

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 9, 2022

This **MD&A** should be read in conjunction with our **Interim Financial Statements** and the accompanying notes thereto for the three months ended March 31, 2022, which have been prepared in accordance with **IAS 34, Interim Financial Reporting**, and our **Annual Financial Statements** and the accompanying notes thereto for the year ended December 31, 2021. In this MD&A, unless context otherwise requires, the terms we, us, our, and **Finning** refer to Finning International Inc. and/or its subsidiaries. All dollar amounts presented in this MD&A are expressed in **CAD**, unless otherwise stated. Additional information relating to Finning, including our **AIF** and annual MD&A, can be found under our profile on the **SEDAR** website at www.sedar.com and in the investors section of our website at www.finning.com.

A glossary of defined terms is included on page 34. The first time a defined term is used in this MD&A, it is shown in bold italics.

First Quarter Overview

(\$ millions, except per share amounts)	Q1 2022	Q1 2021	% change <i>fav (unfav)</i>
Revenue	1,953	1,596	22%
Net revenue ⁽¹⁾	1,736	1,469	18%
Gross profit	490	407	20%
SG&A	(351)	(314)	(12)%
Equity earnings of joint ventures	1	—	n/m
Other income	—	15	n/m
EBIT	140	108	29%
Net income attributable to shareholders of Finning	92	70	33%
Basic EPS	0.59	0.43	37%
EBITDA ⁽¹⁾	221	185	19%
Free cash flow ⁽²⁾	(303)	(20)	n/m
Adjusted EBIT ⁽²⁾⁽³⁾	140	93	51%
Adjusted basic EPS ⁽¹⁾⁽³⁾	0.59	0.35	68%
Adjusted EBITDA ⁽²⁾⁽³⁾	221	170	30%
<i>Gross profit as a % of net revenue</i> ⁽¹⁾	28.2%	27.7%	
<i>SG&A as a % of net revenue</i> ⁽¹⁾	(20.2)%	(21.4)%	
<i>EBIT as a % of net revenue</i> ⁽¹⁾	8.1%	7.4%	
<i>EBITDA as a % of net revenue</i> ⁽¹⁾	12.7%	12.6%	
<i>Adjusted EBIT as a % of net revenue</i> ⁽¹⁾⁽³⁾	8.1%	6.3%	
<i>Adjusted EBITDA as a % of net revenue</i> ⁽¹⁾⁽³⁾	12.7%	11.6%	
<i>Adjusted ROIC</i> ⁽¹⁾⁽³⁾	17.0%	10.0%	

(1) See "Description of **Specified Financial Measures** and Reconciliations" in this MD&A.

(2) These are non-**GAAP** financial measures. See "Description of Specified Financial Measures and Reconciliations" in this MD&A.

(3) Reported financial measures may be impacted by significant items described on pages 5 and 24 - 26 of this MD&A. Financial measures that have been adjusted to take into account these items are referred to as "Adjusted measures". See "Description of Specified Financial Measures and Reconciliations" in this MD&A.

First Quarter Highlights

- Q1 2022 revenue was \$2.0 billion. Net revenue in Q1 2022 of \$1.7 billion was up 18% from Q1 2021, driven by increased market activity in all operations and strong execution of our product support growth strategy.
- Gross profit in Q1 2022 was up 20% compared to Q1 2021 and SG&A increased 12% compared to Q1 2021 on 18% higher net revenue. SG&A as a percentage of net revenue was 20.2%, 120 basis points lower than Q1 2021 reflecting improved execution to capture growth opportunities and continued productivity improvements.
- Q1 2022 EBIT was \$140 million and EBIT as a percentage of net revenue was 8.1%. Excluding significant items not considered indicative of operational and financial trends, Q1 2021 Adjusted EBIT was \$93 million and Adjusted EBIT as a percentage of net revenue was 6.3%. Q1 2022 EBIT was up 51% and EBIT as a percentage of net revenue was up 180 basis points compared to the Q1 2021 Adjusted EBIT results. Q1 2022 EBIT as a percentage of net revenue was up in all of our operations and was 9.1% in Canada, 11.4% in South America, and 5.0% in the **UK & Ireland**.
- EBITDA was \$221 million in Q1 2022, a significant increase from Adjusted EBITDA of \$170 million in Q1 2021. EBITDA as a percentage of net revenue of 12.7% in Q1 2022 was 110 basis points higher than Q1 2021 Adjusted EBITDA as a percentage of net revenue due to the improvement in SG&A as a percentage of net revenue combined with higher gross profit margins.
- Q1 2022 basic EPS was \$0.59 per share, a 68% increase from Q1 2021 Adjusted basic EPS of \$0.35 per share, and a 37% increase from Q1 2021 basic EPS of \$0.43 per share.
- Q1 2022 free cash flow was a use of cash of \$303 million compared to a use of cash of \$20 million in Q1 2021, primarily due to our investment in inventory to meet strong customer demand and delivery of backlog.
- Adjusted ROIC at March 31, 2022 was 17.0%, an increase of 60 basis points from December 31, 2021, with higher Adjusted ROIC in all of our operations, driven by improved profitability.
- Consolidated equipment backlog ⁽¹⁾ was \$2.1 billion at March 31, 2022, up from \$1.9 billion at December 31, 2021, driven by upcycle demand conditions in all of our operations.
- Quarterly dividend was raised by 5% to \$0.236 per share, which marks 21 years of consecutive dividend growth.

⁽¹⁾ See "Description of Specified Financial Measures and Reconciliations" in this MD&A.

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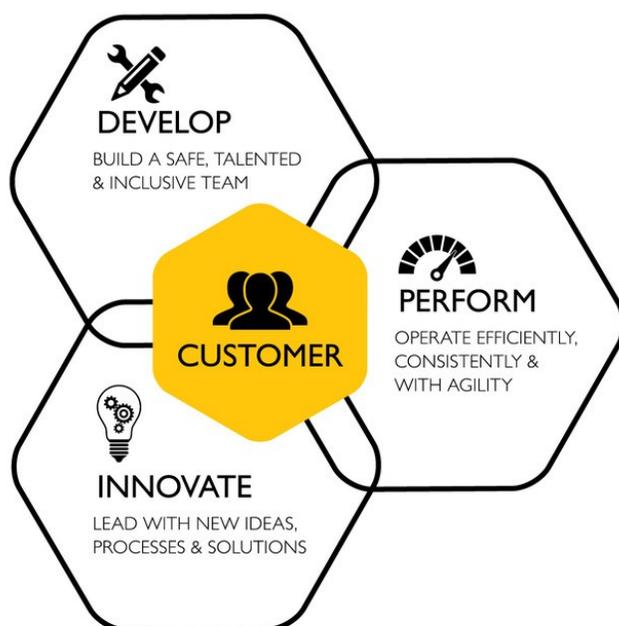
Strategic Framework

Our customer-centric growth strategy is based on three pillars – Develop, Perform, and Innovate – which provide a strong foundation for our five global strategic priorities:

- Customer Centricity – be our customers’ trusted partner by providing consistent and innovative services that add value to their business;
- Lean & Agile Global Finning – maintain relentless focus on productivity, efficiency, and our customers’ total cost of equipment ownership;
- Global Supply Chain – leverage our global supply chain to enhance the omni-channel customer experience while maximizing working capital efficiencies and generating free cash flow;
- Digital Enterprise – advance the use of technology to improve our customers’ experience, enable data-driven decisions, and reduce cost to serve; and
- Growth & Diversification – achieve profitable and capital efficient growth.

Our strategic plan is based on our Purpose, Vision, and Values, which have been articulated with the input of our employees and comprise our strategic framework:

STRATEGIC PILLARS



OUR PURPOSE

We believe in partnering and innovating to build and power a better world.

OUR VISION

Leveraging our global expertise and insight, we are a trusted partner in transforming our customers’ performance.

OUR VALUES

We are trusted: We act ethically and honour our commitments.

We are collaborative: We build diverse and respectful partnerships.

We are innovative: We look for new and better ways to serve our customers.

We are passionate: We are driven to safely deliver results.

Simple Execution Plan

At our 2021 Investor Day, we introduced our Simple Execution Plan designed to improve our return on invested capital performance and ultimately increase our earnings capacity.

- First, we are accelerating product support growth. Our strategy is well aligned with **Caterpillar** in driving product support growth through strengthening our value proposition to meet the rapidly evolving needs of our customers. We are leveraging our unified digital platform, CUBIQ™, to help our customers improve their productivity, costs, safety, and environmental performance.
- Second, we are reducing our cost base by becoming more efficient and agile in serving our customers and driving supply chain improvement across our global organization.
- And third, we are reinvesting our free cash flow to compound our earnings. Our strong balance sheet provides optionality to drive earnings potentially through organic growth, acquisitions, and return of capital to shareholders.

Sustainability

Sustainability is an integral part of our business and is woven through our strategy and operations. We live our values every day, and they guide our behaviour in every interaction we have. Living our values means that how we do things is just as important as what we do. We have made significant progress in building a sustainable business and positioning for growth as the world transitions to cleaner energy sources. Our approach to sustainability is closely aligned with our purpose and covers the material sustainability topics discussed in our Sustainability Report. Our Sustainability Report can be found in the sustainability section of our website at www.finning.com.

Adjusted Measures

Reported financial measures may be impacted by significant items we do not consider indicative of operational and financial trends either by nature or amount; these are referred to as “Adjusted measures”. Adjusted measures are considered non-GAAP financial measures and do not have a standardized meaning under *IFRS*, and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding these financial measures, including definitions and reconciliations from each of these Adjusted measures to their most directly comparable measure under GAAP, where available, see the heading “Description of Specified Financial Measures and Reconciliations” on pages 23 - 30 of this MD&A.

There were no significant items identified by management that affected our Q1 2022 results.

Q1 2021 significant items:

- Finning qualified for and recorded a benefit related to **CEWS**, which was introduced by the Government of Canada in response to **COVID-19** for eligible entities that met specific criteria.
- In December 2020, the shareholders of **Energyst**, which included Finning, decided to restructure the company. A plan was put in place to sell any remaining assets and wind-up Energyst, with net proceeds from the sale to be distributed to Energyst’s shareholders. During Q1 2021, we recorded a return on our investment in Energyst.

