

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2024	December 31, 2023	January 1, 2023
(Canadian \$ millions)	(Restated - Note 1a)		(Restated - Note 1a)
ASSETS			
Current assets			
Cash and cash equivalents	215	152	288
Accounts receivable	1,141	1,012	1,129
Unbilled receivables	494	496	422
Inventory (Note 8)	3,073	2,844	2,461
Other assets	509	426	481
Total current assets	5,432	4,930	4,781
Property, plant, and equipment	1,010	976	973
Rental equipment	594	608	469
Goodwill	331	329	325
Intangible assets	294	309	333
Net post-employment assets	107	109	98
Distribution network	100	100	100
Investment in joint ventures	87	87	83
Other assets	104	109	107
Total assets	8,059	7,557	7,269
LIABILITIES			
Current liabilities			
Short-term debt	1,322	1,239	1,068
Accounts payable and accruals (Note 1a)	1,396	1,299	1,337
Deferred revenue	524	507	544
Current portion of long-term debt	68	199	114
Other liabilities (Note 1a)	251	272	362
Total current liabilities	3,561	3,516	3,425
Long-term debt (Note 5)	1,379	949	815
Long-term lease liabilities	247	235	255
Deferred tax liabilities	152	160	153
Other liabilities (Note 1a)	146	167	160
Total liabilities	5,485	5,027	4,808
EQUITY			
Share capital	508	516	536
Accumulated other comprehensive income	256	220	273
Retained earnings	1,795	1,778	1,634
Equity attributable to shareholders of Finning International Inc.	2,559	2,514	2,443
Non-controlling interests	15	16	18
Total equity	2,574	2,530	2,461
Total liabilities and equity	8,059	7,557	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

3 months ended March 31		
(Canadian \$ millions, except per share amounts)	2024	2023
Revenue		
New equipment	779	624
Used equipment	136	92
Equipment rental	74	75
Product support	1,297	1,308
Fuel and other	298	281
Total revenue	2,584	2,380
Cost of sales	(1,969)	(1,758)
Gross profit	615	622
Selling, general, and administrative expenses	(413)	(407)
Equity earnings of joint ventures	—	1
Other income (Note 4)	—	41
Other expense (Note 4)	—	(18)
Earnings before finance costs and income taxes	202	239
Finance costs (Note 5)	(40)	(35)
Income before provision for income taxes	162	204
Provision for income taxes (Note 6)	(42)	(71)
Net income	120	133
Net income (loss) attributable to:		
Shareholders of Finning International Inc.	121	134
Non-controlling interests	(1)	(1)
Earnings per share (Note 3)		
Basic	0.84	0.89
Diluted	0.84	0.89

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

3 months ended March 31		
(Canadian \$ millions)	2024	2023
Net income	120	133
Other comprehensive income, net of income tax		
Items that may be subsequently reclassified to net income:		
Foreign currency translation adjustments	45	10
Loss on net investment hedges	(11)	(2)
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	34	(24)
Gain on cash flow hedges	4	—
Loss on cash flow hedges, reclassified to net income	—	1
Provision for income taxes on cash flow hedges	(1)	—
Impact of cash flow hedges, net of income tax	3	1
Items that will not be subsequently reclassified to net income:		
Actuarial gain	5	1
Provision for income taxes on actuarial gain	(2)	—
Actuarial gain, net of income tax	3	1
Total comprehensive income	160	111
Total comprehensive income (loss) attributable to:		
Shareholders of Finning International Inc.	161	112
Non-controlling interests	(1)	(1)

