

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian \$ millions)	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	74	288
Accounts receivable	1,227	1,129
Unbilled receivables	454	422
Inventory (Note 9)	2,764	2,461
Other assets	466	481
Total current assets	4,985	4,781
Property, plant, and equipment	994	973
Rental equipment	492	469
Intangible assets	336	333
Goodwill	331	325
Distribution network	100	100
Net post-employment assets	86	98
Investment in joint ventures	84	83
Other assets	100	107
Total assets	7,508	7,269
LIABILITIES		
Current liabilities		
Short-term debt	1,142	1,068
Accounts payable and accruals	1,371	1,373
Deferred revenue	626	544
Current portion of long-term debt	199	114
Other liabilities	231	302
Total current liabilities	3,569	3,401
Long-term debt (Note 5)	949	815
Long-term lease liabilities	250	255
Deferred tax liabilities	138	153
Other liabilities	188	184
Total liabilities	5,094	4,808
EQUITY		
Share capital	521	536
Accumulated other comprehensive income	219	273
Retained earnings	1,657	1,634
Equity attributable to shareholders of Finning International Inc.	2,397	2,443
Non-controlling interests	17	18
Total equity	2,414	2,461
Total liabilities and equity	7,508	7,269

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		6 months ended	
	June 30		June 30	
	2023	2022	2023	2022
Revenue				
New equipment	949	733	1,573	1,260
Used equipment	93	86	185	165
Equipment rental	78	70	153	135
Product support	1,395	1,075	2,703	2,102
Fuel and other	264	325	545	580
Total revenue	2,779	2,289	5,159	4,242
Cost of sales	(2,125)	(1,761)	(3,883)	(3,224)
Gross profit	654	528	1,276	1,018
Selling, general, and administrative expenses	(415)	(338)	(822)	(689)
Equity earnings of joint ventures	3	—	4	1
Other income (Note 4)	—	—	41	—
Other expenses (Note 4)	—	—	(18)	—
Earnings before finance costs and income taxes	242	190	481	330
Finance costs (Note 5)	(42)	(21)	(77)	(39)
Income before provision for income taxes	200	169	404	291
Provision for income taxes (Note 6)	(52)	(44)	(123)	(74)
Net income	148	125	281	217
Net income (loss) attributable to:				
Shareholders of Finning International Inc.	148	126	282	218
Non-controlling interests	—	(1)	(1)	(1)
Earnings per share (Note 3)				
Basic	1.00	0.80	1.89	1.39
Diluted	1.00	0.80	1.88	1.39

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		6 months ended	
	June 30		June 30	
	2023	2022	2023	2022
Net income	148	125	281	217
Other comprehensive income (loss), net of income tax				
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustments	(31)	28	(21)	(10)
Gain (loss) on net investment hedges	10	(8)	8	6
Foreign currency translation adjustments, net of net investment hedges, reclassified to net income (Note 4)	—	—	(41)	—
Provision for income taxes on foreign currency translation adjustments, reclassified to net income (Note 4)	—	—	9	—
Impact of foreign currency translation and net investment hedges, net of income tax	(21)	20	(45)	(4)
(Loss) gain on cash flow hedges	(5)	6	(5)	4
Gain on cash flow hedges, reclassified to net income	(1)	(2)	—	(1)
Recovery of (provision for) income taxes on cash flow hedges	1	(1)	1	(1)
Impact of cash flow hedges, net of income tax	(5)	3	(4)	2
Items that will not be subsequently reclassified to net income:				
Actuarial loss	(18)	(11)	(17)	(20)
Recovery of income taxes on actuarial loss	4	3	4	5
Actuarial loss, net of income tax	(14)	(8)	(13)	(15)
Total comprehensive income	108	140	219	200
Total comprehensive income (loss) attributable to:				
Shareholders of Finning International Inc.	108	141	220	201
Non-controlling interests	—	(1)	(1)	(1)

