

MANAGEMENT'S REPORT TO THE SHAREHOLDERS

The audited annual consolidated financial statements (Annual Financial Statements) and Management's Discussion and Analysis (MD&A) are the responsibility of the management of Finning International Inc. (the Company). The Annual Financial Statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (Accounting Standards) which recognize the necessity of relying on management's best estimates and informed judgments. The financial information presented in the Company's MD&A is consistent with that in the Annual Financial Statements. The Annual Financial Statements and MD&A have, in management's opinion, been properly prepared within reasonable limits of materiality.

The Company maintains an accounting system and related controls to provide management with reasonable assurance that transactions are executed and recorded in accordance with its authorizations, that assets are properly safeguarded and accounted for, and that financial records are reliable for preparation of financial statements.

The Company's independent auditors, Deloitte LLP, have audited the Annual Financial Statements, as reflected in their report for 2025.

The Board of Directors oversees management's responsibilities for the Annual Financial Statements primarily through the activities of its Audit Committee. The Audit Committee of the Board of Directors is composed solely of directors who are neither officers nor employees of the Company. The Audit Committee meets regularly during the year with management of the Company and the Company's independent auditors to review the Company's unaudited condensed interim consolidated financial statements (Interim Financial Statements), Annual Financial Statements, and MD&A. The Audit Committee also reviews internal accounting controls, risk management, internal and external audit results and accounting principles and practices. The Audit Committee is responsible for approving the remuneration and terms of engagement of the Company's independent auditors. The Audit Committee also meets with the independent auditors, without management present, to discuss the results of their audit and the quality of financial reporting. On a quarterly basis, the Audit Committee reports its findings to the Board of Directors, and recommends approval of the Interim Financial Statements or Annual Financial Statements, as well as the MD&A.

/s/ Kevin Parkes

Kevin Parkes
President and Chief Executive Officer

/s/ David Primrose

David Primrose
Chief Financial Officer

February 10, 2026
19100 94 Avenue, Surrey, BC, V4N 5C3, Canada

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Finning International Inc.

Opinion

We have audited the consolidated financial statements of Finning International Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of net income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue from sales of parts and labour when servicing equipment under long-term contracts and revenue from sales of complex power and energy systems - Refer to Note 5 to the financial statements

Key Audit Matter Description

The Company recognizes long-term contract revenue in a manner that best reflects the Company's performance over-time for revenue from sales of parts and labour when servicing equipment under long-term contracts and revenue from sales of complex power and energy systems, which are presented as product support and new equipment revenue, respectively, in the financial statements.

Revenue is measured primarily based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The accounting for servicing equipment under long-term contracts and for complex power and energy system contracts that are not complete at the reporting date (collectively the "uncompleted contracts") involves significant judgments to estimate total contract costs. This required extensive audit effort and a high degree of auditor attention in applying the audit procedures to audit management's estimates and evaluating the results of those procedures.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to management's estimated total contract costs for uncompleted contracts included the following, among others:

- For a selection of uncompleted contracts, we:
 - Obtained and inspected the executed contract agreements and amendments, and confirmed key terms with management and contract personnel.
 - Conducted inquiries with management and operational personnel to gain an understanding of the status of contract activities.
 - Evaluated costs to complete by testing key components of the estimated total contract costs, including parts and labour.
 - Compared management's estimated total contract costs to those of similar contracts, when applicable.
 - Evaluated management's ability to achieve the estimated total contract costs by performing corroborative inquiry with the Company's operational personnel and by comparing the estimates to management's work plans and costs incurred to date.
- Evaluated management's ability to estimate total contract costs accurately by comparing actual costs to management's historical estimates for completed contracts.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Financial Report and the Annual Combined Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Financial Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Langlois.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
February 10, 2026

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian \$ millions)	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents (Note 23)	369	316
Accounts receivable (Note 9)	1,119	1,221
Unbilled receivables (Note 5)	475	492
Inventory (Note 13)	2,952	2,646
Other assets (Note 15)	438	531
Total current assets	5,353	5,206
Property, plant, and equipment (Note 16)	1,085	1,085
Rental equipment (Note 16)	601	488
Goodwill (Note 19)	211	339
Intangible assets (Note 18)	122	245
Distribution network (Note 19)	100	100
Investment in joint ventures	87	100
Other assets (Note 15)	241	168
Total assets	7,800	7,731
LIABILITIES		
Current liabilities		
Short-term debt (Note 8)	518	844
Accounts payable and accruals (Note 9)	1,602	1,413
Deferred revenue (Note 5)	594	567
Current portion of long-term debt (Note 8)	180	6
Other liabilities (Note 20)	315	320
Total current liabilities	3,209	3,150
Long-term debt (Note 8)	1,196	1,390
Long-term lease liabilities	324	262
Deferred tax liabilities	111	138
Other liabilities (Note 20)	172	149
Total liabilities	5,012	5,089
Commitments and contingencies (Note 26)		
EQUITY		
Share capital	472	487
Accumulated other comprehensive income	312	375
Retained earnings	2,004	1,767
Equity attributable to shareholders of Finning International Inc.	2,788	2,629
Non-controlling interests (Note 3)	—	13
Total equity	2,788	2,642
Total liabilities and equity	7,800	7,731

Approved by the Board of Directors on February 10, 2026

/s/ Edward R. Seraphim

Edward R. Seraphim, Director

/s/ Charles F. Ruigrok

Charles F. Ruigrok, Director

The accompanying Notes to the Annual Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF NET INCOME

	2025	2024
Years ended December 31		(Restated
(Canadian \$ millions, except share and per share amounts)		- Note 3)
Revenue		
New equipment	3,863	3,612
Used equipment	487	507
Equipment rental	301	295
Product support	5,934	5,480
Other	6	9
Total revenue (Note 5)	10,591	9,903
Cost of sales	(8,147)	(7,546)
Gross profit	2,444	2,357
Selling, general, and administrative expenses	(1,585)	(1,560)
Equity earnings of joint ventures	10	9
Other expenses (Note 7)	(34)	(19)
Earnings before finance costs and income taxes	835	787
Finance costs (Note 8)	(137)	(155)
Income before provision for income taxes	698	632
Provision for income taxes (Note 14)	(175)	(150)
Net income from continuing operations	523	482
Net income from discontinued operations (Note 3)	119	24
Net income	642	506
Net income (loss) attributable to:		
Shareholders of Finning International Inc.	658	509
Non-controlling interests	(16)	(3)
Net income from continuing operations attributable to shareholders of Finning International Inc.	523	482
Earnings per share (Note 6)		
Basic	4.95	3.62
Diluted	4.94	3.62
Earnings per share from continuing operations (Note 6)		
Basic	3.93	3.43
Diluted	3.92	3.43

The accompanying Notes to the Annual Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31 (Canadian \$ millions)	2025	2024 (Restated - Note 3)
Net income from continuing operations	523	482
Other comprehensive income (loss), net of income tax		
Items that may be subsequently reclassified to net income:		
Foreign currency translation adjustments	(73)	176
Share of foreign currency translation adjustments of joint ventures	—	(1)
Gain (loss) on net investment hedges	14	(28)
Recognition of tax losses	5	—
Impact of foreign currency translation and net investment hedges, net of income tax	(54)	147
(Loss) gain on cash flow hedges	(4)	13
Recovery of (provision for) income taxes on cash flow hedges	1	(3)
Impact of cash flow hedges, net of income tax	(3)	10
Items that will not be subsequently reclassified to net income:		
Actuarial gain (loss) (Note 22)	12	(74)
(Provision for) recovery of income taxes on actuarial gain (loss)	(3)	19
Actuarial gain (loss), net of income tax	9	(55)
Other comprehensive (loss) income from continuing operations, net of income tax	(48)	102
Comprehensive income from continuing operations	475	584
Net income from discontinued operations	119	24
Other comprehensive (loss) income, net of income tax		
Foreign currency translation adjustments	(1)	1
Foreign currency translation adjustments, reclassified to net income (Note 3)	(1)	—
Other comprehensive (loss) income from discontinued operations, net of income tax	(2)	1
Comprehensive income from discontinued operations	117	25
Net income	642	506
Other comprehensive (loss) income, net of income tax	(50)	103
Total comprehensive income	592	609
Total comprehensive income (loss) attributable to:		
Shareholders of Finning International Inc.	608	612
Non-controlling interests	(16)	(3)
Comprehensive income from continuing operations attributable to shareholders of Finning International Inc.	475	584

The accompanying Notes to the Annual Financial Statements are an integral part of these statements.

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, 2024	516	—	220	1,778	2,514	16	2,530
Net income (loss)	—	—	—	509	509	(3)	506
Other comprehensive income (loss)	—	—	158	(55)	103	—	103
Total comprehensive income (loss)	—	—	158	454	612	(3)	609
Exercise of share options	2	(2)	—	—	—	—	—
Share option expense	—	2	—	—	2	—	2
Hedging gain transferred to statement of financial position	—	—	(3)	—	(3)	—	(3)
Repurchase of common shares (Note 11)	(29)	—	—	(293)	(322)	—	(322)
Increase in automatic share purchase plan commitment (Note 11)	(2)	—	—	(21)	(23)	—	(23)
Dividends on common shares	—	—	—	(151)	(151)	—	(151)
Balance, December 31, 2024	487	—	375	1,767	2,629	13	2,642
Net income (loss)	—	—	—	658	658	(16)	642
Other comprehensive (loss) income	—	—	(59)	9	(50)	—	(50)
Total comprehensive (loss) income	—	—	(59)	667	608	(16)	592
Exercise of share options	3	(2)	—	—	1	—	1
Share option expense	—	2	—	—	2	—	2
Hedging gain transferred to statement of financial position	—	—	(4)	—	(4)	—	(4)
Disposal of non-controlling interests (Note 3)	—	—	—	—	—	3	3
Repurchase of common shares (Note 11)	(19)	—	—	(269)	(288)	—	(288)
Increase in automatic share purchase plan commitment (Note 11)	1	—	—	(5)	(4)	—	(4)
Dividends on common shares	—	—	—	(156)	(156)	—	(156)
Balance, December 31, 2025	472	—	312	2,004	2,788	—	2,788

The accompanying Notes to the Annual Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31 (Canadian \$ millions)	2025	2024
OPERATING ACTIVITIES		
Net income	642	506
Adjusting for:		
Depreciation and amortization	392	392
Write-down of Compression Technology Corporation assets	45	—
Gain on disposal of property, plant, and equipment	(2)	(1)
Write-off of intangible assets	25	—
Gain on sales of discontinued operations (Note 3)	(157)	—
Equity earnings of joint ventures	(10)	(9)
Share-based payment expense (Note 12)	63	19
Provision for income taxes	184	157
Finance costs	140	160
Net benefit cost of defined benefit pension plans and other post-employment benefit plans (Note 22)	18	18
Changes in operating assets and liabilities (Note 23)	(39)	117
Additions to rental fleet	(217)	(164)
Additions to rental equipment with purchase options	(248)	(146)
Proceeds on disposal of rental fleet	61	91
Proceeds on disposal of rental equipment with purchase options	147	221
Interest paid	(148)	(167)
Income tax paid	(208)	(183)
Cash flows provided by operating activities	688	1,011
INVESTING ACTIVITIES		
Additions to property, plant, and equipment and intangible assets	(208)	(153)
Proceeds on disposal of property, plant, and equipment	98	7
Consideration paid for business acquisitions, net of cash acquired	(8)	(9)
Proceeds from sales of discontinued operations, net of cash sold and transaction costs (Note 3)	330	—
(Increase) decrease in in short-term investments	(13)	27
Dividends from joint venture	18	—
Cash flows provided by (used in) investing activities	217	(128)
FINANCING ACTIVITIES		
Decrease in short-term debt (Note 23)	(284)	(482)
Issuance of long-term debt, net of issue costs (Notes 8 and 23)	—	427
Repayment of long-term debt (Note 23)	(1)	(207)
Decrease in lease liabilities (Note 23)	(86)	(89)
Credit facility fee	—	(2)
Repurchase of common shares	(290)	(314)
Dividends paid	(156)	(151)
Cash flows used in financing activities	(817)	(818)
Effect of currency translation on cash balances	(35)	99
Increase in cash and cash equivalents	53	164
Cash and cash equivalents, beginning of year	316	152
Cash and cash equivalents, end of year (Note 23)	369	316

The accompanying Notes to the Annual Financial Statements are an integral part of these statements.

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1. GENERAL INFORMATION

Finning International Inc. (“Finning”) is a widely held, publicly traded corporation, listed on the Toronto Stock Exchange (TSX: FTT). The registered and head office of the Company is located at 19100 94 Avenue, Surrey, British Columbia, Canada. The Company’s principal business is the sale of heavy equipment and power and energy systems, rental of equipment, and providing product support including sales of parts and servicing of equipment.

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

These annual consolidated financial statements (Annual Financial Statements) of Finning and its subsidiaries (together, the “Company”) have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (Accounting Standards) issued and effective for the current year. The Annual Financial Statements were authorized for issuance by the Company’s Board of Directors (the Board) on February 10, 2026. The Company has applied the same accounting policies consistently to all periods presented unless otherwise noted.

The preparation of financial statements in conformity with Accounting Standards requires management to make judgments, estimates, and assumptions in respect of the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from those judgments, estimates, and assumptions.

Certain of the Company’s accounting policies that relate to the financial statements, as well as estimates and judgments the Company has made and how they affect the amounts reported in the Annual Financial Statements, are incorporated in this section. This note also describes new standards, amendments, or interpretations that are effective and applied by the Company during 2025 or are not yet effective. Where an accounting policy, estimate, or judgment is applicable to a specific note to the Annual Financial Statements, it is described within that note.

These Annual Financial Statements were prepared under the historical cost basis except as otherwise described in the notes to these Annual Financial Statements.

(a) Principles of Consolidation

Accounting Policy

The Annual Financial Statements include the results of the Company, which includes the Finning (Canada) division, and Finning’s subsidiaries. Subsidiaries are those entities over which Finning has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect returns of the investee, generally accompanying a shareholding that confers more than half of the voting rights. The Annual Financial Statements include the operating results of acquired or disposed subsidiaries from the date the Company obtains control or the date control is lost.