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Canadian \$ millions)	Attributable to Shareholders of Finning International Inc.						
	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total	Non- controlling Interests	Total
Balance, January 1, 2023	536	—	273	1,634	2,443	18	2,461
Net income (loss)	—	—	—	134	134	(1)	133
Other comprehensive (loss) income	—	—	(23)	1	(22)	—	(22)
Total comprehensive (loss) income	—	—	(23)	135	112	(1)	111
Exercise of share options	1	(1)	—	—	—	—	—
Share option expense	—	1	—	—	1	—	1
Hedging gain transferred to statement of financial position	—	—	(4)	—	(4)	—	(4)
Repurchase of common shares (Note 7)	(5)	—	—	(47)	(52)	—	(52)
Increase in automatic share purchase plan commitment (Note 7)	—	—	—	(1)	(1)	—	(1)
Dividends on common shares	—	—	—	(36)	(36)	—	(36)
Balance, March 31, 2023	532	—	246	1,685	2,463	17	2,480
Balance, January 1, 2024	516	—	220	1,778	2,514	16	2,530
Net income (loss)	—	—	—	121	121	(1)	120
Other comprehensive income	—	—	37	3	40	—	40
Total comprehensive income (loss)	—	—	37	124	161	(1)	160
Share option expense	—	1	—	—	1	—	1
Hedging gain transferred to statement of financial position	—	—	(1)	—	(1)	—	(1)
Repurchase of common shares (Note 7)	(6)	(1)	—	(51)	(58)	—	(58)
Increase in automatic share purchase plan commitment (Note 7)	(2)	—	—	(20)	(22)	—	(22)
Dividends on common shares	—	—	—	(36)	(36)	—	(36)
Balance, March 31, 2024	508	—	256	1,795	2,559	15	2,574

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

3 months ended March 31 (Canadian \$ millions)	2024	2023
OPERATING ACTIVITIES		
Net income	120	133
Adjusting for:		
Depreciation and amortization	99	92
Gain on disposal of property, plant, and equipment	(2)	—
Equity earnings of joint ventures	—	(1)
Share-based payment expense	6	5
Provision for income taxes	42	71
Finance costs	40	35
Net benefit cost of defined benefit pension plans and other post-employment benefit plans	4	4
Gain on wind up of foreign subsidiaries (Note 4)	—	(41)
Changes in operating assets and liabilities (Note 9)	(369)	(321)
Additions to rental fleet	(16)	(33)
Additions to rental equipment with purchase options	(57)	(22)
Proceeds on disposal of rental fleet	18	13
Proceeds on disposal of rental equipment with purchase options	37	4
Interest paid	(35)	(30)
Income tax paid	(64)	(75)
Cash flow used in operating activities	(177)	(166)
INVESTING ACTIVITIES		
Additions to property, plant, and equipment and intangible assets	(37)	(79)
Proceeds on disposal of property, plant, and equipment	4	—
Consideration paid for business acquisitions, net of cash acquired	—	(2)
Decrease in short-term investments	27	—
Cash flow used in investing activities	(6)	(81)
FINANCING ACTIVITIES		
Increase in short-term debt (Note 9)	56	201
Issuance of long-term debt, net of issue costs (Notes 5 and 9)	423	—
Repayment of long-term debt (Note 9)	(135)	(4)
Decrease in lease liabilities (Note 9)	(22)	(22)
Repurchase of common shares	(56)	(51)
Dividends paid	(36)	(36)
Cash flow provided by financing activities	230	88
Effect of currency translation on cash balances	16	—
Increase (decrease) in cash and cash equivalents	63	(159)
Cash and cash equivalents, beginning of period	152	288
Cash and cash equivalents, end of period (Note 9)	215	129

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, 2023 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 May 6, 2024. The Company has applied the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the changes in accounting policies disclosed below:

a) Amendments to Standards

The Company has adopted the following amendments to IFRS:

- Amendments to IAS 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 determined the amendment impacted the presentation of certain of the Company's share-based payment arrangements. Deferred Share Units (DSUs) are cash-settled share-based payment arrangements. DSUs were issued to certain executives and board members, vested at the time of issuance, and are redeemable by December of the year following the year in which cessation of employment or service on the Board of Directors (Board) occurs. The Company does not have the ability to defer settlement of its vested DSUs for a period of twelve months after cessation of employment or service on the Board. As a result, the Company reclassified its vested DSU liabilities as current liabilities. These amendments were applied retrospectively. The impact of the amendments to IAS 1 are shown in the table below. In addition, to align with this presentation, the Company also reclassified the current portion of its share-based payment liability from accounts payable and accruals to other current liabilities (current).