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Canadian \$ millions)	Attributable to Shareholders of Finning International Inc.						Non-controlling Interests	Total
	Share Capital	Contributed Surplus	Accumulated Comprehensive Income	Other Income	Retained Earnings	Total		
Balance, January 1, 2022	561	—	212	1,550	2,323	20	2,343	
Net income (loss)	—	—	—	218	218	(1)	217	
Other comprehensive loss	—	—	(2)	(15)	(17)	—	(17)	
Total comprehensive (loss) income	—	—	(2)	203	201	(1)	200	
Exercise of share options	2	(1)	—	(1)	—	—	—	
Share option expense	—	1	—	—	1	—	1	
Hedging gain transferred to statement of financial position	—	—	(2)	—	(2)	—	(2)	
Repurchase of common shares (Note 7)	(13)	—	—	(110)	(123)	—	(123)	
Automatic share purchase plan commitment (Note 7)	(2)	—	—	(8)	(10)	—	(10)	
Dividends on common shares	—	—	—	(72)	(72)	—	(72)	
Balance, June 30, 2022	548	—	208	1,562	2,318	19	2,337	
Balance, January 1, 2023	536	—	273	1,634	2,443	18	2,461	
Net income (loss)	—	—	—	282	282	(1)	281	
Other comprehensive loss	—	—	(49)	(13)	(62)	—	(62)	
Total comprehensive (loss) income	—	—	(49)	269	220	(1)	219	
Exercise of share options	3	(1)	—	(2)	—	—	—	
Share option expense	—	1	—	—	1	—	1	
Hedging gain transferred to statement of financial position	—	—	(5)	—	(5)	—	(5)	
Repurchase of common shares (Note 7)	(16)	—	—	(149)	(165)	—	(165)	
Increase in automatic share purchase plan commitment (Note 7)	(2)	—	—	(22)	(24)	—	(24)	
Dividends on common shares	—	—	—	(73)	(73)	—	(73)	
Balance, June 30, 2023	521	—	219	1,657	2,397	17	2,414	

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Canadian \$ millions)	3 months ended		6 months ended	
	June 30		June 30	
	2023	2022	2023	2022
OPERATING ACTIVITIES				
Net income	148	125	281	217
Adjusting for:				
Depreciation and amortization	94	81	186	162
Gain on disposal of property, plant, and equipment	(2)	—	(2)	—
Equity earnings of joint ventures	(3)	—	(4)	(1)
Share-based payment expense (recovery)	14	(11)	19	7
Provision for income taxes	52	44	123	74
Finance costs	42	21	77	39
Net benefit cost of defined benefit pension plans and other post-employment benefit plans	4	3	8	7
Gain on wind up of foreign subsidiaries (Note 4)	—	—	(41)	—
Changes in operating assets and liabilities (Note 10)	(97)	(251)	(418)	(706)
Additions to rental fleet	(59)	(29)	(92)	(44)
Additions to rental equipment with purchase options	(24)	(28)	(46)	(42)
Proceeds on disposal of rental fleet	15	9	28	19
Proceeds on disposal of rental equipment with purchase options	23	4	27	25
Interest paid	(48)	(24)	(78)	(39)
Income tax paid	(93)	(56)	(168)	(103)
Cash flow provided by (used in) operating activities	66	(112)	(100)	(385)
INVESTING ACTIVITIES				
Additions to property, plant, and equipment and intangible assets	(40)	(30)	(119)	(60)
Proceeds on disposal of property, plant, and equipment	5	—	5	—
Consideration paid for business acquisitions, net of cash acquired (Note 11)	(11)	—	(13)	(84)
Increase in short-term and long-term investments	—	—	—	(3)
Cash flow used in investing activities	(46)	(30)	(127)	(147)
FINANCING ACTIVITIES				
(Decrease) increase in short-term debt (Note 10)	(97)	170	104	608
Issuance of long-term debt, net of issue costs (Note 10)	348	—	348	—
Repayment of long-term debt (Note 10)	(118)	(63)	(122)	(188)
Decrease in lease liabilities (Note 10)	(22)	(20)	(44)	(39)
Repurchase of common shares	(114)	(61)	(165)	(122)
Dividends paid	(37)	(36)	(73)	(72)
Cash flow (used in) provided by financing activities	(40)	(10)	48	187
Effect of currency translation on cash balances	(35)	27	(35)	13
Decrease in cash and cash equivalents	(55)	(125)	(214)	(332)
Cash and cash equivalents, beginning of period	129	295	288	502
Cash and cash equivalents, end of period (Note 10)	74	170	74	170