The following table shows the magnitude of these significant items and provides reconciliations of the Adjusted measures to their most directly comparable **GAAP financial measures**:

3 months ended March 31, 2021 (\$ millions, except per share amounts)	EBIT					Basic EPS
	Canada	South America	UK & Ireland	Other	Consol	Consol
EBIT and basic EPS	69	41	\$ 7	\$ (9)	108	\$ 0.43
Significant items:						
CEWS support	(10)	—	—	—	(10)	(0.05)
Return on our investment in Energyst	—	—	—	(5)	(5)	(0.03)
Adjusted EBIT and Adjusted basic EPS	59	41	\$ 7	\$ (14)	93	\$ 0.35

Quarterly Key Performance Measures

We utilize the following **KPIs** to enable consistent measurement of performance across the organization.

	2022				2021			2020	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
ROIC ⁽¹⁾ (%)									
Consolidated	17.0%	16.8%	15.6%	15.3%	12.5%	11.4%	10.7%	10.0%	11.9%
Canada	17.4%	17.5%	16.5%	17.0%	15.6%	14.6%	14.3%	13.3%	14.2%
South America	21.7%	20.3%	19.0%	17.2%	12.3%	11.0%	9.5%	9.3%	11.9%
UK & Ireland	15.7%	14.8%	14.9%	12.9%	6.5%	4.5%	2.9%	3.7%	8.4%
EBIT ⁽¹⁾ (\$ millions)									
Consolidated	140	157	150	137	108	108	138	52	94
Canada	80	92	84	82	69	72	93	63	60
South America	65	59	58	51	41	41	40	2	38
UK & Ireland	14	12	17	17	7	11	9	(5)	1
EBIT as a % of net revenue ⁽¹⁾									
Consolidated	8.1%	8.9%	8.6%	8.0%	7.4%	6.9%	9.6%	3.9%	6.6%
Canada	9.1%	10.1%	10.4%	9.3%	8.9%	9.3%	12.8%	8.9%	7.9%
South America	11.4%	10.1%	9.2%	9.8%	8.6%	8.3%	8.2%	0.5%	7.8%
UK & Ireland	5.0%	4.3%	5.6%	5.3%	3.2%	3.7%	4.1%	(3.2)%	0.5%
EBITDA ⁽¹⁾ (\$ millions)									
Consolidated	221	241	230	215	185	185	215	130	170
Canada	127	142	132	129	115	119	141	110	103
South America	88	81	80	71	61	61	59	24	60
UK & Ireland	24	23	27	27	17	20	18	4	11
EBITDA as a % of net revenue ⁽¹⁾									
Consolidated	12.7%	13.6%	13.2%	12.6%	12.6%	11.9%	14.9%	9.7%	11.8%
Canada	14.3%	15.5%	16.5%	14.7%	14.9%	15.4%	19.3%	15.6%	13.7%
South America	15.4%	14.0%	12.5%	13.7%	12.8%	12.2%	12.2%	5.2%	12.4%
UK & Ireland	8.7%	8.3%	9.0%	8.5%	7.9%	7.0%	7.9%	2.7%	5.2%
Basic EPS ⁽¹⁾	0.59	0.66	0.61	0.56	0.43	0.45	0.54	0.12	0.33
Invested capital ⁽²⁾ (\$ millions)									
Consolidated	3,777	3,326	3,335	3,277	3,177	3,067	3,284	3,495	3,883
Canada	2,122	1,876	1,922	1,861	1,832	1,819	1,921	2,037	2,093
South America	1,139	1,026	1,057	1,058	982	931	1,035	1,106	1,330
UK & Ireland	448	381	339	358	350	327	323	349	428
Invested capital turnover ⁽²⁾ (times)									
Consolidated	2.03	2.04	2.01	1.93	1.78	1.68	1.68	1.71	1.83
Canada	1.79	1.80	1.74	1.70	1.56	1.50	1.56	1.63	1.75
South America	2.15	2.15	2.11	1.97	1.90	1.75	1.67	1.67	1.73
UK & Ireland	3.09	3.11	3.25	3.09	2.66	2.49	2.39	2.32	2.60
Inventory (\$ millions)	2,101	1,687	1,627	1,643	1,593	1,477	1,626	1,893	2,152
Inventory turns (dealership) ⁽²⁾ (times)	2.66	3.09	3.09	2.84	2.83	2.79	2.30	1.97	2.25
Working capital to net revenue ⁽²⁾	23.8%	22.9%	23.0%	24.0%	25.9%	28.3%	29.2%	29.9%	28.9%
Free cash flow (\$ millions)	(303)	148	176	(4)	(20)	292	316	312	(50)

⁽¹⁾ Certain of these reported financial measures have been impacted in some quarters by significant items management does not consider indicative of operational and financial trends either by nature or amount. Financial measures that have been adjusted to take into account these items are referred to as "Adjusted measures" and are summarized on page 7 of this MD&A.

⁽²⁾ See "Description of Specified Financial Measures and Reconciliations" in this MD&A.

Adjusted KPIs

KPIs may be impacted by significant items described on pages 5 and 24 - 26 of this MD&A. KPIs that have been adjusted to take these items into account, referred to as "Adjusted" KPIs, were as follows:

	2022				2021				2020
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Adjusted ROIC									
Consolidated	17.0%	16.4%	14.7%	13.3%	10.0%	9.6%	9.3%	9.7%	12.0%
Canada	17.4%	16.9%	15.3%	14.0%	10.8%	10.5%	10.8%	11.6%	14.2%
South America	21.7%	20.3%	19.0%	17.2%	14.4%	12.9%	11.3%	11.2%	12.2%
UK & Ireland	15.7%	14.8%	14.9%	12.9%	7.6%	5.5%	3.9%	4.6%	8.4%
Adjusted EBIT (\$ millions)									
Consolidated	140	157	150	137	93	94	101	39	94
Canada	80	92	84	82	59	59	58	28	60
South America	65	59	58	51	41	41	40	23	38
UK & Ireland	14	12	17	17	7	11	9	(1)	1
Adjusted EBIT as a % of net revenue									
Consolidated	8.1%	8.9%	8.6%	8.0%	6.3%	6.1%	7.0%	2.9%	6.6%
Canada	9.1%	10.1%	10.4%	9.3%	7.7%	7.7%	8.1%	4.0%	7.9%
South America	11.4%	10.1%	9.2%	9.8%	8.6%	8.3%	8.2%	5.1%	7.8%
UK & Ireland	5.0%	4.3%	5.6%	5.3%	3.2%	3.7%	4.1%	(1.0)%	0.5%
Adjusted EBITDA (\$ millions)									
Consolidated	221	241	230	215	170	171	178	117	170
Canada	127	142	132	129	105	106	106	75	103
South America	88	81	80	71	61	61	59	45	60
UK & Ireland	24	23	27	27	17	20	18	8	11
Adjusted EBITDA as a % of net revenue									
Consolidated	12.7%	13.6%	13.2%	12.6%	11.6%	11.0%	12.3%	8.8%	11.8%
Canada	14.3%	15.5%	16.5%	14.7%	13.6%	13.7%	14.6%	10.6%	13.7%
South America	15.4%	14.0%	12.5%	13.7%	12.8%	12.2%	12.2%	9.8%	12.4%
UK & Ireland	8.7%	8.3%	9.0%	8.5%	7.9%	7.0%	7.9%	4.9%	5.2%
Adjusted basic EPS	0.59	0.66	0.61	0.56	0.35	0.38	0.37	0.06	0.33
Net debt to Adjusted EBITDA ratio ⁽¹⁾⁽²⁾ (times)	1.6	1.1	1.3	1.4	1.5	1.4	1.7	2.1	2.2

(1) See "Description of Specified Financial Measures and Reconciliations" in this MD&A.

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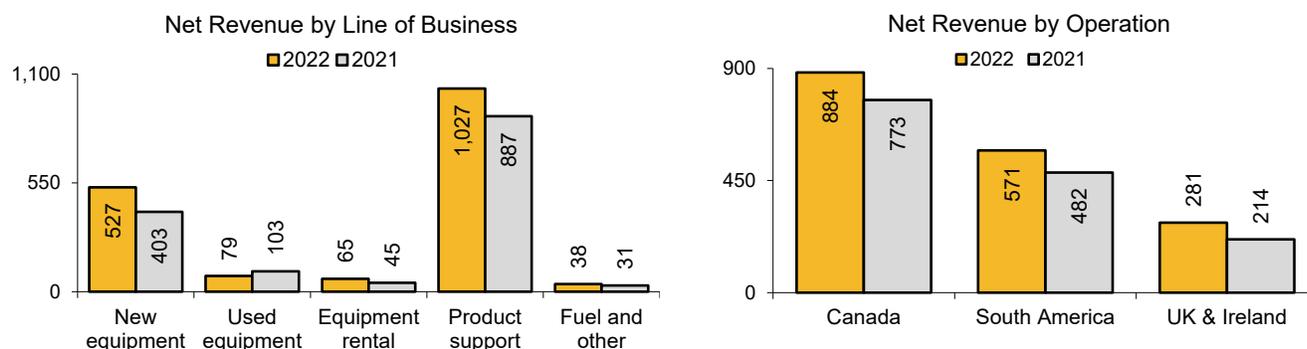
First Quarter Results

Revenue

Net Revenue by Line of Business and by Operation

3 months ended March 31

(\$ millions)



Q1 2022 revenue was \$2.0 billion. Net revenue of \$1.7 billion in the first quarter of 2022 was up 18% from Q1 2021, an increase in all our operations primarily driven by product support revenue and new equipment sales.

Product support revenue in Q1 2022 was up 16% from the same prior year period, higher in all market sectors in all our operations. Product support revenue in the construction sector in Q1 2022 increased 21% over the comparable period in the prior year as a result of our strategic focus to capture market share in this sector.