(\$ millions)	December 31, 2023	January 1, 2023
Increase in other liabilities (current)	47	60
Decrease in accounts payable and accruals	(16)	(36)
Decrease in other liabilities (non-current)	(31)	(24)

Except as outlined in the table above, the adoption of these amendments did not result in any other changes to the condensed interim consolidated statement of financial position.

- Clarify that only covenants with which an entity must comply on or before the reporting date will affect the classification of a liability as current or non-current. In addition, the amendments require a company to disclose information in the notes to the financial statements when liabilities are classified as non-current when the right to defer settlement of those liabilities is subject to complying with covenants within twelve months after the reporting date. No changes were required to the Company's classification upon adoption of these amendments.
- Amendments to IAS 7, *Statement of Cash Flows* and IFRS 7, *Financial Instruments: Disclosures* (effective January 1, 2024) add disclosure requirements that require companies to provide qualitative and quantitative information about supplier finance arrangements that will assist users of financial statements to assess the effects of the company's supplier finance arrangements on its liabilities and cash flows. Management will continue to assess the impact on the disclosures of all supplier finance arrangements in scope of these amendments for the Company's December 31, 2024 annual financial statements.

- 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). Adoption of these amendments did not have a material impact on the Company's financial statements.

2. SEGMENTED INFORMATION

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

3 months ended March 31, 2024 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	392	232	155	—	779
Used equipment	87	13	36	—	136
Equipment rental	47	17	10	—	74
Product support	686	505	106	—	1,297
Fuel and other	298	—	—	—	298
Total revenue	1,510	767	307	—	2,584
Cost of fuel	(252)	—	—	—	(252)
Net revenue	1,258	767	307	—	2,332
Operating costs ⁽¹⁾	(1,089)	(652)	(283)	(7)	(2,031)
Depreciation and amortization	(57)	(31)	(10)	(1)	(99)
Earnings (loss) before finance costs and income taxes	112	84	14	(8)	202
Finance costs					(40)
Provision for income taxes					(42)
Net income					120
Invested capital ⁽²⁾	3,158	1,461	504	5	5,128
Gross capital expenditures ⁽³⁾⁽⁴⁾	33	25	6	3	67
Gross rental equipment spend ⁽⁴⁾	66	3	5	—	74
3 months ended March 31, 2023 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	281	194	149	—	624
Used equipment	64	11	17	—	92
Equipment rental	47	17	11	—	75
Product support	713	485	110	—	1,308
Fuel and other	281	—	—	—	281
Total revenue	1,386	707	287	—	2,380
Cost of fuel	(236)	—	—	—	(236)
Net revenue	1,150	707	287	—	2,144
Operating costs ⁽¹⁾	(971)	(595)	(260)	(11)	(1,837)
Depreciation and amortization	(50)	(31)	(10)	(1)	(92)
Equity earnings of joint ventures	1	—	—	—	1
Other income	—	—	—	41	41
Other expenses	(4)	(7)	(2)	(5)	(18)
Earnings before finance costs and income taxes	126	74	15	24	239
Finance costs					(35)
Provision for income taxes					(71)
Net income					133
Invested capital ⁽²⁾	2,704	1,392	460	(11)	4,545
Gross capital expenditures ⁽³⁾⁽⁴⁾	42	40	4	5	91
Gross rental equipment spend ⁽⁴⁾	33	19	3	—	55

(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 March 31 (\$ millions, except share and per share amounts)	2024		2023	
	Basic	Diluted	Basic	Diluted
Net income attributable to shareholders of Finning	121	121	134	134
Weighted average shares outstanding (WASO)	143,548,700	143,548,700	150,646,870	150,646,870
Effect of dilutive share options		189,719		316,564
WASO with assumed conversions		143,738,419		150,963,434
Earnings per share	0.84	0.84	0.89	0.89

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 months ended March 31, 2024 (March 31, 2023: nil).

4. OTHER INCOME AND OTHER EXPENSE

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.