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

1. MATERIAL ACCOUNTING POLICY INFORMATION, KEY ASSUMPTIONS, AND SIGNIFICANT JUDGMENTS

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, 2022 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 August 8, 2023. 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 new accounting standard and amendments to IFRS:

- IFRS 17, *Insurance Contracts* (effective January 1, 2023) replaces IFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts. The adoption of this standard did not have any impact on the Company's financial statements.
- 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. The adoption of these amendments will not have any impact on the disclosure of material 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. The adoption of these amendments did not have any impact on the Company's financial statements.
- Amendments to IAS 12, *Income Taxes*:
 - 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 (effective January 1, 2023) 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 reviewed its global tax provision and concluded that there were no deferred taxes being netted or not recognized from a single tax treatment and has not applied the initial recognition exemption. The adoption of these amendments did not have any impact on the Company's financial statements.
 - Scope in income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development. The amendments (effective for the Company's June 30, 2023 Interim Financial Statements) provide temporary relief from accounting for and disclosure of deferred income taxes arising from this international tax reform. On June 20, 2023, Pillar Two was substantively enacted in the UK to be effective January 1, 2024 and as a result, the Company has taken this relief in these Interim Financial Statements. The amendments also introduce targeted disclosure requirements for current tax arising from this international tax reform (effective for the Company's December 31, 2023 annual financial statements). Management is currently assessing the disclosures which will be required for the annual 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, 2024):
 - Clarify the classification of liabilities as current or non-current 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 is currently assessing the impact of these amendments.
 - Clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. In addition, the amendments require a company to disclose information about these covenants in the notes to the financial statements. Management is currently assessing the impact of these amendments.
- Amendments to IFRS 16, *Leases* (effective January 1, 2024) explain how an entity accounts for a sale and leaseback after the transaction date. The amendments clarify how a seller-lessee should subsequently measure lease liabilities and when it is appropriate to record a gain or loss on these transactions. The amendments apply to all sale and leaseback transactions entered since the effective date of IFRS 16 (January 1, 2019). Management will assess the impact on the accounting treatment of all sale and leaseback transactions in scope of these amendments.

2. SEGMENTED INFORMATION

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

3 months ended June 30, 2023 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	458	300	191	—	949
Used equipment	68	9	16	—	93
Equipment rental	46	21	11	—	78
Product support	757	526	112	—	1,395
Fuel and other	264	—	—	—	264
Total revenue	1,593	856	330	—	2,779
Cost of fuel	(220)	—	—	—	(220)
Net revenue	1,373	856	330	—	2,559
Operating costs ⁽¹⁾	(1,190)	(722)	(300)	(14)	(2,226)
Depreciation and amortization	(50)	(30)	(12)	(2)	(94)
Equity earnings of joint ventures	3	—	—	—	3
Earnings (loss) before finance costs and income taxes	136	104	18	(16)	242
Finance costs					(42)
Provision for income taxes					(52)
Net income					148
Invested capital ⁽²⁾	2,681	1,428	510	11	4,630
Gross capital expenditures ⁽³⁾⁽⁴⁾	31	15	2	8	56
Gross rental equipment spend ⁽⁴⁾	60	20	7	—	87
3 months ended June 30, 2022 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	249	242	242	—	733
Used equipment	71	8	7	—	86
Equipment rental	45	14	11	—	70
Product support	608	373	94	—	1,075
Fuel and other	325	—	—	—	325
Total revenue	1,298	637	354	—	2,289
Cost of fuel	(285)	—	—	—	(285)
Net revenue	1,013	637	354	—	2,004
Operating (costs) recovery ⁽¹⁾	(864)	(550)	(321)	2	(1,733)
Depreciation and amortization	(47)	(23)	(10)	(1)	(81)
Earnings before finance costs and income taxes	102	64	23	1	190
Finance costs					(21)
Provision for income taxes					(44)
Net income					125
Invested capital ⁽²⁾	2,319	1,203	458	96	4,076
Gross capital expenditures ⁽³⁾⁽⁴⁾	23	3	2	11	39
Gross rental equipment spend ⁽⁴⁾	49	7	1	—	57