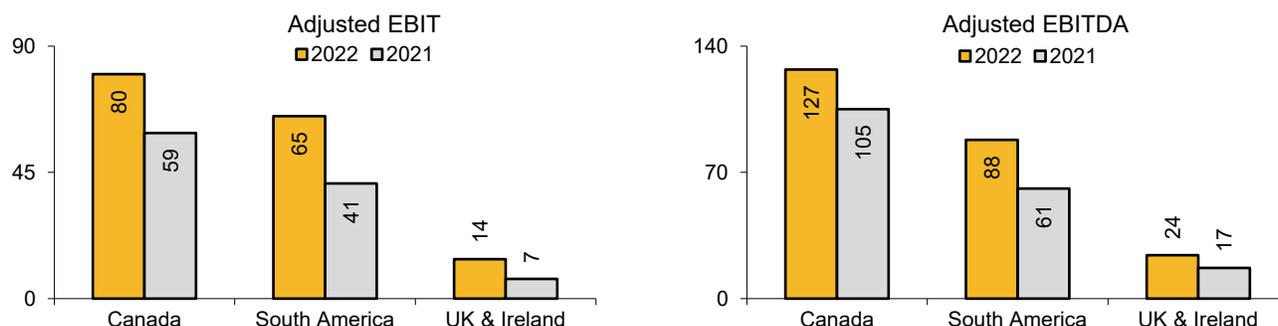
Q1 2022 new equipment revenue was 31% higher than the same prior year period mainly due to higher demand and volumes in the construction sector of UK & Ireland and the mining sectors in South America and Canada. Equipment backlog of \$2.1 billion at March 31, 2022 was up 10% from Q4 2021 and was up in all regions. Q1 2022 equipment order intake was strong and outpaced deliveries, primarily in the construction sectors in South America and UK & Ireland and the mining and construction sectors in Canada.

EBIT and EBITDA

Q1 2022 gross profit of \$490 million was 20% higher than the same period in the prior year. Overall gross profit as a percentage of net revenue was 28.2% in Q1 2022, up from 27.7% in Q1 2021, mainly due to higher gross profit margins from higher rental utilization and competitive pricing for equipment. This was partially offset by a revenue mix shift to a lower proportion of product support revenue.

SG&A in Q1 2022 of \$351 million was 12% higher than the same period in the prior year on 18% net revenue growth. The increase in SG&A was driven primarily by higher people-related and variable costs to support revenue growth, especially in product support, which is more SG&A intensive. SG&A as a percentage of net revenue was 20.2%, a 120 basis point improvement over the same prior year period, demonstrating improved execution to capture growth opportunities and continued productivity improvements.

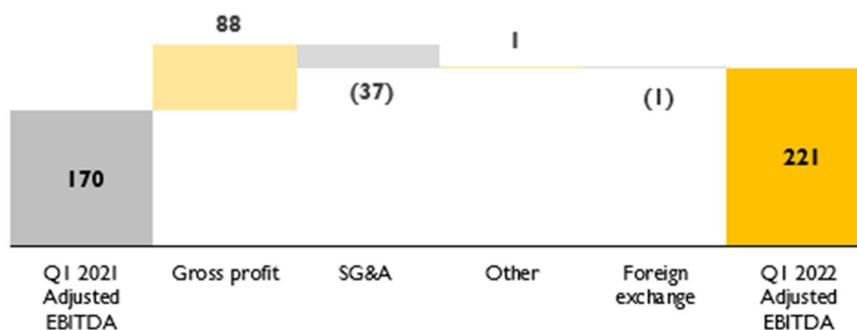
Adjusted EBIT and Adjusted EBITDA by Operation ⁽¹⁾
3 months ended March 31
(\$ millions)



(1) Excluding Other operations

EBIT and EBIT as a percentage of net revenue in Q1 2022 were \$140 million and 8.1%, respectively. Excluding the significant items not indicative of operational and financial trends described on page 5, Q1 2021 Adjusted EBIT was \$93 million and Adjusted EBIT as a percentage of net revenue was 6.3%.

EBITDA in Q1 2022 was \$221 million, up 30% from Adjusted EBITDA of \$170 million in Q1 2021. EBITDA was up in all our operations compared to Adjusted EBITDA in Q1 2021, primarily from increased gross profit from a strong market recovery. EBITDA as a percentage of net revenue of 12.7% in Q1 2022 was 110 basis points higher than Adjusted EBITDA as a percentage of net revenue in the same prior year period, driven by the improvement in SG&A as a percentage of net revenue and higher gross profit margins.



Finance Costs

Finance costs in Q1 2022 of \$18 million were comparable to Q1 2021.

Provision for Income Taxes

The effective income tax rate in Q1 2022 was 24.6% compared to 21.6% in Q1 2021. The effective income tax rate in Q1 2021 was lower due to a higher proportion of earnings from low tax jurisdictions and the return on our investment in Energyst not being taxable.

We expect our effective tax rate generally to be within the 25-30% range on an annual basis. The rate may fluctuate from period to period as a result of changes in relative income from the various jurisdictions in which we carry on business, sources of income, changes in the estimation of tax reserves, outcomes of any tax audits, or changes in tax rates and tax legislation.

Net Income Attributable to Shareholders of Finning and Basic EPS

Q1 2022 net income attributable to shareholders of Finning was \$92 million. Q1 2022 basic EPS was \$0.59 per share, a significant increase from Adjusted basic EPS of \$0.35 per share in Q1 2021 with higher earnings from all of our operations.

Invested Capital

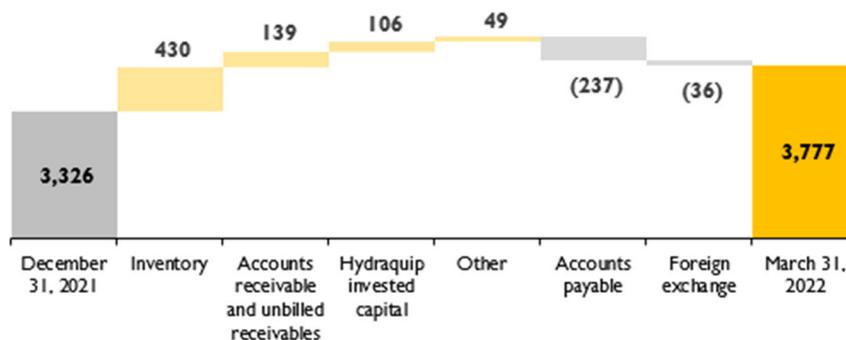
(\$ millions, unless otherwise stated)	March 31, 2022	December 31, 2021	Increase from December 31, 2021
Consolidated	3,777	3,326	451
Canada	2,122	1,876	246
South America	1,139	1,026	113
UK & Ireland	448	381	67
<i>South America (USD)</i>	912	809	103
<i>UK & Ireland (GBP)</i>	273	222	51

Compared to December 31, 2021:

The \$451 million increase in consolidated invested capital from December 31, 2021 to March 31, 2022 includes a foreign exchange impact of \$36 million in translating the invested capital balances of our UK & Ireland and South American operations. The foreign exchange impact was the result of the 4% stronger CAD relative to the GBP and 1% stronger CAD relative to the USD at March 31, 2022 compared to December 31, 2021.

Excluding the impact of foreign exchange, consolidated invested capital increased by \$487 million from December 31, 2021 to March 31, 2022 reflecting:

- higher inventory in all operations, mainly new equipment in Canada, as well as parts inventory in Canada and South America, proactively ordered and sourced to meet strong customer demand;
- an increase in accounts receivables in Canada and UK & Ireland as well as unbilled receivables in Canada and South America, driven by an increase in demand and sales activity;
- an increase in net assets from the acquisition of **Hydraquip** in UK & Ireland (see page 16); and,
- partially offset by higher accounts payable in all operations related to higher inventory purchases.



Adjusted ROIC and Invested Capital Turnover

	March 31, 2022	December 31, 2021
Adjusted ROIC		
Consolidated	17.0%	16.4%
Canada	17.4%	16.9%
South America	21.7%	20.3%
UK & Ireland	15.7%	14.8%
Invested Capital Turnover (times)		
Consolidated	2.03	2.04
Canada	1.79	1.80
South America	2.15	2.15
UK & Ireland	3.09	3.11

Adjusted ROIC

On a consolidated basis, Adjusted ROIC at March 31, 2022 improved 60 basis points from December 31, 2021 driven by higher Adjusted EBIT for the last twelve-month period outpacing the increase in average invested capital levels. March 31, 2022 Adjusted ROIC was higher than December 31, 2021 in all of our operations reflecting improved profitability in a recovering market. In South America, Adjusted ROIC of 21.7% was driven by a significant improvement in profitability.

Invested Capital Turnover

Consolidated invested capital turnover at March 31, 2022 of 2.03 was comparable to December 31, 2021. All regions reported higher net revenue over the last twelve-month period which was in-line with the increase in average invested capital levels. Compared to December 31, 2021 levels, March 31, 2022 invested capital turnover in Canada and South America were comparable, while invested capital turnover in UK & Ireland was down slightly as average invested capital levels were higher following the acquisition of Hydraquip.

Results by Reportable Segment

We operate primarily in one principal business: the sale, service, and rental of heavy equipment, engines, and related products in various markets on three continents as described on pages 13 - 16. Our reportable segments are Canada, South America, UK & Ireland, and Other.

The table below provides details of net revenue by lines of business for our Canadian, South American, and UK & Ireland operations.

3 months ended March 31, 2022		South	UK		Net Revenue
(\$ millions)	Canada	America	& Ireland	Consol	%
New equipment	185	167	175	527	30%
Used equipment	57	10	12	79	5%
Equipment rental	40	14	11	65	4%
Product support	564	380	83	1,027	59%
Fuel and other	38	—	—	38	2%
Net revenue	884	571	281	1,736	100%
Net revenue % by operation	51%	33%	16%	100%	

3 months ended March 31, 2021		South	UK		Net Revenue
(\$ millions)	Canada	America	& Ireland	Consol	%
New equipment	166	126	111	403	28%
Used equipment	73	14	16	103	7%
Equipment rental	27	8	10	45	3%
Product support	476	334	77	887	60%
Fuel and other	31	—	—	31	2%
Net revenue	773	482	214	1,469	100%
Net revenue % by operation	53%	33%	14%	100%	

Canada Operations

Our Canadian reporting segment includes **Finning (Canada)**, **OEM, 4Refuel**, and a 25% interest in **PLM**. Our Canadian operations sell, service, and rent mainly Caterpillar equipment and engines in British Columbia, Alberta, Saskatchewan, the Yukon Territory, the Northwest Territories, and a portion of Nunavut, and also provide mobile on-site refuelling services in most of the provinces of Canada, as well as in Texas, **US**. Our Canadian operations' markets include mining (including the oil sands), construction, conventional oil and gas, forestry, and power systems.