For subsidiaries that the Company controls, but does not own 100%, the portion of net assets and income attributable to third parties is reported as non-controlling interests and net income attributable to non-controlling interests in the consolidated statement of financial position and consolidated statement of net income, respectively.

The Company’s principal subsidiaries, and the main countries in which they operate, are as follows:

Name	Principal place of business	% ownership		Functional currency ⁽¹⁾
		2025	2024	
OEM Remanufacturing Company Inc.	Canada	100%	100%	CAD
4Refuel Canada LP (Note 3)	Canada	0%	100%	CAD
Compression Technology Corporation (Note 3)	Canada	0%	54.5%	CAD
Finning Argentina S.A.	Argentina	100%	100%	USD
Finning Soluciones Mineras S.A.	Argentina	100%	100%	USD
Finning Bolivia S.A.	Bolivia	100%	100%	USD
Finning Chile S.A.	Chile	100%	100%	USD
Moncouver S.A.	Uruguay	100%	100%	USD
Finning (UK) Ltd.	United Kingdom (UK)	100%	100%	GBP
Finning (Ireland) Limited	Republic of Ireland	100%	100%	EUR

⁽¹⁾ Canadian dollar (CAD), US dollar (USD), UK pound sterling (GBP), Euro (EUR)

All shareholdings are of ordinary shares or other equity capital. Other subsidiaries, while included in the Annual Financial Statements, are not considered material.

(b) Joint Ventures

Accounting Policy

The Company accounts for its joint ventures in which the Company has an interest using the equity method. The joint ventures follow accounting policies that are materially consistent with the Company's accounting policies. Where the Company transacts with its joint ventures, unrealized profits or losses are eliminated to the extent of the Company's interest in the joint venture.

Description of Business and Nature of Relationships

PipeLine Machinery International (PLM) is a strategic partnership that sells and rents both purpose-built pipeline and traditional Caterpillar Inc. (Caterpillar) products to mainline pipeline construction customers worldwide.

Agriterra Equipment (Agriterra), an Alberta based company, is a consolidation of equipment dealers providing customers with agriculture and consumer products.

The Company's proportion of ownership interest in its joint ventures was as follows:

December 31 Name	Nature of Relationship	Principal place of Business	% ownership		Functional currency
			2025	2024	
PLM	Joint Venture	United States	25.0%	25.0%	USD
Agriterra	Joint Venture	Canada	20.0%	20.0%	CAD

The Company's joint ventures are not considered individually material.

(c) Foreign Currency Translation

Accounting Policy

These Annual Financial Statements are presented in CAD, which is the functional currency of the parent company. Transactions undertaken in foreign currencies are translated into the entity's functional currency at exchange rates prevailing at the time the transactions occurred or at the average rate for the period when it is a reasonable approximation.

Account balances denominated in foreign currencies are translated into the entity's functional currency as follows:

- Monetary items are translated at exchange rates in effect at the consolidated statement of financial position dates and non-monetary items are translated at historical exchange rates; and
- Foreign exchange gains and losses are recorded in the consolidated statement of net income except where the exchange gain or loss arises from the translation of monetary items designated as hedges. Refer to Note 9c for the Company's accounting policy for hedging.

Financial statements of foreign operations are translated from the functional currency of the foreign operation into CAD as follows:

- Assets and liabilities are translated using the exchange rates in effect at the reporting dates;
- Revenue and expense items are translated at average exchange rates prevailing during the period that the transactions occurred; and,
- Foreign currency translation adjustments are recorded in other comprehensive income. Cumulative foreign currency translation adjustments are recognized in net income upon the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, a disposal that involves loss of control of a subsidiary that includes a foreign operation, or loss of joint control over a jointly controlled entity that includes a foreign operation).

The Company uses foreign currency debt to hedge foreign currency gains and losses on its long-term net investments in foreign operations. Refer to Note 9c for the Company's accounting policy for hedging.

Areas of Significant Judgment

The Company is required to make judgments in determining the functional currency of each subsidiary of the Company. Management considers the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales price of its goods and services, and the currency that mainly influences labour, material, and other costs of providing goods or services.

(d) Future Accounting Pronouncements

The Company has not applied the following accounting pronouncements that have been issued but are not yet effective:

- Classification and measurement of financial instruments – amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures* (effective January 1, 2026):
 - clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic payment system;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as instruments with features linked to the achievement of environment, social and governance (ESG) targets); and,
 - update the disclosure requirements for equity instruments designated at fair value through other comprehensive income and add disclosure requirements for financial instruments with contingent features that are not related directly to basic lending risks and costs, such as loans subject to ESG targets.

Management will elect to deem the financial liability to be discharged before the settlement date for banking terms and conditions where it meets specified criteria. Otherwise, the adoption of these classification and measurement of financial instrument amendments will not have a material impact on the Company's financial statements.

- Contracts referencing nature-dependent electricity – amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures* (effective January 1, 2026) aim to ensure that financial statements more faithfully reflect the financial effects of nature-dependent contracts, which are often structured as power purchase agreements. The amendments:
 - address how the 'own-use' requirements would apply to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent;
 - permit hedge accounting if these contracts are used as hedging instruments;
 - add disclosure requirements to enable investors to understand the effects of these contracts on a company's financial performance and cash flows.

The Company does not have any contracts in scope of these amendments; therefore, the adoption of the contracts referencing nature-dependent electricity amendments will not have an impact on the Company's financial statements.

- Derecognition of lease liabilities – amendments to IFRS 9, *Financial Instruments* (effective January 1, 2026) clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognize any resulting gain or loss in profit or loss. The Company currently records any resulting gain or loss from extinguishing a lease in profit or loss; therefore, the adoption of these amendments will not have an impact on the Company's financial statements.
- IFRS 18, *Presentation and Disclosure in the Financial Statements* (effective January 1, 2027) replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 carries forward many requirements from IAS 1 but introduces significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management-defined performance measures, and less aggregation of items into large, single numbers. IFRS 18 promotes a more structured income statement, including a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (operating, investing, and financing) based on the Company's main business activities. Management is currently assessing the impacts of the new standard, including evaluating the appropriate presentation of certain line items in the consolidated statements of income and statements of cashflows and the identification of management-defined performance measures. Upon adoption of IFRS 18, management expects interest income currently presented within finance costs to be presented within investing activities in the consolidated statements of net income. Also, interest income received and interest expense paid will be presented within investing activities and financing activities, respectively, in the consolidated statement of cash flows (currently presented as operating cashflows).

3. DISCONTINUED OPERATIONS

Accounting Policy

A discontinued operation is a component of an entity that has either been disposed of or classified as held-for-sale and represents a separate major line of business or geographical area of operations. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

When an operation is classified as a discontinued operation, the Company presents discontinued operations in a single amount, net of tax, in the consolidated statement of net income. In addition, the comparative periods in the consolidated statements of net income and comprehensive income are restated as if the operation had been discontinued from the start of the comparative year. The assets and liabilities in the consolidated statement of financial position are not restated for comparative periods. The cash flows in the consolidated statements of cash flow include the results of discontinued operations and are not restated for comparative periods.

On June 30, 2025, the Company sold its mobile on-site refuelling business, operating through 4Refuel Canada and 4Refuel US (4Refuel). The purchase price of up to \$400 million (fair value estimated to be \$380 million) comprised approximately \$330 million cash, a \$50 million note receivable bearing escalating interest, and contingent consideration (up to \$20 million based on 4Refuel achieving certain financial performance metrics over a two-year period). The purchaser assumed lease liabilities and other indebtedness of approximately \$50 million.

On May 15, 2025, Finning and the other shareholders of Compression Technology Corporation (ComTech) sold the net assets of ComTech for cash consideration of \$10 million. ComTech is an early-stage developer of alternative energy infrastructure and provider of proprietary mobile fueling solutions for low-carbon fuels in North America. The purchaser assumed lease liabilities and indebtedness of approximately \$30 million.

Together, 4Refuel and ComTech represent a separate major line of business (mobile refuelling solutions) and qualified as discontinued operations.

The gain on sales of the discontinued operations was calculated as follows:

(\$ millions)	Total
Consideration received or receivable:	
Cash	343
Fair value of contingent consideration and note receivable	50
Estimated working capital and customary closing adjustments	15
Total consideration	408
Carrying amount of net assets sold ⁽¹⁾	(245)
Transaction costs directly attributable to the sales	(7)
Foreign currency translation adjustments, reclassified to net income	1
Gain on sales before income tax	157
Income tax expense on gain	(5)
Gain on sales of discontinued operations, net of tax	152

⁽¹⁾ Includes cash and cash equivalents of \$23 million.

The major classes of assets and liabilities and non-controlling interests related to discontinued operations at their dates of disposition are summarized as follows:

(\$ millions)	Total
Cash and cash equivalents	23
Inventory	7
Other current assets	133
Current assets	163
Property, plant, and equipment	98
Goodwill	105
Intangible assets	60
Other non-current assets	2
Total assets	428
Short-term debt	(5)
Accounts payable and accruals	(91)
Current portion of long-term debt	(6)
Other current liabilities	(13)
Current liabilities	(115)
Long-term lease liabilities	(58)
Deferred tax liabilities	(13)
Total liabilities	(186)
Non-controlling interests	3

The results of the Company's discontinued operations up to their respective dates of disposition are summarized as follows:

Years ended December 31 (\$ millions)	2025	2024
Fuel and other revenue ⁽¹⁾	703	1,303
Cost of fuel	(600)	(1,110)
Net revenue	103	193
Operating costs ⁽²⁾	(66)	(121)
Depreciation and amortization	(18)	(36)
Write-down of assets in ComTech ⁽³⁾	(45)	—
(Loss) earnings before finance costs and income taxes	(26)	36
Finance costs	(3)	(5)
Provision for income taxes	(4)	(7)
Net (loss) income from discontinued operations before gain on sales, net of tax	(33)	24
Gain on sales of discontinued operations, net of tax	152	—
Net income from discontinued operations	119	24
Net income (loss) from discontinued operations attributable to:		
Shareholders of Finning International Inc.	135	27
Non-controlling interests	(16)	(3)
Earnings per share from discontinued operations		
Basic	1.02	0.19
Diluted	1.01	0.19
Comprehensive income (loss) from discontinued operations attributable to:		
Shareholders of Finning International Inc.	133	28
Non-controlling interests	(16)	(3)

- (1) Revenue from sales of mobile refuelling services is presented as fuel and other revenue and recognized upon delivery to the customer. Revenue was recorded at the estimated amount of consideration to which the Company expected to be entitled.
- (2) Operating costs are calculated as cost of sales less cost of fuel plus selling, general, and administrative expenses less depreciation and amortization.
- (3) During the three months ended March 31, 2025, the Company determined the operations of ComTech no longer represented a core part of the business and recorded an impairment loss of \$45 million representing the write-down of assets (comprising \$25 million of goodwill, \$6 million of intangible assets, and \$14 million of other assets) which were allocated to the Canada group of cash-generating units. Of the total impairment loss, \$29 million after-tax was attributable to the shareholders of Finning International Inc.

Cash flows from discontinued operations provided by (used in) each of these activities to their dates of disposition are summarized as follows:

Years ended December 31 (\$ millions)	2025	2024
Cash flow provided by operating activities	37	60
Cash flow used in investing activities	(5)	(24)
Cash flow used in financing activities	(6)	(9)

4. SEGMENTED INFORMATION

The Company has operated primarily in one principal business during the year, that being the selling, servicing, and renting of heavy equipment, engines, and related products.

The reportable segments, which are the same as the Company's operating segments, are as follows:

- Canadian operations: dealership territories in British Columbia, Alberta, Saskatchewan, the Yukon territory, the Northwest Territories, and a portion of Nunavut.
- South American operations: Chile, Argentina, and Bolivia.
- UK & Ireland operations: England, Scotland, Wales, Northern Ireland, and the Republic of Ireland.
- Other: corporate head office.

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance primarily focuses on the territories in which the Company operates. The CODM considers earnings before finance costs and income taxes as the primary measure of segment profit and loss. Following the sales of 4Refuel and ComTech, the CODM reviews total revenue in assessing business performance. Previously, the CODM considered net revenue (calculated as total revenue less cost of fuel) as more representative than total revenue in assessing business performance as the cost of fuel was not in the Company's control and was fully passed through to the customer.

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

Year ended December 31, 2025 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	1,610	1,417	836	—	3,863
Used equipment	259	136	92	—	487
Equipment rental	201	62	38	—	301
Product support	3,077	2,390	467	—	5,934
Other	4	2	—	—	6
Total revenue	5,151	4,007	1,433	—	10,591
Operating costs ⁽¹⁾	(4,518)	(3,467)	(1,315)	(58)	(9,358)
Depreciation and amortization	(197)	(131)	(43)	(3)	(374)
Equity earnings of joint ventures	10	—	—	—	10
Other expenses	(16)	(5)	(3)	(10)	(34)
Earnings (loss) before finance costs and income taxes	430	404	72	(71)	835
Finance costs					(137)
Provision for income taxes					(175)
Net income from continuing operations					523
Invested capital ⁽²⁾	2,345	1,586	349	33	4,313
Gross capital expenditures ⁽³⁾⁽⁴⁾⁽⁵⁾	119	290	23	7	439
Gross rental equipment spend ⁽⁵⁾	381	58	26	—	465

(1) Operating costs are calculated as cost of sales 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) Includes amounts related to discontinued operations up to May 15, 2025 for ComTech and June 30, 2025 for 4Refuel.

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

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

Year ended December 31, 2024 (Restated - Note 3) (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	1,667	1,186	759	—	3,612
Used equipment	341	69	97	—	507
Equipment rental	184	70	41	—	295
Product support	2,801	2,234	445	—	5,480
Other	7	2	—	—	9
Total revenue	5,000	3,561	1,342	—	9,903
Operating costs ⁽¹⁾	(4,437)	(3,052)	(1,230)	(31)	(8,750)
Depreciation and amortization	(184)	(125)	(41)	(6)	(356)
Equity earnings of joint ventures	9	—	—	—	9
Other expenses	(9)	(3)	(4)	(3)	(19)
Earnings (loss) before finance costs and income taxes	379	381	67	(40)	787
Finance costs					(155)
Provision for income taxes					(150)
Net income from continuing operations					482
Invested capital ⁽²⁾	2,648	1,552	367	(1)	4,566
Gross capital expenditures ⁽³⁾⁽⁴⁾⁽⁵⁾	118	101	18	15	252
Gross rental equipment spend ⁽⁵⁾	259	36	16	—	311

- (1) Operating costs are calculated as cost of sales 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) Includes amounts related to discontinued operations up to May 15, 2025 for ComTech and June 30, 2025 for 4Refuel.
- (4) Capital includes property, plant, and equipment and intangible assets.
- (5) Includes leases and borrowing costs capitalized and excludes additions through business acquisitions.