⁽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:

6 months ended June 30, 2023 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	739	494	340	—	1,573
Used equipment	132	20	33	—	185
Equipment rental	93	38	22	—	153
Product support	1,470	1,011	222	—	2,703
Fuel and other	545	—	—	—	545
Total revenue	2,979	1,563	617	—	5,159
Cost of fuel	(456)	—	—	—	(456)
Net revenue	2,523	1,563	617	—	4,703
Operating costs ⁽¹⁾	(2,161)	(1,317)	(560)	(25)	(4,063)
Depreciation and amortization	(100)	(61)	(22)	(3)	(186)
Equity earnings of joint ventures	4	—	—	—	4
Other income	—	—	—	41	41
Other expenses	(4)	(7)	(2)	(5)	(18)
Earnings before finance costs and income taxes	262	178	33	8	481
Finance costs					(77)
Provision for income taxes					(123)
Net income					281
Invested capital ⁽²⁾	2,681	1,428	510	11	4,630
Gross capital expenditures ⁽³⁾⁽⁴⁾	73	55	6	13	147
Gross rental equipment spend ⁽⁴⁾	93	39	10	—	142
6 months ended June 30, 2022 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	434	409	417	—	1,260
Used equipment	128	18	19	—	165
Equipment rental	85	28	22	—	135
Product support	1,172	753	177	—	2,102
Fuel and other	580	—	—	—	580
Total revenue	2,399	1,208	635	—	4,242
Cost of fuel	(502)	—	—	—	(502)
Net revenue	1,897	1,208	635	—	3,740
Operating costs ⁽¹⁾	(1,622)	(1,033)	(578)	(16)	(3,249)
Depreciation and amortization	(94)	(46)	(20)	(2)	(162)
Equity earnings of joint ventures	1	—	—	—	1
Earnings (loss) before finance costs and income taxes	182	129	37	(18)	330
Finance costs					(39)
Provision for income taxes					(74)
Net income					217
Invested capital ⁽²⁾	2,319	1,203	458	96	4,076
Gross capital expenditures ⁽³⁾⁽⁴⁾	49	14	4	14	81
Gross rental equipment spend ⁽⁴⁾	70	14	3	—	87

(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)	June 30, 2023		June 30, 2022	
	Basic	Diluted	Basic	Diluted
Net income attributable to shareholders of Finning	148	148	126	126
Weighted average shares outstanding (WASO)	148,675,911	148,675,911	155,791,056	155,791,056
Effect of dilutive share options		265,632		362,115
WASO with assumed conversions		148,941,543		156,153,171
Earnings per share	1.00	1.00	0.80	0.80

6 months ended (\$ millions, except share and per share amounts)	June 30, 2023		June 30, 2022	
	Basic	Diluted	Basic	Diluted
Net income attributable to shareholders of Finning	282	282	218	218
WASO	149,655,946	149,655,946	156,535,225	156,535,225
Effect of dilutive share options		277,438		431,531
WASO with assumed conversions		149,933,384		156,966,756
Earnings per share	1.89	1.88	1.39	1.39

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 were not significant for the three and six months ended June 30, 2023. Anti-dilutive share options related to the three months ended June 30, 2022 were one million and were not significant for the six months ended June 30, 2022.