The table below provides details of the results from our Canadian operations:

3 months ended March 31		
(\$ millions)	2022	2021
Net revenue	884	773
Operating costs	(758)	(668)
Equity earnings of joint ventures	1	—
Other income	—	10
EBITDA	127	115
Depreciation and amortization	(47)	(46)
EBIT	80	69
Adjusted EBITDA	127	105
Adjusted EBIT	80	59
<i>EBITDA as a % of net revenue</i>	14.3%	14.9%
<i>EBIT as a % of net revenue</i>	9.1%	8.9%
<i>Adjusted EBITDA as a % of net revenue</i>	14.3%	13.6%
<i>Adjusted EBIT as a % of net revenue</i>	9.1%	7.7%

First Quarter Overview

Q1 2022 net revenue of \$884 million was 14% higher than Q1 2021 driven primarily by an increase in product support revenue reflecting strong market demand. Q1 2021 was impacted by COVID-19 and resulted in customers' reduced activity, restricted capital spending, and implementation of cost containment measures.

Product support revenue in Q1 2022 was up 18% compared to the same prior year period, reflecting increased spending by our customers in the mining sector and strong execution of our product support growth strategy in construction.

Q1 2022 new equipment revenue was 11% higher than Q1 2021, mainly due to mining deliveries. Equipment backlog at March 31, 2022 was up from December 31, 2021 in all market sectors, particularly in mining.

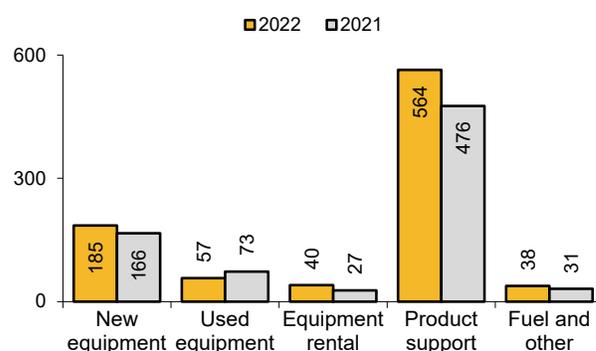
Rental revenue was up 54% from the same prior year period driven by strong customer demand in a constrained supply environment in Q1 2022, compared to softer market conditions including certain pipeline and construction work stoppages in Q1 2021.

Used equipment revenue in Q1 2022 decreased 22% from the prior year comparable period mainly due to a large fleet of used mining equipment delivered in Q1 2021 and tight used equipment availability in Q1 2022.

Gross profit in Q1 2022 increased from the same period in the prior year mainly from increased volumes. Overall gross profit as a percentage of net revenue in Q1 2022 was higher than Q1 2021 due to improved equipment and rental margins, driven by productivity improvements, higher rental utilization, and competitive pricing for equipment.

Q1 2022 SG&A was up compared to the prior year period primarily due to higher labour and variable costs to support volume growth. SG&A as a percentage of net revenue in Q1 2022 was slightly lower compared to Q1 2021 as productivity improvements and efficiencies offset the increase in volume-related costs.

Net Revenue by Line of Business Canada Operations 3 months ended March 31 (\$ millions)



Excluding significant items not considered by management to be indicative of operational and financial trends described on page 5, Q1 2021 Adjusted EBITDA was \$105 million. Q1 2022 EBITDA of \$127 million was up 21% from Adjusted EBITDA in the same prior year period, primarily due to higher gross profit realized from strong market demand. EBITDA as a percentage of net revenue of 14.3% in Q1 2022 was 70 basis points higher than Adjusted EBITDA as a percentage of net revenue in Q1 2021, with higher equipment and rental margins and improved productivity and efficiencies driving lower SG&A as a percentage of net revenue compared to Q1 2021 resulting in an improvement in our profitability.

South America Operations

Our South American operations sell, service, and rent mainly Caterpillar equipment and engines in Chile, Argentina, and Bolivia. Our South American operations' markets include mining, construction, forestry, and power systems.

The table below provides details of the results from our South American operations:

3 months ended March 31		
(\$ millions)	2022	2021
Net revenue	571	482
Operating costs	(483)	(421)
EBITDA	88	61
Depreciation and amortization	(23)	(20)
EBIT	65	41
<i>EBITDA as a % of net revenue</i>	15.4%	12.8%
<i>EBIT as a % of net revenue</i>	11.4%	8.6%

The CAD relative to the USD on average in Q1 2022 was comparable to Q1 2021 and as a result, there was no significant foreign currency translation impact on net revenue or EBIT in Q1 2022 when compared to Q1 2021.

All \$ figures in this section are in CAD as this is our reporting currency. All variances and ratios in this section are based on the functional currency of our South American operations, which is the USD.

First Quarter Overview

Q1 2022 net revenue was 18% higher than Q1 2021, with higher activity across all sectors, especially in mining.

Product support revenue in Q1 2022 increased 14% from Q1 2021 driven by higher demand for mining parts and service and a market recovery in the construction sector in Chile.

New equipment revenue in Q1 2022 increased 32% from the same prior year period, driven by higher demand from Chilean mining customers and from construction customers in Argentina. Equipment backlog at March 31, 2022 was up from December 31, 2021, primarily in the construction sector.

Gross profit in Q1 2022 increased from the same period in the prior year driven by higher volumes.

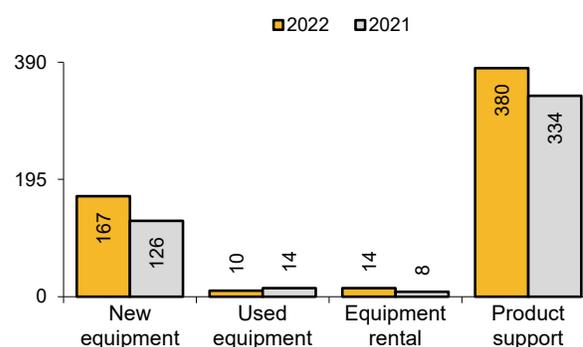
Gross profit as a percentage of net revenue in Q1 2022

was up compared to Q1 2021 mainly due to improved gross margins in all lines of business partially offset by a higher proportion of new equipment in the revenue mix (Q1 2022: 29% compared with Q1 2021: 26%).

Q1 2022 SG&A was up from Q1 2021 primarily due to higher people-related costs and variable costs to support increased volume, as well as inflation. This increase was partially offset by the favourable foreign currency translation impact on SG&A from the devaluation of the **CLP** relative to the USD in Q1 2022 compared to the same prior year period. Q1 2022 SG&A as a percentage of net revenue decreased 180 basis points from Q1 2021 due to productivity improvements and efficiencies allowing us to support higher revenues with a lower fixed cost base.

Q1 2022 EBITDA improved 42% from EBITDA in Q1 2021 primarily due to higher gross profit from improved market activity. Q1 2022 EBITDA as a percentage of net revenue of 15.4% was 260 basis points higher than EBITDA as a percentage of net revenue in Q1 2021 largely due to strong operating leverage from a streamlined cost structure combined with higher margins in all lines of business compared to Q1 2021.

**Net Revenue by Line of Business
South America Operations**
3 months ended March 31
(\$ millions)



UK & Ireland Operations

Our UK & Ireland operations sell, service, and rent mainly Caterpillar equipment and engines in England, Scotland, Wales, Northern Ireland, and the Republic of Ireland. Our UK & Ireland operations' markets include construction, power systems, and quarrying.

The table below provides details of the results from our UK & Ireland operations:

3 months ended March 31		
(\$ millions)	2022	2021
Net revenue	281	214
Operating costs	(257)	(197)
EBITDA	24	17
Depreciation and amortization	(10)	(10)
EBIT	14	7
<i>EBITDA as a % of net revenue</i>	8.7%	7.9%
<i>EBIT as a % of net revenue</i>	5.0%	3.2%

The CAD relative to the GBP on average in Q1 2022 was comparable to Q1 2021 and as a result, there was no significant foreign currency translation impact on net revenue or EBIT in Q1 2022 when compared to Q1 2021.

All \$ figures in this section are in CAD as this is our reporting currency. All variances and ratios in this section are based on the functional currency of our UK & Ireland operations, which is the GBP.

First Quarter Overview

First quarter 2022 net revenue was up 35% from the same period in 2021. The increase in Q1 2022 was primarily due to higher new equipment revenue in the construction sector.

New equipment revenue was 63% higher than the first quarter of 2021, primarily driven by demand in the construction sector, including deliveries to the **HS2** project as well as other infrastructure projects supported by government investments. Revenue in the power systems sector was down from the same prior year period due to the timing of project deliveries. Equipment backlog at March 31, 2022 increased from December 31, 2021 reflecting demand for equipment in the construction sector.

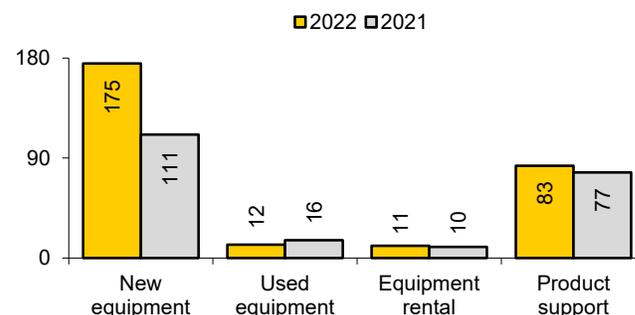
Q1 2022 product support revenue increased 10% from the same prior year period, with market recovery in the construction and power systems sectors.

Gross profit in Q1 2022 was up from the same prior year period, largely driven by revenue growth. Overall gross profit as a percentage of net revenue decreased from the same prior year period, mainly due to a higher proportion of new equipment sales in the revenue mix (Q1 2022: 62% compared with Q1 2021: 52%).

SG&A in Q1 2022 was up compared to the prior year period reflecting higher people-related and variable costs to support volumes, as well as transaction costs related to the acquisition of Hydraquip (see page 16). SG&A as a percentage of net revenue improved 360 basis points from Q1 2021 demonstrating the benefit of various productivity initiatives on strong revenue growth.

Q1 2022 EBITDA was up 49% from Q1 2021 driven by higher gross profit in all lines of business partially offset by an increase in SG&A. Q1 2022 EBITDA as a percentage of net revenue of 8.7% improved 80 basis points over Q1 2021 largely due to productivity improvements partially offset by the impact of having a higher proportion of new equipment sales in the revenue mix.