Total revenue and non-current assets ⁽⁶⁾ by location of operations

	Total revenue		Non-current assets	
	Year ended December 31		at December 31	
	2025	2024	2025	2024
		(Restated - Note 3)		
(\$ millions)				
Canada	5,147	4,997	1,344	1,506
Chile	3,442	3,053	459	385
United Kingdom	1,222	1,140	318	310
Argentina	466	421	92	85
Other countries	314	292	104	128

- (6) Non-current assets shown above exclude deferred tax assets and net post-employment assets.

5. REVENUE

Revenue Recognition

Revenue is recognized when or as the Company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled.

Revenue is recognized when control of the goods is transferred to the customer at a point-in-time for the following revenue streams:

- Revenue from sales of new and used equipment (except for complex power and energy systems) is presented as new equipment revenue and used equipment revenue, respectively. Revenue is recognized when control passes to the customer, which is generally at the time of shipment of the equipment to the customer or when commissioning of equipment is complete. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled, including any non-cash consideration when used equipment is accepted for trade-in value.
- Revenue from sales of parts inventory is presented as product support revenue and recognized when control of the part is transferred to the customer, which is generally upon shipment to the customer or when the customer collects their purchase from one of the Company's locations. Revenue from sales of parts inventory is initially recorded at the estimated amount of consideration to which the Company expects to be entitled. The Company may offer incentives (for example, rebates) on certain parts and discounts for large volume parts purchases. If applicable, management recognizes an obligation for items such as refunds, incentives, and discounts with a corresponding reduction in product support revenue. The value of the obligation is estimated based on the terms of the contract, customary business practices, and historical experience.

Revenue is recognized in a manner that best reflects the Company's performance over-time for the following revenue streams:

- Revenue from sales of complex power and energy systems involving the design, installation, and assembly of power and energy systems is presented as new equipment revenue and estimated as the amount of consideration to which the Company expects to be entitled. Revenue is recognized on a percentage of completion basis proportionate to the work that has been completed and is based on associated costs incurred.
- Revenue from sales of parts and labour when servicing equipment both under and not under a long-term contract is presented as product support revenue. For servicing of equipment, revenue is recognized as the service work is performed based on parts list price and standard billing labour rates. Product support is also offered to customers in the form of long-term contracts. For these contracts, revenue is recognized on a basis proportionate to the service work that has been performed based on associated costs incurred. For certain long-term product support contracts where flat-rate labour or a monthly subscription service is provided, the Company recognizes revenue for labour on a straight-line basis. Revenue from product support under long-term contracts is estimated based on the number and types of services expected to be performed using the pricing terms set out in the contract.
- Revenue from equipment rentals and operating leases where the Company acts as lessor is presented as equipment rental revenue and in accordance with the terms of the relevant agreement with the customer, either recognized evenly over the term of that agreement or on a usage basis such as the number of hours that the equipment is used. Equipment rental includes revenue from rental agreements with customers which contain an option to purchase the equipment at the end of the rental term (referred to as 'Rental Equipment with Purchase Options'). When the customer exercises its option to purchase the equipment, the sale is presented as new equipment revenue or used equipment revenue, as appropriate.

Revenue from customers may be recognized in advance of billing the customer. The Company recognizes unbilled receivables for sales of new equipment (including complex power and energy systems) and product support revenue (including sales of parts and labour when servicing equipment both under and not under long-term contracts) when revenue recognition criteria are met, and the Company has the right to receive amounts from customers but invoices have not yet been issued. Similarly, the Company recognizes deferred revenue when cash has been collected from customers but control of the goods or services has not yet been transferred. Deferred revenue is recorded when cash is received prior to the transfer of control related to sales of new equipment, servicing equipment, complex power and energy systems, and extended warranty. Deferred revenue is recorded when deposits are received from customers and in respect of sales of new equipment where the Company has issued a repurchase guarantee and management has determined that it has not transferred control of the equipment.

Areas of Estimation Uncertainty

Long-Term Product Support Contracts and Sales of Complex Power and Energy Systems

Where the outcome of performance obligations for long-term product support contracts and sales of complex power and energy systems can be estimated reliably, revenue is recognized. Revenue is recognized primarily based on the proportion of contract costs incurred for work performed to-date relative to the estimated total contract costs. Variations in contract work, claims, and incentive payments are included to the extent that they have been agreed with the customer. Where the outcome of performance obligations cannot be reliably measured, contract revenue is recognized in the current period to the extent that costs have been incurred until such time that the outcome of the performance obligations can be reasonably measured. Significant assumptions are required to estimate total contract costs, which are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized in the consolidated statement of net income.

Areas of Significant Judgment

Transfer of Control to the Customer

The Company is required to make judgments when determining when control is transferred to the customer. For the sale of new and used equipment and parts inventory, generally, control passes to the customer at the time of shipment of the equipment or parts to the customer or when commissioning of equipment is complete. In certain circumstances, management must determine if control transfers before or after the goods are shipped to the customer (for example, bill-and-hold arrangements). In making this determination, management considers whether the Company has transferred significant risks and rewards related to the product, legal title has transferred, the Company has the ability to direct or sell the product to another customer, the product is ready for physical transfer, or the product is in a condition of being capable of operating in the manner intended.

Repurchase Commitments

In certain circumstances, the Company enters into contracts with rights of return, at the customer's discretion, for the repurchase of equipment sold to customers for an amount which is generally based on a discount from the estimated future fair value of that equipment. At the inception of the contract, the Company is required to make judgments as to whether the customer has a significant economic incentive to exercise its right of return. When no such incentive is expected, revenue is recognized upon the sale of equipment but when a significant economic incentive is expected, revenue is recognized over the term of the contract. Significant assumptions are made in estimating residual values, which are assessed based on experience and taking into account expected future market conditions and projected disposal values.

Identifying Performance Obligations

The Company is required to make judgments when identifying the performance obligations in contracts with customers. When the sales of parts and labour for servicing equipment under a long-term contract are sold bundled together with the sale of equipment to a customer, management typically concludes that these are two separate performance obligations as each of the promises to transfer equipment and provide services is capable of being distinct and separately identifiable.

The Company recorded revenue from the transfer of goods and services at a point-in-time and over time in the following lines of business:

Years ended December 31 (\$ millions)	2025			2024 (Restated - Note 3)		
	Point-in-time	Over-time	Total	Point-in-time	Over-time	Total
New equipment	3,474	389	3,863	3,289	323	3,612
Used equipment	487	—	487	507	—	507
Equipment rental	—	301	301	—	295	295
Product support	2,418	3,516	5,934	2,371	3,109	5,480
Other	—	6	6	—	9	9
Total revenue	6,379	4,212	10,591	6,167	3,736	9,903

The Company recorded the following unbilled receivables from customers:

December 31 (\$ millions)	2025	2024
Product support	408	437
New equipment	62	48
Other	5	7
Total unbilled receivables	475	492

Invoices for sales of parts and labour when servicing equipment under long-term contracts were issued in accordance with the billing arrangement over the contract term. Invoices for sales of parts and labour when servicing equipment not under long-term contracts were issued when the work was complete. Invoices for sales of complex power and energy systems were issued in accordance with milestone payments as agreed in each sales contract with the customer.

The Company recorded the following contract liabilities:

December 31 (\$ millions)	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
Product support	280	—	280	249	—	249
Deposits from customers for new equipment	164	—	164	189	—	189
Extended warranty	36	47	83	34	42	76
Complex power and energy systems	109	—	109	90	—	90
Other	5	1	6	5	1	6
Total deferred revenue	594	48	642	567	43	610

The majority of the Company's contract liabilities relate to cash collected for goods or services where control will be transferred to the customer within one year. Cash is typically collected up front for sales of extended warranties and new equipment under repurchase guarantees; the transfer of control over these services and goods can extend beyond one year.

6. EARNINGS PER SHARE

Years ended December 31 (\$ millions, except share and per share amounts)	2025		2024	
	Basic	Diluted	Basic	Diluted
Net income from continuing operations	523	523	482	482
Net income attributable to shareholders of Finning	658	658	509	509
Weighted average shares outstanding (WASO)	133,144,033	133,144,033	140,447,583	140,447,583
Effect of dilutive share options		297,236		197,643
WASO with assumed conversions		133,441,269		140,645,226
Earnings per share from continuing operations	3.93	3.92	3.43	3.43
Earnings per share	4.95	4.94	3.62	3.62

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 years ended December 31, 2025, and 2024.

7. OTHER EXPENSES

Years ended December 31 (\$ millions)	2025	2024
Write-off of intangible assets (a)	22	—
Severance costs (b)	12	19
Other expenses	34	19

- (a) Following an evaluation of the business needs of the operations, including an alignment with Caterpillar's digital and technology strategy, several technology assets have been or are being decommissioned; as a result, the Company derecognized previously capitalized costs.
- (b) In the year ended December 31, 2025, the Company recorded severance costs for headcount reductions related to consolidation efforts and changes to the Company's organizational structure focused on non-revenue generating positions, primarily in selected back office and technology roles.

In the year ended December 31, 2024, the Company recorded severance costs related to restructuring activities as it worked to simplify business activities in each of its operations.

8. SHORT-TERM AND LONG-TERM DEBT AND FINANCE COSTS

December 31 (\$ millions)	2025	2024
Short-term debt	518	844
Long-term debt		
2.626%, \$200 million, due August 14, 2026	180	180
4.53%, USD 200 million, due April 3, 2027, Series E	274	288
4.445%, \$350 million, due May 16, 2028	349	349
4.778%, \$425 million, due February 13, 2029	423	423
5.077%, \$150 million, due June 13, 2042	150	149
Other term loans	—	7
Total long-term debt	1,376	1,396
Current portion of long-term debt	180	6
Non-current portion of long-term debt	1,196	1,390

Short-Term Debt

At December 31, 2025, short-term debt included \$0.4 billion drawn on the Company's committed sustainability-linked revolving credit facility (2024: \$0.7 billion). Refer to Note 9b for more information on the Company's committed sustainability-linked revolving credit facility.

The effective interest rate on the consolidated short-term debt for 2025 was 5.4% (2024: 6.4%).

Long-Term Debt

The Company's CAD denominated Medium Term Notes and USD denominated Senior Notes are unsecured and interest is payable semi-annually with the principal due on maturity.

In February 2024, the Company issued \$425 million of 4.778% senior unsecured notes due February 13, 2029.

The effective interest rate on the consolidated long-term debt for 2025 was 4.4% (2024: 4.4%).

Finance Costs

The components of finance costs were as follows:

Years ended December 31 (\$ millions)	2025	2024 (Restated - Note 3)
Interest on short-term debt	54	79
Interest on long-term debt	61	60
Interest on debt	115	139
Interest on lease liabilities	14	10
Other finance related expenses	8	6
Finance costs	137	155

9. FINANCIAL INSTRUMENTS

Finning and its subsidiaries are exposed to market, credit, liquidity, and other risks in the normal course of business activities. The Company's Enterprise Risk Management (ERM) process is designed to ensure that these risks are identified, managed, and reported. The ERM framework assists the Company in managing risks and business activities to mitigate these risks across the organization in order to achieve the Company's strategic objectives.

The Company maintains a strong risk management culture to protect and enhance shareholder value. On a quarterly basis, Board level committees review the Company's 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 on an annual basis. The Board also reviews the adequacy of disclosures of key risks in the Company's Annual Information Form, Management's Discussion and Analysis, and Annual Financial Statements on a quarterly and annual basis.

This note presents information about the Company's exposure to credit, liquidity, and market risks and the Company's objectives, policies, and processes for managing these risks.

(a) Financial Assets and Credit Risk

Accounting Policy

Classification and measurement

Cash and cash equivalents, accounts receivable, unbilled receivables, supplier claims receivable, and notes receivable are classified as amortized cost and measured using the effective interest method. Accounts receivable comprises amounts due from customers for goods or services transferred in the ordinary course of business and non-trade accounts. Unbilled receivables relate to the Company's right to consideration for goods or services transferred to a customer but not yet billed as at the reporting date. Notes receivable represents amounts due from customers relating to the financing of equipment and parts and services sold.

Financial assets classified as amortized cost are assessed for impairment at the end of each reporting period and a loss allowance is measured by estimating the lifetime expected credit losses. Certain categories of financial assets, such as accounts receivable, that are considered not to be impaired individually are also assessed for impairment on a collective basis. Estimates of expected credit losses take into account the Company's past experience of collecting payments, the amount of delayed payments in the portfolio past the average credit period, as well as observable changes in and forecasts of future economic conditions that correlate with default on receivables. The carrying amount of accounts receivable is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in selling, general, and administrative expenses in the consolidated statement of net income. At the point when the Company is satisfied that no recovery of the amount owing is possible, the amount is considered not recoverable and the financial asset is impaired.

Areas of Estimation Uncertainty

Allowance for Doubtful Accounts

The Company records allowance for doubtful accounts that represents management's best estimate of potential losses in respect of accounts receivable and unbilled receivables. The main components of these allowances are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that are expected to occur.

The collective loss allowance is estimated based on historical data of payment statistics for similar financial assets, adjusted for current and forecasted future economic conditions.

Expected credit losses related to the current economic environment have been incorporated in management's estimate of its allowance for doubtful accounts. No assurance can be given that this will be sufficient or that the Company will not suffer material credit losses that will adversely affect its results. The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to aging of receivable balances, external credit ratings, publicly available information about customers, expectation of customer bankruptcies, and the impact of inflation and interest rate increases on customers ability to pay) and applying experienced credit judgment. Exposures within each credit risk grade are segmented by geographic region, industry classification, and risk categorization. An expected credit loss rate is calculated for each segment.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally in respect of the Company's cash and cash equivalents, receivables from customers, receivables from suppliers, and derivative assets.