4. OTHER INCOME AND OTHER EXPENSES

In the three months ended March 31, 2023, the Company executed various transactions to simplify and adjust its organizational structure. The Company wound up two wholly owned subsidiaries, and incurred severance costs in each region as the Company reduced corporate overhead costs and simplified its operating model. As a result of these activities, the Company recorded the following:

- Net foreign currency translation gain of \$41 million and income tax expense of \$9 million (Note 6) were reclassified to net income on the wind up of foreign subsidiaries; and
- Severance costs.

(\$ millions)	3 months ended June 30		6 months ended June 30	
	2023	2022	2023	2022
Gain on wind up of foreign subsidiaries	—	—	41	—
Other income	—	—	41	—

(\$ millions)	3 months ended June 30		6 months ended June 30	
	2023	2022	2023	2022
Severance costs	—	—	(18)	—
Other expenses	—	—	(18)	—

5. DEBT AND FINANCE COSTS

In May 2023, the Company issued \$350 million of 4.445% senior unsecured notes due May 16, 2028. Proceeds of this issuance were used to repay existing debt, including £70 million principal amount of its 3.40% senior notes, Series F, that was due May 22, 2023, and for general corporate purposes.

The components of finance costs were as follows:

(\$ millions)	3 months ended		6 months ended	
	June 30		June 30	
	2023	2022	2023	2022
Interest on short-term debt	24	5	43	7
Interest on long-term debt	11	10	21	20
Interest on debt	35	15	64	27
Interest on lease liabilities	3	2	6	5
Other finance related expenses	4	4	7	7
Finance costs	42	21	77	39

6. INCOME TAXES

As part of the organizational restructuring described in Note 4, the provision for income taxes in the three months ended March 31, 2023 included a \$9 million expense related to the wind up of foreign subsidiaries and a \$19 million expense for withholding taxes on the repatriation of \$170 million of profits from the Company's South American operations.

7. SHARE CAPITAL

During the six months ended June 30, 2023, the Company repurchased 4,500,000 Finning common shares for cancellation for \$165 million, at an average cost of \$36.77 per share, through the Company's normal course issuer bid. During the six months ended June 30, 2022, the Company repurchased 3,625,448 common shares for cancellation for \$123 million, at an average cost of \$33.89 per share.

In connection with the normal course issuer bid, the Company implemented an automatic share purchase plan (ASPP) with a designated broker to enable share repurchases for cancellation during selected blackout periods. At June 30, 2023, an estimated obligation of \$45 million was recorded for the repurchase of shares from July 4, 2023 to August 9, 2023 under this ASPP. At June 30, 2022, an estimated obligation of \$10 million was recorded for the repurchase of shares under the ASPP.

8. 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 were as follows:

6 months ended	June 30, 2023		June 30, 2022	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Share options outstanding, beginning of period	1,567,168	27.63	1,772,547	25.12
Granted	278,878	35.63	332,869	34.02
Exercised	(536,279)	25.91	(293,587)	25.83
Forfeited	(69,371)	28.95	(21,753)	25.42
Expired	—	—	(1,110)	25.44
Share options outstanding, end of period	1,240,396	30.10	1,788,966	26.66
Share options exercisable, end of period	649,400	26.03	1,002,396	24.74

The fair value of the share options granted was estimated on the date of grant using the following weighted-average assumptions:

3 and 6 months ended June 30	2023	2022
Dividend yield	3.17%	3.07%
Expected volatility ⁽¹⁾	33.91%	31.73%
Risk-free interest rate	3.29%	2.81%
Expected life (in years)	5.02	5.11
Grant date fair value of share options	\$ 9.05	\$ 8.00
Share price	\$ 35.63	\$ 34.02

⁽¹⁾ Expected volatility is based on historical share price volatility of Finning shares listed on the Toronto Stock Exchange.