**Net Revenue by Line of Business
UK & Ireland Operations**
3 months ended March 31
(\$ millions)



Other Operations

Our Other operations includes corporate operating costs.

Q1 2022 EBITDA was a loss of \$18 million, higher than Q1 2021 Adjusted EBITDA loss of \$13 million. Q1 2022 EBITDA included higher people-related costs and consulting costs related to our energy transition strategy.

Other Developments

Hydraquip

On March 22, 2022, our UK & Ireland operations acquired a 100% ownership interest in Hydraquip, the 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 \$116 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 and is payable in annual instalments over a period of three years after the acquisition. 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 \$3 million (£2 million). The deferred and contingent consideration was recognized as a liability on the consolidated statement of financial position. 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.

The acquisition has been funded with existing credit facilities and any deferred and contingent consideration will be funded through credit facilities or cash on hand or a combination of both. The acquisition-date fair values of net assets acquired were estimated to be \$10 million of cash, \$4 million working capital⁽¹⁾, \$2 million of property, plant, and equipment, \$31 million of intangible assets, and \$69 million of goodwill.

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 our service capabilities across multiple industries and equipment types to both new and existing customers.

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

Market Update and Business Outlook

The discussion of our expectations relating to the market and business outlook in this section is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading “Forward-Looking Information Disclaimer” beginning on page 32 of this MD&A. Actual outcomes and results may vary significantly.

Canada Operations

Strong commodity prices and a combination of public and private sector investment are expected to continue to support a healthy demand environment across all sectors in Western Canada.

The federal and provincial governments’ infrastructure programs and private sector investments in natural gas, carbon capture, utilization and storage, and various power projects are expected to drive demand for construction equipment and product support, heavy rentals, and prime and standby electric power generation. We remain focused on growing our product support market share in construction by driving rebuilds and customer value agreements, as well as leveraging our digital platform CUBIQ™.

Healthy commodity markets, including base and precious metals, oil, natural gas, metallurgical coal, lumber, uranium, and potash provide a positive backdrop for mining activity in Western Canada and support increased capital spending, including in the oil sands. We expect the large and aging mining equipment population in our territory to continue driving demand for product support, including rebuilds, and opportunities for fleet renewals.

South America Operations

We expect a strong copper price, large and mature equipment population, and declining ore grades to continue driving healthy mining activity in Chile. We continue to closely monitor the constitutional reform process and expect a moderate increase in mining royalties. While the timing of investment decisions related to greenfield and new expansion projects remains uncertain, we are constructive about long-term copper mining growth in Chile. We are in a great position to capture opportunities for new mining equipment and autonomous solutions for brownfield expansions and greenfield projects.

We expect robust activity in the Chilean construction sector to be driven by growing demand for mining infrastructure and the government’s infrastructure investment program.

In Argentina, we are benefitting from improved activity in construction, oil and gas, and mining, however, the overall business environment continues to be challenging. We remain focused on managing fiscal, regulatory, and currency risks, including high inflation and **ARS** devaluation.

UK & Ireland Operations

Ongoing HS2 construction activity, coupled with government investments in other infrastructure projects, are expected to drive strong demand for construction equipment and product support in the UK. We are leveraging our digital solutions on the CUBIQ™ platform to continue capturing a large share of opportunities for the remainder of HS2 Phase 1 and other construction projects.

We expect demand for our power systems business in the UK & Ireland to remain strong, including in the data centre market, which is projected to continue to grow over the next few years ⁽¹⁾. We have a solid backlog of power systems projects for deliveries in 2022 and are well positioned to capture further opportunities in the growing data centre market.

⁽¹⁾ UK Data Center Market – Investment Analysis and Growth Opportunities Publication (2020-2025); Ireland Data Center Market – Growth, Trends and Forecasts Publication (2020-2025)

Executing On Our Strategic Plan

Our market outlook remains positive. We expect upcycle demand conditions in 2022 to be supported by strong commodity prices, public and private sector spending, and economic growth forecasts in all our regions.

Constraints in the global supply chain are expected to continue impacting availability of new equipment and parts for most of the year. To meet our customers' needs in this environment, we continue to offer rebuilds and rental options, and proactively source used equipment. Our data-driven inventory forecasting and improved supply chain efficiencies position us well to successfully navigate industry-wide supply constraints.

Underpinned by backlog deliveries, growth in product support, and strong market activity, we expect higher revenue and higher new equipment mix for the remainder of the year compared to Q1 2022. We are closely monitoring the impact of inflationary pressures, including further price increases from our key suppliers in the second quarter, and are working with customers to implement these changes. We remain committed to delivering fixed cost reduction initiatives, productivity gains, and strong operating leverage going forward. We expect above mid-teens EPS growth in 2022 compared to 2021.

Liquidity and Capital Resources

We assess liquidity in terms of our ability to generate sufficient cash flow, along with other sources of liquidity including cash and borrowings, to fund operations and growth. Liquidity is affected by operating, investing, and financing activities.

Cash flows (used in) provided by each of these activities were as follows:

3 months ended March 31			(Decrease)
(\$ millions)	2022	2021	Increase
Operating activities	(273)	12	(285)
Investing activities	(117)	(32)	(85)
Financing activities	197	(44)	241
Free Cash Flow	(303)	(20)	(283)

The most significant contributors to the changes in cash flows for Q1 2022 over Q1 2021 were as follows (all events described were in the current quarter, unless otherwise stated):

Operating activities	<ul style="list-style-type: none"> higher inventory purchases to support increased demand primarily in Canada and South America; partially offset by higher collections in all of our operations
Investing activities	<ul style="list-style-type: none"> \$84 million net cash consideration paid to acquire Hydraquip in our UK & Ireland operations in Q1 2022
Financing activities	<ul style="list-style-type: none"> \$438 million cash provided by short-term borrowings repayment of \$125 million of long-term debt \$61 million cash used to repurchase common shares in Q1 2022
Free Cash Flow use	<ul style="list-style-type: none"> higher use of free cash flow in Q1 2022 due to higher cash requirements from operating activities as outlined above

Capital resources and management

Our cash and cash equivalents balance at March 31, 2022 was \$295 million (December 31, 2021: \$502 million). At March 31, 2022, to complement internally generated funds from operating and investing activities, we had approximately \$2.1 billion in unsecured committed and uncommitted credit facilities. Included in this amount is a committed revolving credit facility totaling \$1.3 billion with various Canadian and global financial institutions, of which approximately \$0.5 billion was available at March 31, 2022. We are subject to certain covenants under our committed revolving credit facilities and were in compliance with these covenants as at March 31, 2022.

We continuously monitor actual and forecasted cash flows, manage the maturity profiles of our financial liabilities and maintain committed and uncommitted credit facilities. We believe that based on cash on hand, available credit facilities, and the discretionary nature of certain cash flows, such as rental and capital expenditures, we have sufficient liquidity to meet operational needs.

Finning is rated ⁽¹⁾ by both **DBRS** and **S&P**:

	Long-term debt		Short-term debt	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2022	Dec 31, 2021
DBRS	BBB (high)	BBB (high)	R-2 (high)	R-2 (high)
S&P	BBB+	BBB+	n/a	n/a

In April 2022, S&P affirmed our BBB+ rating with stable outlook, citing robust market demand, increased business efficiencies, and improved working capital management.

In August 2021, DBRS reconfirmed our BBB (high) long-term rating and R-2 (high) commercial paper rating both with stable trends.

During the three months ended March 31, 2022, we repurchased 1,625,448 common shares for cancellation for \$61 million, at an average cost of \$37.48 per share, through our **NCIB** ⁽²⁾. No common shares were repurchased in the three months ended March 31, 2021.

In connection with our NCIB, in January 2022, we implemented an automatic share purchase plan with a designated broker to enable share repurchases for cancellation during selected blackout periods. At March 31, 2022, we recorded an obligation of \$9 million for the repurchase of shares from April 1, 2022 to May 10, 2022, under this automatic share purchase plan. We will renew our NCIB for a further year effective May 13, 2022 and implement an automatic share purchase plan with a designated broker in connection with the renewed NCIB.

Net Debt to Adjusted EBITDA

We monitor net debt to Adjusted EBITDA to assess our operating leverage and ability to repay debt. This ratio approximates the length of time, in years, that it would take us to repay our debt, with net debt and Adjusted EBITDA held constant.

	Finning long-term target	Mar 31, 2022	Dec 31, 2021
Net debt to Adjusted EBITDA ratio (times)	< 3.0	1.6	1.1

⁽¹⁾ A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

⁽²⁾ A copy of the NCIB notice is available on request directed to the Corporate Secretary, 19100 94 Avenue, Surrey, BC V4N 5C3.

Accounting Policies and Pronouncements

New Accounting Pronouncements

The adoption of recent amendments to IFRS had no impact on our financial results. For more details on recent amendments to IFRS that were effective January 1, 2022 as well as future accounting pronouncements and effective dates, please refer to note 1 of our Interim Financial Statements.

Risk Factors and Management

Finning and its subsidiaries are exposed to market, credit, liquidity, and other risks in the normal course of business activities. Our **ERM** process is designed to ensure that these risks are identified, managed, and reported. The ERM framework assists us in managing risks and business activities to mitigate these risks across the organization and achieve our strategic objectives.

We maintain a strong risk management culture to protect and enhance shareholder value. On a quarterly basis, **Board** level committees review our processes for business risk assessment and the management of key business risks, any changes to key risks and exposures, and the steps taken to monitor and control such exposures, and report their review to the Board. The Board reviews all material risks in detail on an annual basis. The Board also reviews the adequacy of disclosures of key risks in our AIF, MD&A, and financial statements on a quarterly and annual basis. All key financial risks are disclosed in our annual MD&A and other key business risks are disclosed in our AIF.

Foreign Exchange Risk

Key exchange rates that impacted our results were as follows:

Exchange rate	March 31			December 31		3 months ended March 31 – average		
	2022	2021	Change	2021	Change	2022	2021	Change
USD/CAD	1.2496	1.2575	1%	1.2678	1%	1.2662	1.2660	(0)%
GBP/CAD	1.6417	1.7337	5%	1.7132	4%	1.6976	1.7457	3%
USD/CLP	787.16	732.11	(8)%	850.25	7%	808.54	724.14	(12)%
USD/ARS	111.01	92.00	(21)%	102.72	(8)%	106.67	88.63	(20)%

The impact of foreign exchange due to fluctuation in the value of the CAD relative to the USD, GBP, CLP, and ARS is expected to continue to affect our results.

