additions	—	—	49	49
Additions through business combination	3	8	14	25
Remeasurement of liability and disposals	—	—	34	34
Interest expense	—	—	8	8
Foreign exchange rate changes	2	(2)	(2)	(2)
<b>Total non-cash movements</b>	<b>5</b>	<b>6</b>	<b>103</b>	<b>114</b>
<b>Balance, September 30, 2021</b>	<b>419</b>	<b>1,114</b>	<b>330</b>	<b>1,863</b>

## 12. ACQUISITIONS AND INVESTMENT

### Hydraquip Hose & Hydraulics and Hoses Direct Ltd. (Hydraquip)

On March 22, 2022, the Company's UK & Ireland operations acquired a 100% ownership interest in Hydraquip, UK's second largest hose replacement and repair company. Hydraquip earns approximately 60% of its revenue from on-site mobile hose services and the remaining 40% from selling hydraulic and fluid power products and parts. This purchase has been accounted for as a business combination using the acquisition method of accounting.

The fair value of the total consideration at the acquisition date was estimated to be \$117 million (£70 million), which may be subject to customary post-closing adjustments. Cash consideration of \$84 million, net of \$10 million cash acquired, was paid in the three months ended March 31, 2022. The fair value of deferred consideration was \$19 million. The vendors may qualify for additional consideration (possible range of £nil to £11 million) based on the acquired business unit achieving specified levels of financial performance. The acquisition-date fair value of the contingent consideration was estimated to be \$4 million (£2 million). The deferred and contingent consideration was recognized as a liability on the consolidated statement of financial position and is payable in annual instalments over a period of three years after the acquisition. Following finalization of the purchase price allocation, any changes in the estimated fair value of the contingent consideration will be recognized in the consolidated statement of income.

Management is currently in the process of estimating the acquisition-date fair values of certain tangible assets acquired and measuring the acquired intangible assets. The preliminary acquisition-date fair values of acquired tangible and intangible assets, and assumed liabilities were estimated to be:

Preliminary purchase price allocation (\$ millions)	September 30, 2022	June 30, 2022
Cash and cash equivalents	10	10
Working capital <sup>(1)</sup>	3	3
Property, plant & equipment	6	2
Intangible assets	29	31
Goodwill	80	70
Lease liabilities	(3)	—
Deferred tax liabilities	(8)	—
<b>Net assets acquired</b>	<b>117</b>	<b>116</b>

<sup>(1)</sup> Working capital comprises accounts receivable, inventory, other assets, accounts payable and accruals, and provisions.

Goodwill relates to the expected synergies from combining complementary capabilities that help customers maximize uptime and reduce operating costs and the expected growth potential for product support revenue. Hydraquip expands Finning's service capabilities across multiple industries and equipment types to both new and existing customers. The goodwill is assigned to the Company's UK & Ireland reportable segment.

### Compression Technology Corporation (ComTech)

On September 3, 2021, the Company's Canadian operations acquired a 54.5% controlling ownership interest in ComTech through Finning's subsidiary, 4Refuel Holdings Limited (4Refuel). ComTech is an early-stage developer of alternative energy infrastructure and provider of proprietary mobile fuelling solutions for low-carbon fuels in North America, including compressed natural gas (CNG), renewable natural gas (RNG), and hydrogen. ComTech provides 4Refuel with the capability to be a leading provider of turn-key, low-carbon energy solutions. This acquisition expands the Company's fuelling capabilities beyond diesel and allows the Company to support customers' energy transition journey, starting with solutions for CNG and RNG. This investment in ComTech leverages 4Refuel's leading mobile on-site refuelling platform to enable customers to reduce their emissions and improve productivity.

Cash consideration for this acquisition was \$25 million, which included \$20 million cash acquired. The acquisition was funded with cash on hand. As part of this acquisition, Finning also recorded a non-controlling interest in ComTech (45.5% ownership interest) of \$21 million.

The acquisition-date fair values of acquired tangible and intangible assets, assumed liabilities, and deferred tax liabilities were estimated to be:

Final purchase price allocation (\$ millions)	September 30, 2022	December 31, 2021
Cash and cash equivalents	20	20
Working capital <sup>(1)</sup>	1	1
Property, plant & equipment	20	17
Intangible assets	9	9
Goodwill	24	25
Debt	(11)	(11)
Lease liabilities	(15)	(15)
Deferred tax liabilities	(2)	—
Net identifiable assets	46	46
Non-controlling interests	(21)	(21)
Net assets acquired	25	25

<sup>(1)</sup> Working capital comprises accounts receivable, inventory, other assets, accounts payable and accruals, and provisions.

Goodwill relates to the expected synergies from combining complementary capabilities and the expected growth potential for natural gas in Canada and the US. The goodwill is assigned to the Company's Canada reportable segment and is not deductible for tax purposes.

### **Energyst B.V. (Energyst)**

Energyst was the Caterpillar dealer in Europe for rental power and temperature control solutions. In December 2020, the shareholders of Energyst, which included Finning, decided to restructure the company and convert its rental activities into four separate regional organizations which were sold in January 2021. A plan was put in place to sell any remaining assets and wind-up Energyst, with the net proceeds from the sale to be distributed to Energyst's shareholders. During the year ended December 31, 2021, the Company recorded a return on its investment in Energyst.

On January 7, 2021, the Company's UK & Ireland operations acquired a 100% ownership interest in the Energyst rental business operations in the UK and Ireland, one of the four regional organizations, and is now the authorized supplier of rental services for Caterpillar power generation in these territories. This purchase has been accounted for as a business combination using the acquisition method of accounting.

Cash consideration of \$14 million (€9 million) was paid at the date of acquisition, which included \$1 million cash acquired. The Company funded the transaction with cash on hand.

The acquisition-date fair values of acquired tangible and intangible assets, deferred tax asset, and assumed liabilities were estimated to be:

Final purchase price allocation (\$ millions)	
Cash and cash equivalents	1
Working capital <sup>(1)</sup>	2
Rental equipment	9
Property, plant & equipment	1
Deferred tax asset	1
Net assets acquired	14

<sup>(1)</sup> Working capital comprises accounts receivable, inventory, other assets, accounts payable and accruals, and provisions.