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		6 months ended	
	June 30		June 30	
	2023	2022	2023	2022
Executive Deferred Share Unit Plan	—	—	6,025	471
Directors' Deferred Share Unit Plan A	11,539	15,658	25,630	26,806
Performance Share Unit Plan ⁽²⁾	307,822	341,762	307,822	341,762
Restricted Share Unit Plan	193,235	253,249	193,235	253,249

⁽²⁾ Based on 100% vesting

9. INVENTORY

(\$ millions)	June 30, 2023	December 31, 2022
On-hand equipment	1,121	919
Parts and supplies	1,100	1,030
Internal service work in progress	543	512
Total inventory	2,764	2,461

10. SUPPLEMENTAL CASH FLOW INFORMATION

The components of cash and cash equivalents were as follows:

June 30 (\$ millions)	2023	2022
Cash	74	145
Cash equivalents	—	25
Cash and cash equivalents	74	170

The changes in operating assets and liabilities were as follows:

(\$ millions)	3 months ended		6 months ended	
	June 30		June 30	
	2023	2022	2023	2022
Accounts receivable	(70)	(47)	(103)	(121)
Unbilled receivables	—	(51)	(35)	(116)
Inventory	(77)	(111)	(321)	(541)
Other assets	27	50	(26)	(30)
Accounts payable and accruals	(8)	(45)	(7)	175
Other liabilities	31	(47)	74	(73)
Changes in operating assets and liabilities	(97)	(251)	(418)	(706)

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

(\$ millions)	Short-term	Long-term	Lease	Total
	debt	debt	liabilities	
Balance, January 1, 2023	1,068	929	331	2,328
Cash flows provided by (used in)				
Financing activities	104	226	(44)	286
Operating activities	—	—	(6)	(6)
Total cash movements	104	226	(50)	280
Non-cash changes				
Additions	—	—	32	32
Remeasurement of liability and disposals	—	—	5	5
Interest expense	—	—	6	6
Foreign exchange rate changes	(30)	(7)	4	(33)
Total non-cash movements	(30)	(7)	47	10
Balance, June 30, 2023	1,142	1,148	328	2,618

(\$ millions)	Short-term	Long-term	Lease	Total
	debt	debt	liabilities	
Balance, January 1, 2022	374	1,111	328	1,813
Cash flows provided by (used in)				
Financing activities	608	(188)	(39)	381
Operating activities	—	—	(5)	(5)
Total cash movements	608	(188)	(44)	376
Non-cash changes				
Additions	—	—	21	21
Remeasurement of liability and disposals	—	—	(1)	(1)
Interest expense	—	—	5	5
Foreign exchange rate changes	10	(6)	(4)	—
Total non-cash movements	10	(6)	21	25
Balance, June 30, 2022	992	917	305	2,214

11. ACQUISITION

Hydraquip Hose & Hydraulics Ltd. and Hoses Direct Ltd. (together, 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). 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. In the three and six months ended June 30, 2023, the Company paid \$8 million (£5 million) of deferred and contingent consideration. Any changes in the estimated fair value of the contingent consideration will be recognized in the consolidated statement of income.

Management finalized its purchase price allocation during the year ended December 31, 2022. The acquisition-date fair values of acquired tangible and intangible assets, assumed liabilities, and deferred tax liabilities were estimated to be:

Purchase price allocation (\$ millions)	December 31, 2022
Cash and cash equivalents	10
Working capital ⁽¹⁾	3
Property, plant & equipment	6
Intangible assets	29
Goodwill	80
Lease liabilities	(3)
Deferred tax liabilities	(8)
Net assets acquired	117

⁽¹⁾ 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.