Outstanding Share Data

As at May 5, 2022	
Common shares outstanding	156,217,581
Options outstanding	1,519,394

Controls and Procedures Certification

Disclosure Controls and Procedures

We are responsible for establishing and maintaining a system of controls and procedures over the public disclosure of our financial and non-financial information. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the **CEO** and **CFO**, on a timely basis so that appropriate decisions can be made regarding public disclosure.

The CEO and the CFO, together with other members of management, have designed our disclosure controls and procedures in order to provide reasonable assurance that material information relating to Finning and its consolidated subsidiaries is made known to them in a timely manner.

We have a Corporate Disclosure Policy and a Disclosure Committee in place to mitigate risks associated with the disclosure of inaccurate or incomplete information, or failure to disclose required information.

- The Corporate Disclosure Policy sets out accountabilities, authorized spokespersons, and our approach to the determination, preparation, and dissemination of material information. The policy also defines restrictions on insider trading and the handling of confidential information.
- The Disclosure Committee, consisting of senior management, including legal counsel, reviews all financial information prepared for communication to the public to ensure it meets all regulatory requirements. The Disclosure Committee is responsible for raising any outstanding issues it believes require the attention or approval of the **Audit Committee** prior to recommending disclosure, subject to legal requirements applicable to disclosure of material information.

Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. There has been no change in the design of our internal controls over financial reporting during the three months ended March 31, 2022 that would materially affect, or is reasonably likely to materially affect, our internal control over financial reporting. We have taken additional steps to ensure key financial internal controls remained in place during the financial reporting period and these controls were completed electronically.

Regular involvement of our internal audit function and quarterly reporting to the Audit Committee assist in providing reasonable assurance that the objectives of the control system are met. While our officers have designed our disclosure controls and procedures and internal control over financial reporting to provide reasonable assurance that the objectives of the control systems are met, they are aware that these controls and procedures 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.

Description of Specified Financial Measures and Reconciliations

Specified Financial Measures

We believe that certain specified financial measures, including non-GAAP financial measures, provide users of our MD&A and consolidated financial statements with important information regarding the operational performance and related trends of our business. The specified financial measures we use do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers. Accordingly, specified financial measures should not be considered as a substitute or alternative for financial measures determined in accordance with GAAP (GAAP financial measures). By considering these specified financial measures in combination with the comparable GAAP financial measures (where available) we believe that users are provided a better overall understanding of our business and financial performance during the relevant period than if they simply considered the GAAP financial measures alone.

We use KPIs to consistently measure performance against our priorities across the organization. Some of our KPIs are specified financial measures.

There may be significant items that we do not consider indicative of our operational and financial trends, either by nature or amount. We exclude these items when evaluating our operating financial performance. These items may not be non-recurring, but we believe that excluding these significant items from GAAP financial measures provides a better understanding of our financial performance when considered in conjunction with the GAAP financial measures. Financial measures that have been adjusted to take into account these significant items are referred to as "Adjusted measures". Adjusted measures are specified financial measures and are intended to provide additional information to readers of the MD&A.

Descriptions and components of the specified financial measures we use in this MD&A are set out below. Where applicable, quantitative reconciliations from certain specified financial measures to their most directly comparable GAAP financial measures (specified, defined, or determined under GAAP and used in our consolidated financial statements) are also set out below.

Adjusted basic EPS

Adjusted basic EPS excludes the after-tax per share impact of significant items that we do not consider to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of our underlying business performance. The tax impact of each significant item is calculated by applying the relevant applicable tax rate for the jurisdiction in which the significant item occurred. The after-tax per share impact of significant items is calculated by dividing the after-tax amount of significant items by the weighted average number of common shares outstanding during the period.

A reconciliation between basic EPS (the most directly comparable GAAP financial measure) and Adjusted basic EPS can be found on page 25 of this MD&A.

EBITDA, Adjusted EBITDA, and Adjusted EBIT

EBITDA is defined as earnings before finance costs, income taxes, depreciation, and amortization. We use EBITDA to assess and evaluate the financial performance of our reportable segments. We believe that EBITDA improves comparability between periods by eliminating the impact of finance costs, income taxes, depreciation, and amortization.

Adjusted EBIT and Adjusted EBITDA exclude items that we do not consider to be indicative of operational and financial trends, either by nature or amount, to provide a better overall understanding of our underlying business performance.

EBITDA is calculated by adding depreciation and amortization to EBIT. Adjusted EBITDA is calculated by adding depreciation and amortization to Adjusted EBIT.

The most directly comparable GAAP financial measure to EBITDA, Adjusted EBITDA, and Adjusted EBIT is EBIT.

A reconciliation from EBIT to EBITDA, Adjusted EBIT, and Adjusted EBITDA for our consolidated operations is as follows:

(\$ millions)	2022				2021				2020				2019			
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
EBIT	140	157	150	137	108	108	138	52	94	97	129	137				
Depreciation and amortization	81	84	80	78	77	77	77	78	76	73	72	76				
EBITDA	221	241	230	215	185	185	215	130	170	170	201	213				
EBIT	140	157	150	137	108	108	138	52	94	97	129	137				
Significant items:																
CEWS support	—	—	—	—	(10)	(14)	(37)	(64)	—	—	—	—				
Return on our investment in Energyst	—	—	—	—	(5)	—	—	—	—	—	—	—				
Severance costs	—	—	—	—	—	—	—	42	—	—	2	—				
Facility closures, restructuring costs, and impairment losses	—	—	—	—	—	—	—	9	—	—	1	—				
Adjusted EBIT	140	157	150	137	93	94	101	39	94	97	132	137				
Depreciation and amortization	81	84	80	78	77	77	77	78	76	73	72	76				
Adjusted EBITDA	221	241	230	215	170	171	178	117	170	170	204	213				

The impact on provision for (recovery of) income taxes of significant items was as follows:

3 months ended (\$ millions)	2022				2021				2020			
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Significant items:												
CEWS support	—	—	—	—	2	4	10	16	—	—	—	—
Severance costs	—	—	—	—	—	—	—	(10)	—	—	—	—
Facility closures, restructuring costs, and impairment losses	—	—	—	—	—	—	—	(2)	—	—	—	—
Provision for income taxes on significant items	—	—	—	—	2	4	10	4	—	—	—	—

A reconciliation from basic EPS to Adjusted basic EPS for our consolidated operations is as follows:

3 months ended (\$)	2022				2021				2020
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Basic EPS	0.59	0.66	0.61	0.56	0.43	0.45	0.54	0.12	0.33
Significant items:									
CEWS support	—	—	—	—	(0.05)	(0.07)	(0.17)	(0.30)	—
Return on our investment in Energyst	—	—	—	—	(0.03)	—	—	—	—
Severance costs	—	—	—	—	—	—	—	0.20	—
Facility closures, restructuring costs, and impairment losses	—	—	—	—	—	—	—	0.04	—
Adjusted basic EPS	0.59	0.66	0.61	0.56	0.35	0.38	0.37	0.06	0.33

A reconciliation from EBIT to Adjusted EBIT and Adjusted EBITDA for our Canadian operations is as follows:

3 months ended (\$ millions)	2022				2021				2020				2019
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	
EBIT	80	92	84	82	69	72	93	63	60	72	82	92	
Significant items:													
CEWS support	—	—	—	—	(10)	(13)	(35)	(60)	—	—	—	—	
Severance costs	—	—	—	—	—	—	—	20	—	—	—	—	
Facility closures, restructuring costs, and impairment losses	—	—	—	—	—	—	—	5	—	—	—	—	
Adjusted EBIT	80	92	84	82	59	59	58	28	60	72	82	92	
Depreciation and amortization	47	50	48	47	46	47	48	47	43	42	43	46	
Adjusted EBITDA	127	142	132	129	105	106	106	75	103	114	125	138	

A reconciliation from EBIT to Adjusted EBIT and Adjusted EBITDA for our South American operations is as follows:

3 months ended (\$ millions)	2022				2021				2020				2019
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	
EBIT	65	59	58	51	41	41	40	2	38	31	42	41	
Significant items:													
Severance costs	—	—	—	—	—	—	—	17	—	—	2	—	
Facility closures, restructuring costs, and impairment losses	—	—	—	—	—	—	—	4	—	—	1	—	
Adjusted EBIT	65	59	58	51	41	41	40	23	38	31	45	41	
Depreciation and amortization	23	22	22	20	20	20	19	22	22	20	20	21	
Adjusted EBITDA	88	81	80	71	61	61	59	45	60	51	65	62	

A reconciliation from EBIT to Adjusted EBIT and Adjusted EBITDA for our UK & Ireland operations is as follows:

3 months ended (\$ millions)	2022				2021				2020				2019	
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Jun 30
EBIT	14	12	17	17	7	11	9	(5)	1	5	14	14		
Significant item:														
Severance costs	—	—	—	—	—	—	—	4	—	—	—	—		
Adjusted EBIT	14	12	17	17	7	11	9	(1)	1	5	14	14		
Depreciation and amortization	10	11	10	10	10	9	9	9	10	10	8	9		
Adjusted EBITDA	24	23	27	27	17	20	18	8	11	15	22	23		

A reconciliation from EBIT to Adjusted EBIT and Adjusted EBITDA for our Other operations is as follows:

3 months ended (\$ millions)	2022				2021				2020				2019	
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Jun 30
EBIT	(19)	(6)	(9)	(13)	(9)	(16)	(4)	(8)	(5)	(11)	(9)	(10)		
Significant items:														
CEWS support	—	—	—	—	—	(1)	(2)	(4)	—	—	—	—		
Return on our investment in Energyst	—	—	—	—	(5)	—	—	—	—	—	—	—		
Severance costs	—	—	—	—	—	—	—	1	—	—	—	—		
Adjusted EBIT	(19)	(6)	(9)	(13)	(14)	(17)	(6)	(11)	(5)	(11)	(9)	(10)		
Depreciation and amortization	1	1	—	1	1	1	1	—	1	1	1	—		
Adjusted EBITDA	(18)	(5)	(9)	(12)	(13)	(16)	(5)	(11)	(4)	(10)	(8)	(10)		

EBITDA to Free Cash Flow Conversion

EBITDA to free cash flow conversion is calculated as free cash flow divided by EBITDA. We use EBITDA to free cash flow conversion to assess our efficiency in turning EBITDA into cash.