The Company's material exposure to credit risk at the reporting date was:

December 31		
(\$ millions)	2025	2024
Cash and cash equivalents	369	316
Accounts receivable	1,119	1,221
Unbilled receivables	475	492
Supplier claims receivable	164	144
Exposure to credit risk	2,127	2,173

Cash and Cash Equivalents

Credit risk associated with cash and cash equivalents is managed by ensuring that these financial assets are held with major financial institutions with strong investment grade ratings and by monitoring the exposures with any single institution. An ongoing review is performed to evaluate the changes in the credit rating of counterparties.

Receivables from Customers

Credit risk associated with accounts receivable and unbilled receivables from customers is minimized because of the diversification of the Company's operations as well as the diversified customer base and geographical dispersion. The Company limits its exposure to credit risk from accounts receivable by establishing a maximum payment period for customers. The Company also has policies in place to manage credit risk, including maintaining credit limits for customers taking into account factors such as projected purchase values, credit worthiness of the customer, and payment performance.

Receivables from Suppliers

The Company is exposed to risk on supplier claims receivable, primarily from Caterpillar, with whom Finning has had an ongoing relationship since 1933.

The maximum exposure to credit risk for accounts receivable at the reporting date by geographic location of customer was as follows:

December 31	2025	2024
(\$ millions)		
Canada	569	663
Chile	308	325
UK	141	103
Argentina	40	63
Other	61	67
Total	1,119	1,221

Impairment Losses

The aging of accounts receivable at the reporting date was as follows:

December 31	2025		2024	
	Gross	Allowance	Gross	Allowance
(\$ millions)				
Not past due	943	9	955	—
Past due 1 – 30 days	150	3	194	—
Past due 31 – 90 days	40	5	64	13
Past due 91 – 120 days	12	4	17	6
Past due greater than 120 days	22	27	51	41
Total	1,167	48	1,281	60

The movement in the allowance for doubtful accounts in respect of accounts receivable during the year was as follows:

Years ended December 31	2025	2024
(\$ millions)		
Balance, beginning of year	60	45
Additional allowance and unused amounts reversed, net	(7)	17
Receivables written off	(3)	(4)
Receivables disposed through sale of business	(2)	—
Foreign exchange rate changes	—	2
Balance, end of year	48	60

The carrying amount of cash and cash equivalents, unbilled receivables, and supplier claims receivable represents the Company's maximum exposure to credit risk for these balances.

(b) Financial Liabilities and Liquidity Risk

Accounting Policy

Classification and measurement

Accounts payable and accruals and short-term and long-term debt are classified as amortized cost and are measured using the effective interest method.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquid financial resources to fund its operations and meet its commitments and obligations. The Company maintains bilateral and syndicated credit facilities, continuously monitors actual and forecast cash flows, and manages maturity profiles of financial liabilities.

The Company will require capital to finance future growth and to refinance outstanding debt obligations as they come due for repayment. If the cash generated from the Company's operations is not sufficient to fund future growth, capital, and debt repayment requirements, the Company will require additional debt or equity financing. The Company's ability to access capital markets for additional debt or equity on terms that are acceptable will be dependent upon prevailing market conditions, as well as the Company's financial condition. Further, Finning's ability to increase the level of debt financing may be limited by financial covenants or credit rating objectives. The ability to raise additional financing for future activities may be impaired, or such financing may not be available on favourable terms, due to conditions beyond Finning's control, such as uncertainty in the capital markets, depressed commodity prices or country risk factors.

At December 31, 2025, the Company had approximately \$3.3 billion (2024: \$3.1 billion) of unsecured committed and uncommitted credit facilities. Included in this amount is a committed sustainability-linked revolving credit facility totaling \$1.3 billion with various Canadian and global financial institutions, which is set to mature in June 2029. Borrowings under this facility are available in multiple currencies and at various floating rates of interest.

At December 31, 2025, \$940 million was available under the \$1.3 billion committed sustainability-linked revolving credit facility (2024: \$853 million was available collectively under the \$1.3 billion committed sustainability-linked revolving credit facility and a \$300 million committed revolving credit facility, which matured on October 6, 2025). The Company is subject to certain covenants under its committed revolving credit facility. At December 31, 2025, and 2024, the Company was in compliance with these covenants.

The Company's principal source of short-term funding is the committed sustainability-linked revolving credit facility. The Company also maintains a maximum authorized commercial paper program of \$600 million, backstopped by credit available under the \$1.3 billion committed sustainability-linked revolving credit facility. There was no commercial paper outstanding at December 31, 2025, and December 31, 2024. In addition, the Company maintains other bank credit facilities, including overdrafts, letters of credit, and trade payable financing arrangements to support its subsidiary operations.

In Argentina, the Company has experienced government currency restrictions in the past that have impacted Finning's ability to meet USD financial obligations as they fall due. Recent market conditions have improved, allowing for access to USD and an improved ability to pay suppliers. The Company continues to monitor market conditions and actively reduce local currency exposure. While the Company's access to USD in Argentina has improved since December 31, 2023, government rules and policies as well as economic conditions are subject to change, and may impact Finning's ability to manage its liquidity risk.

The following are the contractual maturities of non-derivative and derivative financial liabilities. The amounts presented represent the future undiscounted principal and interest cash flows, and therefore, do not necessarily equal the carrying amount on the consolidated statement of financial position.

(\$ millions)	Carrying amount December 31, 2025	Contractual cash flows					2030 Thereafter
		2026	2027	2028	2029		
Non-derivative financial liabilities							
Accounts payable and accruals	(1,602)	(1,602)	—	—	—	—	—
Short-term debt (Note 8)	(518)	(518)	—	—	—	—	—
Long-term debt (Note 8)	(1,376)	(241)	(324)	(386)	(443)	(8)	(237)
Lease liabilities	(412)	(104)	(91)	(80)	(68)	(54)	(57)
Total non-derivative financial liabilities	(3,908)	(2,465)	(415)	(466)	(511)	(62)	(294)
Derivative financial instruments							
Forward foreign currency contracts and swaps							
Sell CAD	(4)	(630)	—	—	—	—	—
Buy USD	—	627	—	—	—	—	—
Sell ARS ⁽¹⁾	—	(3)	—	—	—	—	—
Buy USD	—	3	—	—	—	—	—
Total derivative financial instruments	(4)	(3)	—	—	—	—	—

⁽¹⁾ Argentine Peso (ARS)

Trade Payable Financing Arrangements

The Company has entered into trade payable financing arrangements which extend the maturities for certain trade payables in its South American operations. These payables are still considered due within a normal operating cycle.

December 31 (\$ millions)	2025	2024
Carrying amount of liabilities that are part of trade payable financing arrangements:		
Included in accounts payable and accruals	142	193
- of which suppliers have received payment from finance provider	142	193
Range of payment due dates (after invoice date):		
Liabilities that are part of the arrangement	46 - 85 days	45 - 85 days
Comparable trade payables that are not part of an arrangement	25 - 55 days	25 - 55 days

The effective interest rate on these arrangements was comparable to short-term debt and the interest cost was recorded in finance costs. There were no non-cash transfers relating to the carrying amount of liabilities subject to supplier financing arrangements at December 31, 2025, and 2024.

(c) Derivative Financial Instruments, Hedging, and Market Risk

Accounting Policy

Derivative Financial Instruments

Derivative financial instruments are classified as fair value through profit or loss and are recorded on the consolidated statement of financial position at fair value. Fair value changes of derivative financial instruments not designated as hedging instruments are recorded in the consolidated statement of net income as selling, general, and administrative expenses or finance costs, as appropriate. Refer to Cash Flow Hedges and Net Investment Hedges sections below for the accounting treatment for derivative financial instruments which are designated as hedging instruments.

Hedges

The Company utilizes foreign currency debt, derivative financial instruments, and short-term investments in order to manage its foreign currency and interest rate exposures. The Company uses derivative financial instruments only in connection with managing related risk positions and does not use them for trading or speculative purposes.

The Company determines whether or not to formally designate, for accounting purposes, eligible hedging relationships between hedging instruments and hedged items. This process includes linking derivatives to specific risks from assets or liabilities on the statement of financial position, specific firm commitments, or forecasted transactions. For hedges designated as such for accounting purposes, at inception, the Company documents the hedging relationship, its risk management objective and strategy for undertaking the hedge, and how the Company will assess whether the Company meets the hedge effectiveness requirements. When derivative instruments have been designated as a hedge and are highly effective in offsetting the identified hedged risk, hedge accounting is applied to the derivative instruments. The ineffective portion of hedging gains and losses of these hedges is reported in the consolidated statement of net income.

Cash Flow Hedges

The Company uses foreign exchange forward contracts and, at times, may use options to hedge the currency risk associated with certain foreign denominated sales, purchase commitments, cash and debt balances, payables, and receivables. The Company may also use other derivative instruments such as swaps, rate locks, and options to hedge its interest rate exposure.

If hedge accounting is applied to the hedges, the effective portion of hedging gains and losses associated with these cash flow hedges is recorded, net of tax, in other comprehensive income and recognized in earnings in the same period as the hedged item. For cash flow hedges of non-financial items, these gains and losses are included in the initial carrying cost of the hedged asset or hedged liability. The gain or loss relating to any ineffective portion is recognized immediately in the consolidated statement of net income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss recorded in other comprehensive income at that time remains in accumulated other comprehensive income until the originally hedged transaction affects net income. When a forecasted transaction is no longer expected to occur, the accumulated gain or loss that was reported in other comprehensive income is immediately recorded in the consolidated statement of net income.

Net Investment Hedges

The Company uses foreign currency debt to hedge foreign currency gains and losses on its long-term net investments in foreign operations. The effective portion of the gain or loss of such instruments associated with the hedged risk is recorded in other comprehensive income. These gains or losses are reclassified to the consolidated statement of net income upon the disposal of a foreign operation or a disposal that involves loss of control of a subsidiary that includes a foreign operation.

Areas of Estimation Uncertainty

Fair Value

The fair value of derivative financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques. The Company uses its judgment to select a valuation method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

Market Risk

Market risk is the risk that changes in the market, such as foreign exchange rates and interest rates, will affect the Company's net income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Foreign Exchange Risk

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the CAD, USD, GBP, Chilean Peso (CLP), and ARS. As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies. The main types of foreign exchange risk of the Company are translation and transaction exposure.

Translation Exposure

The most significant foreign exchange impact on the Company's net income and other comprehensive income is the translation of foreign currency-based earnings and net assets or liabilities into CAD, which is the Company's presentation currency. The Company's South American and UK & Ireland operations have functional currencies other than CAD and, as a result, exchange rate movements between the USD/CAD and GBP/CAD will impact the consolidated results of the South American and UK & Ireland operations in CAD terms. The Company does not hedge its exposure to foreign exchange risk with regard to foreign currency earnings.

Assets and liabilities of the Company's South American and UK & Ireland operations are translated into CAD using the exchange rates in effect at the consolidated statement of financial position dates. Any translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income. To the extent practical, it is the Company's objective to manage this exposure by hedging a portion of its foreign investments with loans denominated in foreign currencies.

The carrying value of the Company's long-term debt that was designated as net investment hedging instruments was \$274 million (2024: \$288 million).

Transaction Exposure

Many of the Company's operations purchase, sell, rent, and lease assets and incur costs in currencies other than their functional currency. This mismatch of currencies creates transactional exposure, which may affect the Company's profitability as exchange rates fluctuate. For example, the Company's Canadian operating results are exposed to volatility in USD/CAD rates between the timing of equipment and parts purchases that are made in USD and the ultimate sale to customers made in CAD. A portion of this exposure is hedged through the use of forward exchange contracts as well as managed through pricing practices. The Company applies hedge accounting to hedges of certain inventory purchases in its Canadian operations. During the year ended December 31, 2025, the Company entered into forward exchange contracts for inventory purchases of USD 311 million (2024: USD 279 million).

The results of the Company's operations are impacted by the translation of foreign-denominated transactions; the results of the Canadian operations are most impacted by USD based revenue and costs, and the results of the South American operations are most impacted by CLP and ARS based revenues and costs. The results of the South American operations are affected by changes in the USD/CLP and USD/ARS relationships. As the CLP weakens against the USD, the Company's revenue may be impacted as customers curtail their equipment and product support spend. In the South American operations, SG&A is largely denominated in local currency. A weaker CLP to USD or ARS to USD positively impacts Finning's financial results when local currency-based costs are translated into USD reported SG&A, partly offsetting the impact on revenue.

The Company is also exposed to foreign currency risks related to the future cash flows on its foreign-denominated financial assets and financial liabilities and foreign-denominated net asset or net liability positions on its consolidated statement of financial position, primarily the USD/CAD in Canada and USD/CLP and USD/ARS in South America. The Company enters into forward exchange contracts, short-term investments, and short-term borrowings to manage some mismatches in foreign currency cash flows but does not fully hedge balance sheet exposure so this may result in unrealized foreign exchange gains or losses until the financial assets and financial liabilities are settled. Continued government currency restrictions may impact the foreign currency risk and exposure of the Company's South American operations.

Exposure to Foreign Exchange Risk

The currencies of the Company's significant financial instruments were as follows:

December 31, 2025					
(millions)	CAD	USD	GBP	CLP ⁽¹⁾	ARS
Cash and cash equivalents	796	121	3	76,685	2,824
Accounts receivable	408	156	77	202,408	41
Short-term and long-term debt	(1,986)	(547)	—	—	(86)
Accounts payable and accruals	(399)	(534)	(86)	(171,539)	(7,075)
Lease liabilities	(211)	(83)	(15)	(32,310)	(51)
Net exposure of statement of financial position	(1,392)	(887)	(21)	75,244	(4,347)

December 31, 2024					
(millions)	CAD	USD	GBP	CLP ⁽¹⁾	ARS
Cash and cash equivalents	537	65	27	58,253	5,003
Accounts receivable	557	195	56	168,350	1,601
Short-term and long-term debt	(1,784)	(694)	—	—	—
Accounts payable and accruals	(398)	(450)	(78)	(130,954)	(10,429)
Lease liabilities	(257)	(7)	(18)	(28,347)	(82)
Net exposure of statement of financial position	(1,345)	(891)	(13)	67,302	(3,907)

⁽¹⁾ Included are the CLP equivalents of amounts denominated in the Unidad de Fomento.