3 months ended March 31 (\$ millions)	2024	2023
Gain on wind up of foreign subsidiaries	—	41
Other income	—	41

3 months ended March 31 (\$ millions)	2024	2023
Severance costs	—	(18)
Other expense	—	(18)

5. DEBT AND FINANCE COSTS

In February 2024, the Company issued \$425 million of 4.778% senior unsecured notes due February 13, 2029. Proceeds of this issuance were used to repay existing debt and for general corporate purposes.

The components of finance costs were as follows:

3 months ended March 31 (\$ millions)	2024	2023
Interest on short-term debt	23	19
Interest on long-term debt	14	10
Interest on debt	37	29
Interest on lease liabilities	3	3
Other finance related expenses	—	3
Finance costs	40	35

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.

Pillar Two income taxes

The Company is subject to Pillar Two legislation as the UK and Ireland have enacted Pillar Two legislation effective January 1, 2024. Applying Pillar Two legislation to the Company's subsidiaries in the UK and Ireland for the period ended March 31, 2024 did not have a material impact on the Company's Interim Financial Statements.

The Company has applied the temporary exception from the accounting requirements for deferred taxes in relation to Pillar Two legislation. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Company will continue to assess the impact of Pillar Two legislation as it becomes substantively enacted in its other jurisdictions.

7. SHARE CAPITAL

During the three months ended March 31, 2024, the Company repurchased 1,600,000 Finning common shares for cancellation for \$58 million, at an average cost of \$36.33 per share, through the Company's normal course issuer bid. During the three months ended March 31, 2023, the Company repurchased 1,500,000 common shares for cancellation for \$52 million, at an average cost of \$34.35 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 March 31, 2024, an estimated obligation of \$22 million was recorded for the repurchase of shares from April 1, 2024 to May 7, 2024 under this ASPP. At March 31, 2023, an estimated obligation of \$22 million was recorded for the repurchase of shares under the ASPP.

8. INVENTORY

(\$ millions)	March 31, 2024	December 31, 2023	January 1, 2023
On-hand equipment	1,460	1,266	919
Parts and supplies	1,099	1,110	1,030
Internal service work in progress	514	468	512
Total inventory	3,073	2,844	2,461

9. SUPPLEMENTAL CASH FLOW INFORMATION

The components of cash and cash equivalents were as follows:

March 31 (\$ millions)	2024	2023
Cash	177	129
Cash equivalents	38	—
Cash and cash equivalents	215	129

The changes in operating assets and liabilities were as follows:

3 months ended March 31 (\$ millions)	2024	2023
	(Restated - Note 1a)	
Accounts receivable	(119)	(33)
Unbilled receivables	9	(35)
Inventory	(198)	(244)
Other assets	(95)	(53)
Accounts payable and accruals	64	19
Other liabilities	(30)	25
Changes in operating assets and liabilities	(369)	(321)

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

(\$ millions)	Short-term debt	Long-term debt	Lease liabilities	Total
Balance, January 1, 2024	1,239	1,148	309	2,696
Cash flows provided by (used in)				
Financing activities	56	288	(22)	322
Operating activities	—	—	(3)	(3)
Total cash movements	56	288	(25)	319
Non-cash changes				
Additions	—	—	31	31
Remeasurement of liability and disposals	—	—	9	9
Interest expense	—	—	3	3
Foreign exchange rate changes	27	11	(2)	36
Total non-cash movements	27	11	41	79
Balance, March 31, 2024	1,322	1,447	325	3,094

(\$ millions)	Short-term debt	Long-term debt	Lease liabilities	Total
Balance, January 1, 2023	1,068	929	331	2,328
Cash flows provided by (used in)				
Financing activities	201	(4)	(22)	175
Operating activities	—	—	(3)	(3)
Total cash movements	201	(4)	(25)	172
Non-cash changes				
Additions	—	—	14	14
Remeasurement of liability and disposals	—	—	4	4
Interest expense	—	—	3	3
Foreign exchange rate changes	(3)	3	5	5
Total non-cash movements	(3)	3	26	26
Balance, March 31, 2023	1,266	928	332	2,526