Equipment Backlog

Equipment backlog is defined as the retail value of new equipment units ordered by customers for future deliveries. We use equipment backlog as a measure of projecting future new equipment deliveries. There is no directly comparable GAAP financial measure for equipment backlog.

Free Cash Flow

Free cash flow is defined as cash flow provided by or used in operating activities less net additions to property, plant, and equipment and intangible assets, as disclosed in our financial statements. We use free cash flow to assess cash operating performance, including working capital efficiency. Consistent positive free cash flow generation enables us to re-invest capital to grow our business and return capital to shareholders. A reconciliation of free cash flow is as follows:

3 months ended (\$ millions)	2022				2021				2020
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Cash flow (used in) provided by operating activities	(273)	193	212	8	12	317	340	319	(14)
Additions to property, plant, and equipment and intangible assets	(30)	(45)	(38)	(17)	(33)	(34)	(26)	(17)	(38)
Proceeds on disposal of property, plant, and equipment	—	—	2	5	1	9	2	10	2
Free cash flow	(303)	148	176	(4)	(20)	292	316	312	(50)

Inventory Turns (Dealership)

Inventory turns (dealership) is the number of times our dealership inventory is sold and replaced over a period. We use inventory turns (dealership) to measure asset utilization. Inventory turns (dealership) is calculated as annualized cost of sales (excluding cost of sales related to the mobile refuelling operations) for the last six months divided by average inventory (excluding fuel inventory), based on an average of the last two quarters. Cost of sales related to the dealership and inventory related to the dealership are calculated as follows:

3 months ended (\$ millions)	2022				2021				2020	2019
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Cost of sales	1,463	1,465	1,443	1,396	1,189	1,248	1,163	1,075	1,140	1,483
Cost of sales related to mobile refuelling operations	(231)	(190)	(170)	(153)	(140)	(129)	(124)	(95)	(133)	(168)
Cost of sales related to the dealership	1,232	1,275	1,273	1,243	1,049	1,119	1,039	980	1,007	1,315

(\$ millions)	2022				2021				2020	2019
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Inventory	2,101	1,687	1,627	1,643	1,593	1,477	1,626	1,893	2,152	1,990
Fuel inventory	(11)	(9)	(6)	(3)	(3)	(3)	(2)	(2)	(3)	(3)
Inventory related to the dealership	2,090	1,678	1,621	1,640	1,590	1,474	1,624	1,891	2,149	1,987

Invested Capital

Invested capital is calculated as net debt plus total equity. Invested capital is also calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term and long-term debt, net of cash and cash equivalents. We use invested capital as a measure of the total cash investment made in Finning and each reportable segment. Invested capital is used in a number of different measurements (ROIC, Adjusted ROIC, invested capital turnover) to assess financial performance against other companies and between reportable segments. Invested capital is calculated as follows:

(\$ millions)	2022				2021				2020				2019		
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Dec 31	Sep 30	Jun 30
Cash and cash equivalents	(295)	(502)	(518)	(378)	(469)	(539)	(453)	(338)	(260)	(268)	(252)	(160)			
Short-term debt	804	374	419	114	103	92	217	158	329	226	532	751			
Current portion of long-term debt	63	190	191	386	326	201	200	200	200	200	200	—			
Non-current portion of long-term debt	909	921	923	903	973	1,107	1,136	1,348	1,381	1,318	1,325	1,321			
Net debt	1,481	983	1,015	1,025	933	861	1,100	1,368	1,650	1,476	1,805	1,912			
Total equity	2,296	2,343	2,320	2,252	2,244	2,206	2,184	2,127	2,233	2,115	2,102	2,052			
Invested capital	3,777	3,326	3,335	3,277	3,177	3,067	3,284	3,495	3,883	3,591	3,907	3,964			

Invested Capital Turnover

We use invested capital turnover to measure capital efficiency. Invested capital turnover is calculated as net revenue for the last twelve months divided by average invested capital of the last four quarters.

Net Debt to Adjusted EBITDA Ratio

This ratio is calculated as net debt divided by Adjusted EBITDA for the last twelve months. We use this ratio to assess operating leverage and ability to repay debt. This ratio approximates the length of time, in years, that it would take us to repay debt, with net debt and Adjusted EBITDA held constant.

Net Revenue, Gross Profit as a % of Net Revenue, SG&A as a % of Net Revenue, EBITDA as a % of Net Revenue, and EBIT as a % of Net Revenue

Net revenue is defined as total revenue less the cost of fuel related to the mobile refuelling operations in our Canadian operations. As these fuel costs are pass-through in nature for this business, we view net revenue as more representative than revenue in assessing the performance of the business because the rack price for the cost of fuel is fully passed through to the customer and is not in our control. For our South American and UK & Ireland operations, net revenue is the same as total revenue.

We use these specified financial measures to assess and evaluate the financial performance or profitability of our reportable segments. We may also calculate these financial measures using Adjusted EBITDA and Adjusted EBIT to exclude significant items we do not consider to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of our underlying business performance.

The most directly comparable GAAP financial measure to net revenue is total revenue. The ratios are calculated, respectively, as gross profit divided by net revenue, SG&A divided by net revenue, EBITDA divided by net revenue, and EBIT divided by net revenue. Net revenue is calculated as follows:

3 months ended (\$ millions)	2022				2021				2020				2019			
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Total revenue	1,953	1,949	1,904	1,845	1,596	1,666	1,553	1,419	1,558	1,911	1,959	2,137				
Cost of fuel	(217)	(175)	(156)	(140)	(127)	(115)	(110)	(84)	(119)	(154)	(140)	(142)				
Net revenue	1,736	1,774	1,748	1,705	1,469	1,551	1,443	1,335	1,439	1,757	1,819	1,995				

ROIC and Adjusted ROIC

ROIC is defined as EBIT for the last twelve months divided by average invested capital of the last four quarters, expressed as a percentage.

We view ROIC as a useful measure for capital allocation decisions that drive profitable growth and attractive returns to shareholders. We also calculate Adjusted ROIC using Adjusted EBIT to exclude significant items that we do not consider to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of our underlying business performance.

Working Capital & Working Capital to Net Revenue Ratio

Working capital is defined as total current assets (excluding cash and cash equivalents) less total current liabilities (excluding short-term debt and current portion of long-term debt). We view working capital as a measure for assessing overall liquidity.

The working capital to net revenue ratio is calculated as average working capital of the last four quarters, divided by net revenue for the last twelve months. We use this KPI to assess the efficiency in our use of working capital to generate net revenue.

Working capital is calculated as follows:

(\$ millions)	2022				2021				2020				2019	
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Dec 31	Jun 30
Total current assets	4,030	3,619	3,620	3,416	3,319	3,214	3,261	3,416	3,828	3,659	3,959	4,217		
Cash and cash equivalents	(295)	(502)	(518)	(378)	(469)	(539)	(453)	(338)	(260)	(268)	(252)	(160)		
Total current assets in working capital	3,735	3,117	3,102	3,038	2,850	2,675	2,808	3,078	3,568	3,391	3,707	4,057		
Total current liabilities	2,647	2,155	2,156	1,942	1,817	1,623	1,717	1,735	2,112	2,026	2,331	2,584		
Short-term debt	(804)	(374)	(419)	(114)	(103)	(92)	(217)	(158)	(329)	(226)	(532)	(751)		
Current portion of long-term debt	(63)	(190)	(191)	(386)	(326)	(201)	(200)	(200)	(200)	(200)	(200)	—		
Total current liabilities in working capital	1,780	1,591	1,546	1,442	1,388	1,330	1,300	1,377	1,583	1,600	1,599	1,833		
Working capital	1,955	1,526	1,556	1,596	1,462	1,345	1,508	1,701	1,985	1,791	2,108	2,224		

Selected Quarterly Information

(\$ millions, except for share, per share, and option amounts)	2022				2021			2020
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue								
Canada	1,101	1,089	961	1,019	900	886	838	789
South America	571	582	638	512	482	496	479	469
UK & Ireland ⁽¹⁾	281	278	305	314	214	284	236	161
Total revenue	1,953	1,949	1,904	1,845	1,596	1,666	1,553	1,419
Net income attributable to shareholders of Finning ⁽¹⁾⁽²⁾	92	104	99	91	70	72	88	18
EPS ⁽¹⁾⁽²⁾								
Basic EPS	0.59	0.66	0.61	0.56	0.43	0.45	0.54	0.12
Diluted EPS	0.59	0.65	0.61	0.56	0.43	0.44	0.54	0.12
Total assets ⁽¹⁾	6,402	5,971	5,936	5,615	5,524	5,458	5,535	5,716
Long-term debt								
Current	63	190	191	386	326	201	200	200
Non-current	909	921	923	903	973	1,107	1,136	1,348
Total long-term debt ⁽³⁾	972	1,111	1,114	1,289	1,299	1,308	1,336	1,548
Cash dividends paid per common share	22.5¢	22.5¢	22.5¢	20.5¢	20.5¢	20.5¢	20.5¢	20.5¢
Common shares outstanding (000's)	156,249	157,808	159,659	161,419	162,391	162,107	162,104	162,104
Options outstanding (000's)	1,545	1,773	1,926	2,105	2,116	3,683	3,760	3,758

(1) In March 2022, we acquired Hydraquip in our UK & Ireland reportable segment. The results of operations and financial position of this acquired business have been included in the figures since the date of acquisition.

(2) Results were impacted by the following significant items:

(\$ millions except per share amounts)	2021 ^(a)		2020 ^(a)	
	Q1	Q4	Q3	Q2
CEWS support	(10)	(14)	(37)	(64)
Return on our investment in Energyst	(5)	—	—	—
Severance costs	—	—	—	42
Facility closures, restructuring costs, and impairment losses	—	—	—	9
Impact of significant items on EBIT	(15)	(14)	(37)	(13)
Impact of significant items on basic EPS ^(b)	(0.08)	(0.07)	(0.17)	(0.06)

(a) There were no significant items impacting EBIT or basic EPS in Q1 2022, Q4 2021, Q3 2021, and Q2 2021.