Sensitivity Analysis to Foreign Exchange Risk

The translation of financial instruments denominated in foreign currencies is impacted by changes in foreign exchange rates. A weakening of the CAD against the following currencies would increase (decrease) pre-tax income and pre-tax other comprehensive income by the amounts shown below. This analysis uses estimated forecast foreign exchange rates for the upcoming year and assumes that all other variables, in particular volumes, relative pricing, interest rates, and hedging activities are unchanged.

December 31, 2025	Weakening	Pre-tax	Pre-tax other
(\$ millions)	of CAD	income	comprehensive
			income
USD/CAD	10%	11	(13)
GBP/CAD	10%	—	—
CLP/CAD ⁽²⁾	15%	27	—
ARS/CAD	30%	(2)	—

⁽²⁾ Excluded from this sensitivity are CLP denominated liabilities which are exempt from the financial instrument disclosures.

A strengthening of the CAD against the above currencies relative to the December 31, 2025, month end rates would have an equivalent but opposite effect in the amounts shown on the basis that all other variables are unchanged.

Interest Rate Risk

Changes in market interest rates can cause fluctuations in the fair value or future cash flows of financial instruments.

The Company is exposed to changes in interest rates on some of its interest-bearing financial assets. The Company's floating-rate financial assets comprise cash and cash equivalents and short-term investments. Due to the short-term nature of these financial assets, the impact of fluctuations in fair value is limited but interest income earned can be impacted. Notes receivable bear interest at a fixed rate thus their fair value will fluctuate prior to maturity but, absent monetization, future cash flows do not change.

The Company is exposed to changes in interest rates on its variable interest-bearing financial liabilities, primarily from short-term debt. The Company's debt portfolio comprises both fixed and floating rate debt instruments, with terms to maturity ranging up to 2042. The Company's floating rate debt is short term in nature and as a result, the Company is exposed to limited fluctuations in changes to fair value, but finance costs and cash flows will increase or decrease as interest rates change.

The fair value of the Company's fixed rate debt obligations fluctuates with changes in interest rates, but absent early settlement, related cash flows do not change. The Company is exposed to changes in future interest rates upon refinancing of any debt prior to or at maturity.

The Company manages its interest rate risk by balancing its portfolio with fixed and floating rate debt, as well as managing the term to maturity of its debt portfolio, but no assurance can be given that these efforts will fully offset all risk.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

December 31		
(\$ millions)	2025	2024
Fixed rate instruments		
Financial assets	48	73
Financial liabilities	(1,788)	(1,736)
Variable rate instruments		
Financial assets	369	316
Financial liabilities	(518)	(844)

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through the consolidated statement of net income, and the Company does not currently have any derivatives designated as hedging instruments under a fair value hedge accounting model, or any derivative interest rate instruments for which fair value changes are recognized in other comprehensive income. Therefore, a change in interest rates at the reporting date would not affect net income or other comprehensive income.

Pre-tax Income Sensitivity Analysis for Variable Rate Instruments

The Company's variable rate instruments are in a net liability position; therefore, an increase of 1.0% in interest rates for a full year relative to the interest rates at the reporting date would decrease income by \$1 million with a 1.0% decrease having the opposite effect. This analysis assumes that all other variables, in particular foreign currency exchange rates and volumes, remain constant.

(d) Fair Values

Financial instruments measured at fair value are grouped into three levels based on the degree to which fair value is observable:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – significant observable inputs other than quoted prices included in Level 1
- Level 3 – significant unobservable inputs

The Company's only financial instruments measured at fair value are derivative financial instruments. All of the derivative financial instruments are measured at fair value using Level 2 inputs. The Company did not move any instruments between levels of the fair value hierarchy during the years ended December 31, 2025, and 2024.

Derivative Financial Instruments (Level 2)

The fair value of foreign currency forward contracts is determined by discounting contracted future cash flows using a discount rate derived from interest rate curves and observed forward prices for comparable assets and liabilities.

Where material, fair values are adjusted for credit risk based on observed credit default spreads or market yield spreads for counterparties for financial assets and based on the Company's credit risk for financial liabilities. The Company's credit risk is derived from yield spreads on the Company's market quoted debt.

Long-Term Debt (Level 2)

The carrying value and fair value of the Company's long-term debt was as follows:

December 31 (\$ millions)	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt	1,376	1,409	1,396	1,427

The fair value of the Company's long-term debt is based on the present value of future cash flows required to settle the debt. The present value of future cash flows is discounted using the yield to maturity rate as at the measurement date. This technique utilizes a combination of quoted prices and market observable inputs.

Cash and Cash Equivalents, Accounts Receivable, Unbilled Receivables, Supplier Claims Receivable, Notes Receivable, Short-Term Investments, Short-Term Debt, and Accounts Payable

The recorded values of cash and cash equivalents, accounts receivable, unbilled receivables, supplier claims receivable, notes receivable, short-term investments, short-term debt, and accounts payable approximate their fair values due to the short-term maturities of these instruments.

10. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company includes cash and cash equivalents, short-term and long-term debt, and shareholders' equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it in light of actual and forecasted cash flows, actual and anticipated capital expenditures, rental equipment spend, and investments, changes in economic conditions and the risk characteristics of its underlying assets. In order to maintain or adjust the capital structure, the Company may purchase common shares for cancellation pursuant to normal course issuer bids, issue new common shares, issue new debt, repay debt, issue new debt to replace existing debt with different characteristics, or adjust the amount of dividends paid to shareholders. In May 2025, the Company renewed its normal course issuer bid (NCIB) which enables the Company to purchase its common shares for cancellation.

In connection with the NCIB, the Company may enter into an automatic share purchase plan (ASPP) with a designated broker to enable share repurchases for cancellation during selected blackout periods. Refer to Note 11 for details of the share repurchases made under the NCIB and ASPP during 2025 and 2024.

The Company monitors net debt to Adjusted earnings from continuing operations before finance costs, income taxes, depreciation and amortization (EBITDA) to assess operating leverage and ability to repay debt. This ratio approximates the length of time, in years, that it would take the Company to repay its debt, with net debt and Adjusted EBITDA from continuing operations held constant.

December 31	Company long-term target	2025	2024 (Restated - Note 3)
Net debt to Adjusted EBITDA from continuing operations (times)	< 3.0	1.2	1.7

Net debt to Adjusted EBITDA from continuing operations is calculated as net debt from continuing operations at the reporting date divided by Adjusted EBITDA for the last twelve months. Net debt from continuing operations is calculated as short-term and long-term debt, net of cash, less net debt from discontinued operations. Adjusted EBITDA is calculated by adding depreciation and amortization to earnings before finance costs and income taxes (from continuing operations), excluding items that are not considered to be indicative of operational and financial trends, either by nature or amount, to provide a better overall understanding of the Company's underlying business performance.

Net debt from continuing operations was calculated as follows:

December 31 (\$ millions)	2025	2024
Cash and cash equivalents	(369)	(316)
Short-term debt	518	844
Long-term debt		
Current	180	6
Non-current	1,196	1,390
Net debt	1,525	1,924
Less net debt from discontinued operations	—	31
Net debt from continuing operations	1,525	1,955

A reconciliation from earnings before finance costs and income tax (from continuing operations) to Adjusted EBITDA is as follows:

Years ended December 31 (\$ millions)	2025	2024 (Restated - Note 3)
Earnings before finance costs and income taxes (from continuing operations)	835	787
Significant items:		
Write-off of intangible assets (Note 7(a))	22	—
Severance costs (Note 7(b))	12	19
Estimated loss for a customer receivable (a)	—	14
Adjusted earnings before finance costs and income taxes (from continuing operations)	869	820
Depreciation and amortization	374	356
Adjusted EBITDA (from continuing operations)	1,243	1,176

(a) The Company's Canadian operations recorded an estimated loss for receivables from a customer that was placed into receivership following a landslide at its mine.

11. SHARE CAPITAL

Accounting Policy

Common shares repurchased by the Company are recognized as a reduction in share capital and contributed surplus (and retained earnings once contributed surplus is fully drawn down) on the date of repurchase. A liability is recognized for any committed repurchases that have not yet settled at a reporting period end. The cash consideration paid to repurchase common shares is presented as a financing activity in the statement of cash flows. The number of repurchased common shares is disclosed below and the amount deducted from equity is disclosed in the statement of changes in equity.

The Company is authorized to issue an unlimited number of preferred shares without par value, of which 4.4 million are designated as cumulative redeemable convertible preferred shares. The Company had no preferred shares outstanding for the years ended December 31, 2025, and 2024.

The Company is authorized to issue an unlimited number of common shares. All issued common shares have no par value and are fully paid.

The Company's dealership agreements with subsidiaries of Caterpillar are fundamental to its business and a change in control of Finning may result in Caterpillar exercising its right to terminate those dealership agreements.

The change in the number of common shares in share capital was as follows:

Years ended December 31 (number of common shares)	2025	2024
Balance, beginning of year	135,970,823	144,007,263
Exercise of share options	192,536	90,750
Repurchase of common shares	(5,293,033)	(8,127,190)
Balance, end of year	130,870,326	135,970,823

The cost of the Company's repurchased common shares for cancellation through the Company's NCIB was as follows:

Years ended December 31 (\$ millions, except for as otherwise noted)	2025	2024
Total cost of repurchased common shares	288	322
Average cost per repurchased common share	\$ 54.33	\$ 39.68

The Company recorded an estimated obligation of \$27 million as at December 31, 2025, for the repurchase of common shares from January 1, 2026, to February 11, 2026, under the Company's ASPP (2024: \$23 million).

Refer to Note 10 for a description of the Company's NCIB and ASPP.

12. SHARE-BASED PAYMENTS

Accounting Policy

The Company has share option plans and other share-based compensation plans for directors and certain eligible employees and members of the Board.

Equity-settled share-based payments comprise share options which are measured at fair value using the Black-Scholes option pricing model. The fair value is determined on the grant date of the share option and recorded over the vesting period in selling, general, and administrative expense, based on the Company's estimate of options that will vest, with a corresponding increase to contributed surplus. When share options are exercised, the proceeds received by the Company, together with any related amount recorded in contributed surplus, are credited to share capital.

Cash-settled share-based payments comprise DSUs, Performance Share Units (PSUs), and Restricted Share Units (RSUs). Cash-settled share-based awards are measured at fair value. Except for Total Shareholder Return Performance Share Units (TSR PSUs), the fair value of all cash-settled share-based awards is estimated using the Company's share price on the Toronto Stock Exchange (TSX:FTT). The fair value of vested TSR PSUs is estimated using a 5-day volume-weighted average price and the fair value of unvested TSR PSUs is estimated using the Monte Carlo model. Cash settled share-based compensation plans are recognized as a liability. Compensation expense which arises from vesting and fluctuations in the fair value of the Company's cash settled share-based compensation plans is recognized in selling, general, and administrative expense in the consolidated statement of income with the corresponding liabilities recorded within other liabilities on the consolidated statement of financial position.

Areas of Estimation Uncertainty

The Company uses the Black-Scholes option pricing model to determine the fair value of share options at the time of grant. Inputs to the model are subject to various estimates relating to share price volatility, interest rates, dividend yields and expected life of the units issued. Inputs are subject to market factors as well as internal estimates. The Company considers historical trends together with any new information to determine the best estimates of inputs to the model at the date of grant. Separate from the fair value calculation, the Company is required to estimate the expected forfeiture rate of equity-settled share-based payments in estimating how many units are expected to vest.

The Company uses the Monte Carlo pricing model to estimate the fair value of PSUs at each reporting date. Inputs to the model for TSR PSUs include the historical share prices of a specified peer group (S&P/TSX Composite Index for 2025 and 2024 grants and S&P/TSX Capped Industrials Index for 2023 grants) and estimates of the relative ranking of the Company's total shareholder return compared with the specified peer group. Inputs to the model for return on invested capital (ROIC) and product support growth (PSG) PSUs include the Company's projected ROIC and compound annual growth rate (CAGR) of the Company's product support business, respectively.

Share Options

The Company has one share option plan (Stock Option Plan) for senior executives and management of the Company. Options granted under the Stock Option Plan vest over a three-year period and are exercisable over a seven-year period. The exercise price of each option is based on the weighted average trading price of the common shares of the Company on the date prior to the grant. Under the Stock Option Plan, the Company may issue up to 7,470,000 common shares pursuant to the exercise of share options. At December 31, 2025, 3,737,417 (2024: 3,598,807) common shares remained eligible to be issued in connection with future grants.

Under the Stock Option Plan, the Company only grants and prices share options when all material information has been disclosed to the market. The difference between options exercised and common shares issued are withheld and returned to the option pool for future issues or grants. The exercises generally utilize the cashless method, whereby the actual number of common shares issued on exercise is based on the premium between the fair value of common shares at the time of exercise and the grant value, and the equivalent value of the number of share options up to the grant value is withheld. Share options exercised in 2025 and 2024 comprised both cash and cashless exercises.

Details of the Stock Option Plan were as follows:

Years ended December 31	2025		2024	
	Share options	Weighted average exercise price	Share options	Weighted average exercise price
Share options outstanding, beginning of year	1,069,433	\$ 32.80	1,149,866	\$ 30.06
Granted	211,025	\$ 51.52	226,034	\$ 42.61
Exercised	(472,857)	\$ 31.21	(286,102)	\$ 29.18
Forfeited	(69,314)	\$ 43.46	(20,365)	\$ 37.84
Share options outstanding, end of year	738,287	\$ 38.16	1,069,433	\$ 32.80
Share options exercisable, end of year	359,832	\$ 30.18	585,892	\$ 28.13

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

	2025	2024
Dividend yield	2.9%	3.1%
Expected volatility ⁽¹⁾	32.8%	34.1%
Risk-free interest rate	2.9%	3.6%
Expected life (in years)	4.94	4.97
Grant date fair value of share options	\$ 12.79	\$ 11.16
Share price	\$ 51.52	\$ 42.61

⁽¹⁾ Expected volatility is based on historical share price volatility of TSX:FTT shares.

The following table summarizes information about share options outstanding at December 31, 2025:

Range of exercise prices	Share options outstanding			Share options exercisable	
	Number outstanding	Weighted average remaining life	Weighted average exercise price	Number outstanding	Weighted average exercise price
\$17.75 - \$33.10	131,833	0.93 years	\$ 19.97	131,833	\$ 19.97
\$33.11 - \$34.83	107,788	2.87 years	\$ 33.66	107,788	\$ 33.66
\$34.84 - \$40.86	145,765	4.12 years	\$ 35.66	75,226	\$ 35.63
\$40.87 - \$46.80	166,402	5.06 years	\$ 42.64	44,985	\$ 42.64
\$46.81 - \$76.40	186,499	6.34 years	\$ 51.59	—	\$ —
Total	738,287	4.14 years	\$ 38.16	359,832	\$ 30.18

The following table summarizes information about share options outstanding at December 31, 2024:

Range of exercise prices	Share options Outstanding			Share options Exercisable	
	Number outstanding	Weighted average remaining life	Weighted average exercise price	Number outstanding	Weighted average exercise price
\$17.75 - \$24.87	233,166	2.03 years	\$ 19.28	233,166	\$ 19.28
\$24.88 - \$33.96	176,469	2.49 years	\$ 33.21	174,012	\$ 33.25
\$33.97 - \$34.83	198,783	4.25 years	\$ 34.02	105,159	\$ 34.02
\$34.84 - \$37.35	242,051	5.23 years	\$ 35.63	73,555	\$ 35.63
\$37.36 - \$42.67	218,964	6.30 years	\$ 42.61	—	\$ —
Total	1,069,433	4.12 years	\$ 32.80	585,892	\$ 28.13

Other Share-Based Payment Plans

The Company has other share-based payment plans in the form of DSUs, PSUs, and RSUs that use notional common share units.

Details of the plans are as follows:

Directors

Directors' Deferred Share Unit (DDSU) Plan A

Under the DDSU Plan A, non-employee Directors of the Company may be awarded DSUs and may also elect to have all or a portion of their cash compensation payable for service as a Director issued in the form of DSUs. These units are fully vested upon issuance. These units accumulate notional dividends in the form of additional units based on the dividends paid on the Company's common shares.

Units are redeemable for cash or common shares of the Company or a combination of cash and shares (as requested by the holder) only following cessation of service on the Board and must be redeemed by December 31st of the year following the year in which the cessation occurred. Each DSU is redeemable for one common share or if redeemed for cash, the value is determined using the redemption-date market value of the Company's common shares.

Executive

Executive Deferred Share Unit (Exec DSU) Plan

Under the Exec DSU Plan, executives who have not yet met their share ownership requirements can elect to receive all or a portion of their annual bonus issued in the form of DSUs as approved by the Board. The amount can only be up to the amount they need to meet their share ownership requirement and it is redirected on a pre-tax basis. The Exec DSU Plan utilizes notional units that become fully vested at the time of issuance or in accordance with terms set at the time of grant, if any. Vested DSUs are redeemable for cash before December 15th of the year following the year in which cessation of employment with the Company occurred. Only vested units accumulate notional dividends in the form of additional DSUs based on the dividends paid on the Company's common shares.

Deferred Share Unit (DSU-B) Plan B for Executives

Under the DSU-B Plan, executives of the Company may be awarded DSUs as approved by the Board. The DSU-B Plan utilizes notional units that become vested in accordance with terms set at the time of grant. Vested DSUs are redeemable for cash or for common shares of the Company before December 31st of the year following the year in which cessation of employment with the Company occurred. DSUs expire if they have not vested within five years from the grant-date. Only vested units accumulate notional dividends in the form of additional DSUs based on the dividends paid on the Company's common shares.

PSU Plan

Under the PSU Plan, certain employees of the Company may be awarded performance share units as approved by the Board. This plan utilizes notional units that vest upon achieving future specified performance levels. All units accumulate notional dividends over the life of the grants in the form of additional performance share units based on the dividends paid on the Company's common shares. All units, including notional dividends, are redeemed upon vesting.

PSUs granted in 2025 and 2024 were divided into three categories. Half of the awards were based on the extent to which the Company's ROIC achieves or exceeds the specified performance levels in each year of a three-year performance period (ROIC PSUs). A quarter of the awards were based on the performance of the Company's total shareholder return (TSR) over the three-year period relative to the performance of the total shareholder return of companies that were in the S&P/TSX Composite Index for the performance period (TSR PSUs). The remaining quarter of the awards were based on the extent to which the CAGR of the Company's product support business achieves or exceeds the specified performance levels in the first year, the first two years, and the full three years of a grant over a three-year performance period (PSG PSUs).

Vesting levels are subject to performance condition achievement with respect to ROIC (a non-market condition), PSG (a non-market condition), or relative total shareholder return performance compared to the TSX index (a market condition), and can range from 0% to 200%.

Vested performance share units are redeemable in cash. The per unit payout is based on the volume-weighted average trading price of the Company's common shares on the five days prior to the end of the performance period.

Compensation expense for the PSU Plan is recorded over the three-year performance period. The amount of compensation expense is adjusted over the three-year performance period to reflect the fair value of the PSUs and the number of PSUs anticipated to vest.

Restricted Share Unit (RSU) Plan

Under the RSU Plan, certain employees of the Company may be awarded RSUs as approved by the Board. This plan utilizes notional units that vest in accordance with terms set at the time of grant (typically three years from grant date). All units accumulate notional dividends over the life of the grants in the form of additional restricted share units based on the dividends paid on the Company's common shares.

RSUs that have vested are redeemable in cash and the fair value payout per unit is based on the volume-weighted average trading price of the Company's common shares on the five days prior to the end of the vesting period.

Details of the DSU, PSU, and RSU plans were as follows:

Year ended December 31, 2025	Exec					Total
Units	DSU	DSU-B	DDSU	PSU	RSU	Total
Outstanding, beginning of year	33,642	6,208	528,421	696,235	571,764	1,836,270
Grants	—	—	43,847	186,056	165,550	395,453
Additional units (notional dividends)	518	134	8,189	14,454	11,691	34,986
Performance factor adjustment	—	—	—	270,803	—	270,803
Exercised	(19,394)	—	(322,576)	(260,253)	(185,757)	(787,980)
Forfeited	—	—	—	(182,391)	(122,309)	(304,700)
Outstanding, end of year	14,766	6,342	257,881	724,904	440,939	1,444,832
Vested, beginning of year	33,642	6,208	528,421	290,591	—	858,862
Vested	518	134	52,036	281,016	185,757	519,461
Exercised	(19,394)	—	(322,576)	(260,253)	(185,757)	(787,980)
Forfeited	—	—	—	(51,947)	—	(51,947)
Vested, end of year	14,766	6,342	257,881	259,407	—	538,396
Liability						
(\$ millions)						
Balance, beginning of year	1	—	21	16	11	49
Expensed	1	—	17	34	19	71
Exercised	(1)	—	(18)	(10)	(9)	(38)
Forfeited	—	—	—	(6)	(4)	(10)
Balance, end of year	1	—	20	34	17	72

Year ended December 31, 2024	Exec					
Units	DSU	DSU-B	DDSU	PSU	RSU	Total
Outstanding, beginning of year	48,222	35,489	727,814	949,463	595,534	2,356,522
Grants	—	—	72,728	240,931	186,163	499,822
Additional units (notional dividends)	1,363	789	15,858	23,758	17,449	59,217
Performance factor adjustment	—	—	—	(146,068)	—	(146,068)
Exercised	(15,943)	(30,070)	(287,979)	(287,055)	(151,890)	(772,937)
Forfeited	—	—	—	(84,794)	(75,492)	(160,286)
Outstanding, end of year	33,642	6,208	528,421	696,235	571,764	1,836,270
Vested, beginning of year	48,222	35,489	727,814	326,450	—	1,137,975
Vested	1,363	789	88,586	290,591	151,890	533,219
Exercised	(15,943)	(30,070)	(287,979)	(287,055)	(151,890)	(772,937)
Forfeited	—	—	—	(39,395)	—	(39,395)
Vested, end of year	33,642	6,208	528,421	290,591	—	858,862
Liability						
(\$ millions)						
Balance, beginning of year	2	1	28	21	11	63
Expensed	—	—	4	9	8	21
Exercised	(1)	(1)	(11)	(11)	(7)	(31)
Forfeited	—	—	—	(3)	(1)	(4)
Balance, end of year	1	—	21	16	11	49

The per unit fair value of the DSUs, ROIC and PSG PSUs, and RSUs outstanding at December 31, 2025 was \$74.37 (2024: \$38.09). The average per unit fair value of TSR PSUs outstanding at December 31, 2025, was \$75.60 (2024: \$40.79).

The impact of the share-based payment plans on the Company's consolidated statement of net income was as follows:

Years ended December 31	2025	2024
(\$ millions)		
Compensation expense arising from equity-settled share-based payments	2	2
Compensation expense arising from cash-settled share-based payments	61	17
Total share-based payment expense	63	19

The total intrinsic value of vested and outstanding share-based payments was \$40 million (2024: \$31 million).

13. INVENTORY

Accounting Policy

Inventory is made up of assets held for sale in the ordinary course of business, in the process of production for sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventory is stated at the lower of cost and net realizable value. Cost is determined on a specific item basis for on-hand equipment and internal service work in progress, and on a weighted average cost basis for parts and supplies. The cost of inventory includes all costs of purchase, conversion costs, other costs incurred in bringing inventory to their existing location and condition, and an appropriate share of overhead costs based on normal operating capacity.

Areas of Estimation Uncertainty

The Company makes estimates of the provision required to reflect net realizable value of slow-moving and obsolete inventory. These estimates are determined on the basis of age, redundancy, and stock levels. For equipment inventory, estimates are determined on a specific item basis. Management reviews equipment values with equipment specialists taking into account current market demand, market supply of equipment, market prices, and the age and condition of equipment. Management reviews parts inventory estimates based on market demand, parts turns, discontinued items, ability to return to the vendor, and surplus/excess items.

December 31		
(\$ millions)	2025	2024
On-hand equipment	1,214	1,000
Parts and supplies	1,231	1,127
Internal service work in progress	507	519
Total inventory	2,952	2,646

For the year ended December 31, 2025, on-hand equipment, parts, supplies, and internal service work in progress from continuing operations recognized as an expense in cost of sales amounted to \$7.2 billion (2024: \$6.7 billion). For the year ended December 31, 2025, the write-down of inventory to net realizable value, included in cost of sales, was \$29 million (2024: \$37 million).

14. INCOME TAXES

Accounting Policy

The balance sheet liability method of tax allocation is used in accounting for income taxes. Under this method, the carry forward of unused tax losses and unused tax credits and the temporary differences arising from the difference between the tax basis of an asset and a liability and its carrying amount on the consolidated statement of financial position are used to calculate deferred tax assets or liabilities. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the carry forward of unused tax losses, unused tax credits, and the deductible temporary differences can be utilized. Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets or liabilities are calculated using tax rates anticipated to be in effect in the periods that the asset is expected to be realized or the liability is expected to be settled based on the laws that have been enacted or substantively enacted by the reporting date. The effect of a change in income tax rates on deferred tax assets and liabilities is recognized in income and/or equity in the period that the change becomes enacted or substantively enacted.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from:

- initial recognition of goodwill;
- initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither taxable profit nor the accounting profit; or,
- transactions that give rise to equal and offsetting temporary differences.

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

Current tax expense is based on the results for the year as adjusted for items which are non-assessable or disallowed using tax rates enacted or substantively enacted by the consolidated statement of financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax are recognized in net income, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination. The deferred tax impact of foreign exchange gains or losses arising on the translation of foreign-denominated non-monetary assets and non-monetary liabilities is recorded in provision for income taxes in the consolidated statement of net income.

Areas of Estimation Uncertainty

Estimations of tax assets or liabilities require assessments to be made based on the potential tax treatment of certain items that will only be resolved once finally agreed with the relevant tax authorities.

Assumptions underlying the composition of deferred tax assets and liabilities include estimates of future results of operations and the timing of reversal of temporary differences as well as the substantively enacted tax rates and laws in each jurisdiction where the Company operates at the time of the expected reversal. The composition of deferred tax assets and liabilities changes from period to period due to the uncertainties surrounding these assumptions and changes in tax rates or regimes which could have a material effect on expected results.

Income tax laws and regulations can be complex and are potentially subject to a different interpretation between the Company and the respective tax authority. Due to the number of variables associated with the differing tax laws and regulations across the multiple jurisdictions where the Company operates, the precision and reliability of the resulting estimates are subject to uncertainties and may change as additional information becomes known. Net income in subsequent periods may be impacted by the amount that estimates differ from the final tax return or from any subsequent re-assessment.