(b) The per share impact for each quarter has been calculated using the weighted average number of common shares outstanding during the respective quarters; therefore, quarterly amounts may not add to the annual or year-to-date total.

(3) In January 2022, we settled our 3.98% USD \$100 million note which was due January 19, 2022.

In September 2021, we secured sustainability-linked terms for our \$1.3 billion committed revolving credit facility. We also extended the term of the credit facility from a maturity date of December 2024 to September 2026.

In September 2021, we settled our 2.84%, \$200 million note which was due on September 29, 2021.

In July 2020, we settled our 3.232%, \$200 million note which was due July 3, 2020.

In April 2020, we secured an additional \$500 million committed revolving credit facility, which provided further financial flexibility and liquidity. This facility had a term of two years, could be used for general corporate purposes, and had substantially the same terms and conditions of the existing \$1.3 billion committed revolving credit facility. In March 2021, we cancelled this facility.

Forward-Looking Information Disclaimer

This report contains information about our business outlook, objectives, plans, strategic priorities and other information that is not historical fact. Information is forward-looking when we use what we know and expect today to give information about the future. Forward-looking information may include terminology such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will, and variations of such terminology. All forward-looking information in this MD&A is subject to this disclaimer including the assumptions and material risk factors discussed and referred to below.

Forward-looking information in this report also includes, but is not limited to, the following: expected results from the execution of our strategic framework, including our global strategic priorities, strategic pillars, and simple execution plan described on page 4 of this MD&A; our expectation that our effective tax rate will generally be within the 25-30% range on an annual basis; possible additional consideration of £nil to £11 million payable to the vendors of Hydraquip over a three year period after the acquisition based on the acquired business unit achieving specified levels of financial performance; expected synergies following the acquisition Hydraquip from the combination of complementary capabilities and the expected growth potential for product support revenue; all information in the section entitled "Market Update and Business Outlook" on pages 17-18 of this MD&A regarding our expectations for our Canada operations (based on assumptions of continued strong commodity prices, public and private sector investment, a healthy demand environment across all sectors in Western Canada, federal and provincial government infrastructure programs and private sector investments in natural gas, carbon capture, utilization and storage, and power projects, and our ability to leverage CUBIQ™ and drive continued success with construction rebuilds and customer value agreements, and continued capital expenditures in mining, including the oil sands), our expectations for our South America operations (based on assumptions related to Chile of a continued strong copper price, a projected increase in copper mining growth, a moderate increase in mining royalties, our position to capture opportunities for new mining equipment and autonomous solutions for brownfield expansions and greenfield projects, and continued strong demand for mining infrastructure and the government's infrastructure investment program), our expectations for our UK & Ireland operations (based on assumptions of continued HS2 construction activity, continued government investments in infrastructure projects, our ability to leverage CUIBIQ™ and projections of continued growth in data centre market), our continued positive market outlook and our expectations of upcycle demand conditions in 2022, higher revenue and higher new equipment mix for the remainder of the year compared to Q1 2022, and above mid-teens EPS growth in 2022 compared to 2021 (based on assumptions of continued strength in commodity prices, public and private sector spending, forecasted economic growth in all our regions, and that we will successfully manage industry-wide constraints in the global supply chain and inflationary pressures including further price increases from key suppliers in the second quarter, including through successfully working with customers to implement those changes); our belief that, based on cash on hand, available credit facilities and the discretionary nature of certain cash flows, such as rental and capital expenditures, we have sufficient liquidity to meet operational needs; our intention to renew our NCIB for a further year effective May 13, 2022 and implement an automatic share purchase plan with a designated broker in connection with the renewed NCIB; and our expectation that foreign exchange fluctuations will continue to affect our results.

All such forward-looking information is provided pursuant to the 'safe harbour' provisions of applicable Canadian securities laws. Unless we indicate otherwise, forward-looking information in this report reflects our expectations at the date of this MD&A. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events, or otherwise.

Forward-looking information, by its very nature, is subject to numerous risks and uncertainties and is based on a number of assumptions. This gives rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking information and that our business outlook, objectives, plans, strategic priorities and other information that is not historical fact may not be achieved. As a result, we cannot guarantee that any forward-looking information will materialize.

Factors that could cause actual results or events to differ materially from those expressed in or implied by this forward-looking information include: the impact and duration of the COVID-19 pandemic and measures taken by governments, customers and suppliers in response; general economic and market conditions, including increasing inflationary cost pressure, and economic and market conditions in the regions where we operate; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, our products and services; our ability to maintain our relationship with Caterpillar; our dependence on the continued market acceptance of our products, including Caterpillar products, and the timely supply of parts and equipment; our ability to continue to sustainably reduce costs and improve productivity and operational efficiencies while continuing to maintain customer service; our ability to manage cost pressures as growth in revenue occurs; our ability to negotiate satisfactory purchase or investment terms and prices, obtain necessary regulatory or other approvals, and secure financing on attractive terms or at all; our ability to manage our growth strategy effectively; our ability to

effectively price and manage long-term product support contracts with our customers; our ability to drive continuous cost efficiency in a recovering market; our ability to attract sufficient skilled labour resources as market conditions, business strategy or technologies change; our ability to negotiate and renew collective bargaining agreements with satisfactory terms for our employees and us; the intensity of competitive activity; our ability to maintain a safe and healthy work environment across all regions; our ability to raise the capital needed to implement our business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments in the regions where we carry on business; our ability to respond to climate change-related risks; the occurrence of natural disasters, pandemic outbreaks, geo-political events, acts of terrorism, social unrest or similar disruptions; the availability of insurance at commercially reasonable rates and whether the amount of insurance coverage will be adequate to cover all liability or loss that we incur; the potential of warranty claims being greater than we anticipate; the integrity, reliability and availability of, and benefits from, information technology and the data processed by that technology; our ability to protect our business from cybersecurity threats or incidents; the actual impact of the COVID-19 pandemic; and, with respect to our normal course issuer bid, our share price from time to time and our decisions about use of capital. Forward-looking information is provided in this report to give information about our current expectations and plans and allow investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking information for any other purpose.

Forward-looking information provided in this report is based on a number of assumptions that we believed were reasonable on the day the information was given, including but not limited to: the specific assumptions stated above; that we will be able to successfully manage our business through the current challenging times involving the effects of the COVID-19 response, stretched supply chains, competitive talent markets, inflationary pressures and changing commodity prices, and successfully implement our COVID-19 risk management plans; an undisrupted market recovery, for example, undisrupted by COVID-19 impacts, commodity price volatility or social unrest; the successful execution of our profitability drivers; that our cost actions to drive earnings capacity in a recovery can be sustained; that commodity prices will remain at constructive levels; that our customers will not curtail their activities; that general economic and market conditions will continue to be strong; that the level of customer confidence and spending, and the demand for, and prices of, our products and services will be maintained; that present supply chain and inflationary challenges will not materially impact large project deliveries in our backlog; our ability to successfully execute our plans and intentions; our ability to attract and retain skilled staff; market competition will remain at similar levels; the products and technology offered by our competitors will be as expected; that identified opportunities for growth will result in revenue; that we have sufficient liquidity to meet operational needs; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment and that our current good relationships with Caterpillar, our customers and our suppliers, service providers and other third parties will be maintained; sustainment of strengthened oil prices and the Alberta government will not re-impose production curtailments; quoting activity for requests for proposals for equipment and product support is reflective of opportunities; that there will be a moderate increase in mining royalties in Chile; and strong recoveries in our regions, particularly in Chile and the UK. Some of the assumptions, risks, and other factors, which could cause results to differ materially from those expressed in the forward-looking information contained in this report, are discussed in our current AIF and in our annual and most recent quarterly MD&A for the financial risks, including for updated risks related to the COVID-19 pandemic.

We caution readers that the risks described in the annual and most recent quarterly MD&A and in the AIF are not the only ones that could impact us. We cannot accurately predict the full impact that COVID-19 will have on our business, results of operations, financial condition or the demand for our services, due in part to the uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, the steps our customers and suppliers may take in current circumstances, including slowing or halting operations, the duration of travel and quarantine restrictions imposed by governments and other steps that may be taken by governments to respond to the pandemic. Additional risks and uncertainties not currently known to us or that are currently deemed to be immaterial may also have a material adverse effect on our business, financial condition, or results of operation.

Except as otherwise indicated, forward-looking information does not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date of this report. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

Glossary of Defined Terms

4Refuel	4Refuel Canada and 4Refuel US
AIF	Annual Information Form
Annual Financial Statements	Audited annual consolidated financial statements
ARS	Argentine Peso
Audit Committee	Audit Committee of the Board of Directors of Finning
Board	Board of Directors of Finning
CAD	Canadian dollar
Caterpillar	Caterpillar Inc.
CEO	Chief Executive Officer
CEWS	Canadian Emergency Wage Subsidy
CFO	Chief Financial Officer
CLP	Chilean Peso
Consol	Consolidated
COVID-19	Novel Coronavirus
DBRS	Dominion Bond Rating Service
EBIT	Earnings (loss) before finance costs and income tax
EBITDA	Earnings (loss) before finance costs, income tax, depreciation, and amortization
Energyst	Energyst B.V.
EPS	Earnings per share
ERM	Enterprise risk management
fav	Favourable
Finning	Finning International Inc.
Finning (Canada)	A division of Finning, with dealer territories in British Columbia, Alberta, Saskatchewan, the Yukon Territory, the Northwest Territories, and a portion of Nunavut
GAAP	Generally accepted accounting principles
GAAP financial measure	A financial measure determined in accordance with GAAP
GBP	UK pound sterling
HS2	High Speed 2, a planned high speed railway in the UK the first phase of which is planned to connect London to Birmingham
Hydraquip	Hydraquip Hose & Hydraulics and Hoses Direct Ltd.
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Interim Financial Statements	Condensed interim consolidated financial statements
KPI	Key performance indicator
MD&A	Management's Discussion and Analysis
n/a	not applicable
n/m	% change not meaningful
NCIB	Normal course issuer bid
OEM	OEM Remanufacturing Company Inc.
PLM	PipeLine Machinery International ULC
ROIC	Return on invested capital
S&P	Standard and Poor's
SEDAR	System for Electronic Document Analysis
SG&A	Selling, general, and administrative costs
Specified Financial Measures	As defined in National Instruments 52-112
UK	United Kingdom
unfav	Unfavourable
US	United States of America
USD	US dollar