Provision for income taxes

The Company recognized the following provisions for income taxes:

Year ended December 31, 2025			
(\$ millions)	Canada	International	Total
Current	78	137	215
Adjustment for prior periods recognized in the current year	(5)	—	(5)
Total current tax expense	73	137	210
Deferred			
Origination and reversal of timing differences	(8)	(31)	(39)
Adjustment for prior periods recognized in the current year	4	—	4
Total deferred tax expense	(4)	(31)	(35)
Provision for income taxes	69	106	175
Year ended December 31, 2024			
(Restated - Note 3) (\$ millions)	Canada	International	Total
Current	70	115	185
Adjustment for prior periods recognized in the current year	(4)	(6)	(10)
Total current tax expense	66	109	175
Deferred			
Origination and reversal of timing differences	(6)	(25)	(31)
Recognition of deferred tax assets	—	(6)	(6)
Adjustment for prior periods recognized in the current year	4	8	12
Total deferred tax expense	(2)	(23)	(25)
Provision for income taxes	64	86	150

The provision for income taxes differs from the amount that would have resulted from applying the Canadian statutory income tax rates to income before income taxes as follows:

Years ended December 31	2025		2024	
(\$ millions)			(Restated - Note 3)	
Combined Canadian federal and provincial income taxes at the statutory tax rate	170	24.3 %	154	24.4 %
(Decrease) increase resulting from:				
Differences in tax rates in foreign jurisdictions	(14)	(2.0)%	(10)	(1.6)%
Dividend withholding taxes	25	3.6 %	16	2.5 %
Pillar Two Global Minimum Tax	7	1.0 %	5	0.8 %
Non-taxable/non-deductible foreign exchange in Argentina	7	1.0 %	2	0.3 %
Adjustment on temporary differences recognized in Argentina	(9)	(1.3)%	—	—
Inflationary adjustment	(7)	(1.0)%	(1)	(0.2)%
Other	(4)	(0.6)%	—	—
Recognition of deferred tax assets	—	—	(6)	(0.9)%
Adjustment on losses utilized in Argentina	—	—	(10)	(1.6)%
Provision for income taxes	175	25.0 %	150	\$ 23.7 %

Pillar Two Global Minimum Tax

The Company is within scope of the Pillar Two Global Minimum Tax rules published by the Organization for Economic Co-operation and Development, and it has applied the IAS 12, *Income Taxes* exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

In June 2024, the Global Minimum Tax Act was enacted in Canada, the jurisdiction where Finning's ultimate parent resides, effective January 1, 2024. Applying Global Minimum Tax to the Company for the year ended December 31, 2025, resulted in a current tax expense of \$7 million (2024: \$5 million).

Deferred Tax Asset and Liability

Temporary differences and tax loss carry-forwards that gave rise to deferred tax assets and liabilities were as follows:

December 31 (\$ millions)	2025	2024
Accounting provisions not currently deductible for tax purposes	83	89
Employee benefits	14	13
Share-based payments	12	9
Loss carry-forwards	1	8
Deferred tax assets	110	119
Property, plant and equipment, rental equipment, right-of-use assets, and intangible assets	(105)	(150)
Distribution network	(16)	(16)
Other	(3)	(7)
Deferred tax liabilities	(124)	(173)
Net deferred tax liability	(14)	(54)

Deferred taxes were not recognized on retained profits of approximately \$1.6 billion (2024: \$1.8 billion) of foreign subsidiaries, as it is the Company's intention to invest these profits to maintain and expand the business of the relevant companies.

The Company recognized the benefit of \$5 million tax loss carry-forwards available to reduce future taxable income, all of which do not expire.

December 31 (\$ millions)	2025	2024
Canada	—	22
International	5	9

At December 31, 2025, the Company had unrecognized capital and non-capital loss carry-forwards of \$77 million (2024: \$119 million) to reduce future taxable income. This amount does not expire.

The income tax relating to components of other comprehensive income was as follows:

Years ended December 31 (\$ millions)	2025	2024
Current tax expense	(4)	—
Deferred tax expense (recovery)	1	(16)
Recovery of income taxes recognized in other comprehensive income	(3)	(16)

15. OTHER ASSETS

December 31		
(\$ millions)	2025	2024
Supplier claims receivable	164	144
Equipment deposits	69	152
Employee advances	58	15
Prepaid expenses	51	46
Finance assets	28	68
Commodity taxes receivable	18	27
Income tax recoverable	14	38
Other	36	41
Total other assets – current	438	531
<hr/>		
December 31		
(\$ millions)	2025	2024
Deferred tax assets	97	84
Deferred consideration	45	—
Prepaid expenses	38	33
Net post-employment asset (Note 22)	33	27
Other	28	24
Total other assets – non-current	241	168

16. PROPERTY, PLANT, AND EQUIPMENT AND RENTAL EQUIPMENT

Accounting Policy

Property, plant, and equipment (PP&E) and rental equipment are recorded at cost, net of accumulated depreciation and any impairment losses. Depreciation of PP&E is recorded in selling, general, and administrative expenses for all assets except standby equipment, which is recorded in cost of sales in the consolidated statement of net income. Depreciation of rental equipment is recorded in cost of sales in the consolidated statement of net income.

Rental equipment comprises rental fleet as well as rental equipment with purchase options (equipment under rental agreements with customers which include an option to purchase the equipment at the end of the rental term). Rental equipment includes units transferred from inventory and excludes units transferred to inventory when the rental equipment becomes available for sale.

Depreciation commences when the asset becomes available for use and ceases when the asset is derecognized or classified as held for sale. Where significant components of an asset have different useful lives, depreciation is calculated on each separate component.

All classes of PP&E and rental equipment are depreciated over their estimated useful lives to their estimated residual value on a straight-line basis using the following:

Buildings	10 - 50 years
Vehicles and equipment	3 - 20 years
Rental equipment	2 - 8 years

PP&E and rental equipment are reviewed for indicators of impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Where an impairment loss is recognized for an item of PP&E and rental equipment, the asset is reviewed for possible reversal of the impairment at the end of each subsequent reporting period.

Areas of Estimation Uncertainty

Depreciation expense is dependent on the estimated useful life determined for each type of asset. Actual lives and residual values of assets may vary depending on a number of factors including technological innovation, product life cycles, physical condition, market/recoverable value, prospective use, and maintenance programs.

December 31, 2025				Vehicles and	Total	Rental
(\$ millions)	Land	Buildings	Equipment	PP&E	Equipment	
Cost						
Balance, beginning of year	87	1,165	1,005	2,257		783
Additions of owned assets	—	47	100	147		230
Additions of right-of-use assets	—	10	219	229		—
Remeasurement of right-of-use assets	—	11	2	13		—
Transfers from inventory	—	—	17	17		235
Transfers to inventory	—	—	(9)	(9)		(320)
Disposals	—	(17)	(206)	(223)		(7)
Disposals through sales of businesses	—	(18)	(156)	(174)		—
Foreign exchange rate changes	(2)	(13)	(17)	(32)		(4)
Balance, end of year	85	1,185	955	2,225		917
Accumulated depreciation and impairment losses						
Balance, beginning of year	(7)	(580)	(585)	(1,172)		(295)
Depreciation of owned assets	—	(32)	(54)	(86)		(139)
Depreciation of right-of-use assets	—	(30)	(55)	(85)		(2)
Transfers to inventory	—	—	3	3		112
Disposals	—	16	102	118		7
Disposals through sales of businesses	—	8	67	75		—
Impairment loss	—	(1)	(10)	(11)		—
Foreign exchange rate changes	—	8	10	18		1
Balance, end of year	(7)	(611)	(522)	(1,140)		(316)
Net book value						
Balance, beginning of year	80	585	420	1,085		488
Balance, end of year	78	574	433	1,085		601
December 31, 2024						
(\$ millions)	Land	Buildings	Vehicles and equipment	Total PP&E		Rental equipment
Cost						
Balance, beginning of year	83	1,093	901	2,077		925
Additions of owned assets	—	35	78	113		210
Additions of right-of-use assets	—	17	82	99		1
Remeasurement of right-of-use assets	—	17	2	19		(14)
Transfers from inventory	—	—	26	26		100
Transfers to inventory	—	—	(6)	(6)		(451)
Reclassification to other assets	—	(5)	—	(5)		—
Disposals	—	(21)	(114)	(135)		(9)
Foreign exchange rate changes	4	29	36	69		21
Balance, end of year	87	1,165	1,005	2,257		783
Accumulated depreciation and impairment losses						
Balance, beginning of year	(7)	(525)	(569)	(1,101)		(317)
Depreciation of owned assets	—	(32)	(57)	(89)		(126)
Depreciation of right-of-use assets	—	(31)	(50)	(81)		(5)
Transfers to inventory	—	—	2	2		153
Reclassification to other assets	—	5	—	5		—
Disposals	—	20	111	131		8
Foreign exchange rate changes	—	(17)	(22)	(39)		(8)
Balance, end of year	(7)	(580)	(585)	(1,172)		(295)
Net book value						
Balance, beginning of year	76	568	332	976		608
Balance, end of year	80	585	420	1,085		488

17. LEASES

At the inception of a contract, the Company assesses whether the contract is or contains a lease.

The Company as Lessee

At the commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low-value assets.

The ROU asset at inception includes the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, and any initial direct costs and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease. The ROU asset is subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation of ROU assets is recorded in selling, general, and administrative expenses for all assets except leases of rental equipment, where depreciation is recorded in cost of sales in the consolidated statement of net income. Depreciation is recorded on a straight-line basis over the shorter of the term of the lease or the estimated useful life of the underlying asset, commencing when the asset becomes available for use.

ROU assets are reviewed for indicators of impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Where an impairment loss is recognized for a ROU asset, the asset is reviewed for possible reversal of the impairment at the end of each subsequent reporting period.

The lease liability is initially measured at the present value of the remaining lease payments that have not been paid at the commencement date, discounted by using the Company's incremental borrowing rate unless the rate implicit in the lease is readily determinable.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related ROU asset) whenever:

- The lease term changes or there is a change in the assessment of the likelihood of the purchase option being exercised, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate,
- The lease payments change due to a change in an index, rate, or expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or,
- The lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The ROU asset is presented within PP&E and rental equipment and the lease liability is presented within other liabilities (current) and long-term lease liabilities (non-current) on the consolidated statement of financial position.

Interest expense on lease liabilities is recognized in finance costs in the consolidated statement of net income.

Short-term leases and leases of low-value assets

The Company has elected to not recognize ROU assets and lease liabilities for leases that have a term of twelve months or less and leases of low-value assets. The Company recognizes these lease payments as an expense on a straight-line basis over the lease term.

Areas of Significant Judgment

The Company is required to make judgments in determining the lease term. Management considers all facts and circumstances, including economic incentives to exercise an extension option and its asset management strategy. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Most of the Company's extension options relate to leases of properties in the Company's Canadian operations and are evaluated based on management's long-term facility strategy.

The Company as Lessor

Revenue from equipment rentals and operating leases is presented as equipment rental revenue and in accordance with the terms of the relevant agreement with the customer, either recognized evenly over the term of that agreement or on a usage basis such as the number of hours that the equipment is used.

ROU asset additions and depreciation have been included in PP&E and rental equipment (Note 16). The net book value of ROU assets was as follows:

December 31 (\$ millions)	Land	Buildings	Vehicles and equipment	Total PP&E	Rental equipment
2025	8	119	254	381	5
2024	8	137	164	309	7

18. INTANGIBLE ASSETS

Accounting Policy

Intangible assets are recorded at cost or acquisition-date fair value (if acquired through a business acquisition), net of any accumulated amortization and any impairment losses.

Intangible assets with finite lives are amortized on a straight-line basis over the period during which they are expected to generate benefits. Amortization is recorded in selling, general, and administrative expenses in the consolidated statement of net income using the following estimated useful lives:

Contracts and Customer relationships	2 – 10 years
Software and Technology	2 – 7 years
Tradename	20 years

Intangible assets with indefinite lives are not amortized. The distribution network, presented separately on the statement of financial position, is estimated to have an indefinite life because it is expected to generate cash flows indefinitely. Refer to Note 19 for the Company's policy on impairment reviews.

Borrowing costs are capitalized during the development of qualifying intangible assets. As the Company manages the financing of all operations centrally, the development of qualifying assets is financed through general borrowings and therefore, a weighted average borrowing rate is used in calculating interest to be capitalized.

Intangible assets are reviewed for indicators of impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Where an impairment loss is recognized for an intangible asset, the asset is reviewed for possible reversal of the impairment at the end of each subsequent reporting period.

Areas of Estimation Uncertainty

Amortization expense is dependent on the estimated useful life determined for each type of asset. Actual lives may vary depending on a number of factors including technological innovation and prospective use.

December 31, 2025 (\$ millions)	Contracts and customer relationships	Software and technology	Tradename	Total
Cost				
Balance, beginning of year	434	423	34	891
Additions	37	9	—	46
Derecognized	—	(65)	—	(65)
Derecognized through sales of businesses	(122)	(10)	(25)	(157)
Foreign exchange rate changes	(12)	(6)	—	(18)
Balance, end of year	337	351	9	697
Accumulated amortization				
Balance, beginning of year	(321)	(317)	(8)	(646)
Amortization for the year	(35)	(39)	(1)	(75)
Derecognized	—	40	—	40
Derecognized through sales of businesses	76	9	12	97
Impairment	(1)	(1)	(5)	(7)
Foreign exchange rate changes	10	6	—	16
Balance, end of year	(271)	(302)	(2)	(575)
Net book value				
Balance, beginning of year	113	106	26	245
Balance, end of year	66	49	7	122

December 31, 2024 (\$ millions)	Contracts and customer relationships	Software and technology	Tradename	Total
Cost				
Balance, beginning of year	410	410	33	853
Additions	—	15	—	15
Additions through business combinations	1	—	—	1
Derecognized	—	(14)	—	(14)
Foreign exchange rate changes	23	12	1	36
Balance, end of year	434	423	34	891
Accumulated amortization				
Balance, beginning of year	(266)	(272)	(6)	(544)
Amortization for the year	(37)	(48)	(2)	(87)
Derecognized	—	13	—	13
Foreign exchange rate changes	(18)	(10)	—	(28)
Balance, end of year	(321)	(317)	(8)	(646)
Net book value				
Balance, beginning of year	144	138	27	309
Balance, end of year	113	106	26	245

19. IMPAIRMENT

Accounting Policy

Goodwill and intangible assets with indefinite lives (e.g. distribution network) are subject to an assessment for impairment at least annually and when events or changes in circumstances indicate that their value may not be fully recoverable, in which case the assessment is done at that time. Assets which do not have separate identifiable cash inflows are allocated to cash-generating units (CGUs). CGUs are subject to impairment reviews whenever there is an indicator that they may be impaired. At least quarterly, CGUs are reviewed for indicators of impairment. For the purposes of impairment testing, goodwill is allocated to each of the Company's CGUs or group of CGUs expected to benefit from the acquisition. The level at which goodwill is allocated represents the lowest level at which goodwill is monitored for management purposes and is not higher than an operating segment. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. If the recoverable amount of the CGU is less than the carrying amount, then the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit, unless the impairment loss would reduce the carrying amount of an individual asset below the highest of its fair value less costs of disposal, its value-in-use, or zero. Any impairment is recognized immediately in the consolidated statement of net income.

Impairment losses on goodwill are never reversed but impairment losses on intangible assets with indefinite lives may be reversed. If there is any indication that the circumstances leading to the impairment loss of an intangible asset with an indefinite life no longer exist or may have changed, management estimates the recoverable value of the CGU. Indicators of a recovery may include sustainable improvement of the economic performance of the CGU and a positive trend in the forecast or budgeted results of the CGU. If the recoverable amount exceeds the carrying amount, then a previously recognized impairment loss is considered to have been reversed (either fully or in part). Any reversal of an impairment loss is recognized immediately in the consolidated statement of net income.

Areas of Significant Judgment

Judgment is used to identify the CGUs to which intangible assets should be allocated and the CGU or group of CGUs at which goodwill is monitored for management purposes.

Areas of Estimation Uncertainty

The recoverable value of CGUs or group of CGUs requires the use of estimates related to the future operating results, cash generating ability of the assets, discount rates, and growth rates.

Overview of annual impairment tests

The annual impairment tests were completed to support April 1, 2025, net asset values. Management's methodology for impairment testing utilizes cash flows from financial budgets to estimate recoverable value.

Recoverable value

The recoverable value of each CGU or group of CGUs was estimated based on a value-in-use calculation. The value-in-use calculation used cash flow projections based on financial budgets which included the following key assumptions: future cash flows and growth projections, associated economic risk assumptions, and estimates of achieving key operating metrics and drivers.

The cash flow projection key assumptions were based on the Company's financial budgets which are discounted using after-tax weighted average cost of capital (WACC) rates. For the purposes of the annual impairment test, the cash flows subsequent to the projection period were extrapolated using growth rates based on estimated long-term real gross domestic product and inflation (where appropriate) in the markets in which the Company operates.

Carrying amount, CGU allocation and key assumptions

The carrying value of goodwill and distribution network at December 31, and the significant assumptions used in the Company's value-in-use calculations in the annual impairment tests for each CGU or group of CGUs, were as follows:

(\$ millions, except rates)	2025				2024			
	Goodwill	Distribution network	After-tax WACC rate	Growth rate	Goodwill	Distribution network	After-tax WACC rate	Growth rate
Canada	82	—	10%	2%	212	—	9%	2%
Canada Mining	—	98	10%	2%	—	98	9%	2%
Chile	4	—	10%	3%	5	—	10%	3%
UK & Ireland	125	2	10%	2%	122	2	10%	2%

Sensitivities to key assumptions

Sensitivity testing is conducted as part of the annual impairment tests, including stress testing the WACC rate with all other assumptions being held constant. Management believes that any reasonable change in the key assumptions used to determine the recoverable amount would not cause the carrying amount of any CGU or group of CGUs to exceed its recoverable amount. Management believes its assumptions are reasonable. If future events were to differ significantly from management's best estimate, key assumptions and associated cash flows could be materially adversely affected and the Company could potentially experience future impairment charges in respect of the intangible assets with indefinite lives and goodwill.

Review for indicators of impairment

The Company's CGUs, as of December 31, 2025, were reviewed for indicators of impairment. Management reviewed recent cash flow projections and macro-economic conditions (including key assumptions used in WACC rates). Based on this review, management concluded there were no indicators of impairment of the Company's CGUs.

Conclusion

There were no impairment losses recognized in 2025 or 2024 related to the Company's goodwill or distribution network. There were no impairment reversals in 2025 or 2024 related to the distribution network in the Company's South American operations.

20. OTHER LIABILITIES

December 31 (\$ millions)	2025	2024
Lease liabilities	88	78
Provisions (Note 21)	63	75
Commodity taxes payable	54	58
Income tax payable	51	61
Share-based payments	49	37
Other	10	11
Total other liabilities – current	315	320
December 31 (\$ millions)	2025	2024
Net post-employment obligation (Note 22)	89	79
Deferred revenue (Note 5)	48	43
Share-based payments	23	12
Other	12	15
Total other liabilities – non-current	172	149

21. PROVISIONS

Accounting Policy

Warranty claims

Provisions are made for estimated warranty claims in respect of certain equipment, parts, and service supplied to customers which are still under standard warranty at the end of the reporting period. These claims are expected to be settled in the next financial year.

Other

Other provisions are estimated for tax, legal, environmental or rehabilitation costs, and expected repurchase guarantees. Other provisions are recorded when the likelihood of payment or loss is probable and can be reliably measured, with a corresponding expense in the consolidated statement of net income.

Areas of Estimation Uncertainty

Management estimates the warranty provision based on claims notified and past experience. Factors that could impact the estimated claim include the quality of the equipment, parts, and labour costs.

Year ended December 31, 2025 (\$ millions)	Warranty claims	Other	Total
Balance, beginning of year	54	25	79
New provisions	48	10	58
Charges against provisions	(46)	(23)	(69)
Foreign exchange rate changes	(1)	—	(1)
Balance, end of year	55	12	67
Current	55	8	63
Non-current	—	4	4

Year ended December 31, 2024 (\$ millions)	Warranty claims	Other	Total
Balance, beginning of year	47	22	69
New provisions	43	12	55
Charges against provisions	(39)	(11)	(50)
Foreign exchange rate changes	3	2	5
Balance, end of year	54	25	79
Current	54	21	75
Non-current	—	4	4

22. POST-EMPLOYMENT BENEFITS

Accounting Policy

Pension Plans

Defined Benefit (DB) Plans:

The cost of pensions and other retirement benefits is determined by independent actuaries using the projected unit credit method. Plan assets are measured at fair value. Where plan assets include qualifying insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan (e.g. annuity contracts), the fair value of those insurance policies is deemed to be the present value of the related obligations.

Current service costs, past service costs, and administration costs (net of employee contributions) are recognized in selling, general, and administrative expenses and net interest costs are recognized in finance costs in the consolidated statement of net income. Net interest cost is calculated by applying the discount rate at the beginning of the period to the net DB liability or asset and takes into account changes in the net DB liability or asset during the period resulting from contributions or benefit payments.

Actuarial gains and losses arising from experience and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they occur.

The amount recognized in the consolidated statement of financial position represents the present value of the DB obligation reduced by the fair value of plan assets. The present value of the DB obligation is estimated by discounting the estimated future cash outflows using high-quality corporate bond yields denominated in the same currency of the benefits to be paid.

Defined Contribution (DC) Plans:

The cost of pension benefits includes the current service cost, which comprises the actual contributions made and accrued by the Company during the year. These contributions are based on a fixed percentage of member earnings for the year and are expensed as incurred in the consolidated statement of net income.

Other Post-Employment Benefits (PEB)

The Company's PEB in South America and registered DC plan for executive employees (ESAP) in Canada are accounted for as unfunded DB plans. The cost of the PEB is determined by independent actuaries using the projected unit credit method.

Current service costs are recognized in selling, general, and administrative expenses and interest costs are recognized in finance costs in the consolidated statement of net income. Interest costs are calculated by applying the discount rate at the beginning of the period to the post-employment benefit liability and takes into account changes in the other post-employment benefit liability during the period resulting from contributions or benefit payments.

Actuarial gains and losses arising from experience and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they occur.

The amount recognized in the consolidated statement of financial position represents the present value of the post-employment benefit obligation. The present value of the DB obligation is estimated by discounting the estimated future cash outflows using high-quality corporate bond yields denominated in the same currency of the benefits to be paid.

Areas of Estimation Uncertainty

Actuarial valuations of the Company's DB and Other PEB plans are based on assumptions such as mortality rates, inflation (which is particularly relevant in the UK), estimates of future salary increases, employee turnover, and the high-quality corporate bond yield (which is used to discount the estimated future cash flows). These assumptions impact the measurement of the net DB obligation, net benefit cost, actuarial gains and losses, and funding levels in Canada and the UK.

The Company offers a number of benefit plans to many of its employees in Canada, the UK, the Republic of Ireland, and South America. These plans include DB and DC pension plans in Canada, the UK and Ireland, and include Other PEB in South America.

Pension Plans

The DB plans include both registered and non-registered pension plans that provide a pension based on the members' final average earnings and years of service while participating in the pension plan.

- In the Company's Canadian operations, DB plans exist for eligible employees but are closed to new members. Final average earnings are based on the highest 3 or 5-year average salary depending on employment category and there is no standard indexation feature. Pension benefits under the registered DB plan's formula that exceed the maximum taxation limits are provided from non-registered supplemental pension plans. Benefits under these plans are partially funded by Retirement Compensation Arrangements.
- In the Company's UK operations, a DB plan exists for eligible employees, but is closed to new members and was amended to cease future accruals. Final average earnings are based on the highest 3-year period and benefits are indexed annually with inflation subject to limits.

The DC plans are pension plans under which the Company pays fixed contributions, as a percentage of plan member earnings, into the plans.

- In the Company's Canadian operations, the DC plans are registered pension plans that offer a base Company contribution rate for all members. The Company will also partially match non-executive employee contributions to a maximum additional Company contribution of 1% of employee earnings. The ESAP is supplemented by an unfunded supplementary accumulation plan. Where contributions under the registered plan would otherwise exceed the maximum taxation limit, the excess contributions are provided through this supplemental plan.
- In the Company's UK operations, the DC plans offer a match of employee contributions, within a required range, plus 1%. The Company's Irish subsidiary has a DC plan, which offers a match of employee contributions at a level set by the Company.

Other PEB

The Company's South American employees do not participate in employer pension plans but are covered by country specific government pension arrangements.

Employment terms at some of the Company's South American operations provide for a payment when an employment contract comes to an end under certain conditions, which can be considered a post-employment benefit. The benefit is typically at the rate of one month of final salary for each year of service (subject in most cases to a cap as to the number of qualifying years of service and a cap on the salary rate). The Company's South American post-employment benefits are not funded.

The total benefit cost and actuarial loss for the Company's post-employment benefit plans were as follows:

Years ended December 31 (\$ millions)	2025			2024		
	DB and Other PEB plans	DC plans	Total	DB and Other PEB plans	DC plans	Total
Selling, general, and administrative expenses	18	59	77	18	56	74
Net interest expense (income)	3	—	3	(1)	—	(1)
Total benefit cost recognized in net income	21	59	80	17	56	73
Total actuarial (gain) loss recognized in other comprehensive income	(12)	—	(12)	74	—	74

Other financial information about the Company's DB plans and Other PEB plans was as follows:

Years ended December 31 (\$ millions)	2025				2024			
	Canada	UK	South America	Total	Canada	UK	South America	Total
Accrued benefit obligation								
Balance, beginning of year	(172)	(368)	(79)	(619)	(171)	(396)	(80)	(647)
Current service cost	(4)	—	(12)	(16)	(4)	—	(11)	(15)
Interest expense	(8)	(20)	(5)	(33)	(8)	(18)	(4)	(30)
Benefits paid	9	24	3	36	8	26	3	37
Remeasurements:								
- Actuarial gain from change in demographic assumptions	—	1	11	12	—	8	—	8
- Actuarial gain (loss) from change in financial assumptions	5	10	(4)	11	1	38	5	44
- Experience (loss) gain	—	(14)	—	(14)	2	1	4	7
Foreign exchange rate changes	—	(8)	(3)	(11)	—	(27)	4	(23)
Balance, end of year	(170)	(375)	(89)	(634)	(172)	(368)	(79)	(619)
Plan assets								
Balance, beginning of year	172	395	—	567	162	505	—	667
Return on plan assets:								
- Interest income	8	22	—	30	8	23	—	31
- Actuarial gain (loss) on plan assets ⁽¹⁾	—	3	—	3	6	(139)	—	(133)
Employer contributions	4	—	3	7	4	1	3	8
Benefits paid	(9)	(24)	(3)	(36)	(8)	(26)	(3)	(37)
Administration costs	—	(2)	—	(2)	—	(3)	—	(3)
Foreign exchange rate changes	—	9	—	9	—	34	—	34
Balance, end of year	175	403	—	578	172	395	—	567
Net post-employment asset (obligation)	5	28	(89)	(56)	—	27	(79)	(52)

⁽¹⁾ In December 2024, the UK DB plan invested the majority of its assets in an annuity contract (totaling \$442 million) in order to mitigate exposures to longevity, investment, interest rate and inflation risk. The change in investments resulted in an actuarial loss on plan assets of approximately \$80 million that was recorded in other comprehensive income. There is no change to the Company's responsibility and commitment to the UK DB pension plan members.

Included in the accrued benefit obligation and plan assets were the following amounts in respect of plans that were not fully funded:

Years ended December 31 (\$ millions)	2025				2024			
	Canada	UK	South America	Total	Canada	UK	South America	Total
Accrued benefit obligation	(46)	—	(89)	(135)	(49)	—	(79)	(128)
Plan assets	32	—	—	32	32	—	—	32
Funded status - plan deficit	(14)	—	(89)	(103)	(17)	—	(79)	(96)

Key Assumptions and Related Sensitivities

The significant actuarial assumptions used in the valuations of the Company's DB plans in Canada and UK and Other PEB plans in South America included:

Years ended December 31	2025			2024		
	Canada	UK	South America	Canada	UK	South America
Discount rate – obligation	4.9%	5.5%	5.4%	4.7%	5.5%	6.0%
Discount rate – expense ⁽¹⁾	4.7%	5.5%	6.0%	4.6%	4.5%	5.3%
Retail price inflation – obligation	n/m ⁽²⁾	2.8%	n/a ⁽²⁾	n/m ⁽²⁾	3.1%	n/a ⁽²⁾
Retail price inflation – expense ⁽¹⁾	n/m ⁽²⁾	3.1%	n/a ⁽²⁾	n/m ⁽²⁾	2.8%	n/a ⁽²⁾
Average staff turnover – obligation	n/m ⁽²⁾	n/m ⁽²⁾	9.2%	n/m ⁽²⁾	n/m ⁽²⁾	7.9%
Rate of compensation increase – obligation	n/m ⁽²⁾	n/a ⁽²⁾	6.6%	n/m ⁽²⁾	n/a ⁽²⁾	6.6%

(1) Used to determine the net interest cost and expense for the years ended December 31, 2025, and 2024.

(2) n/m – not a material assumption used in the valuation.

n/a – not applicable.

Assumptions regarding future mortality are required for the DB plans and were set based on management's best estimate in accordance with published statistics and experience in each country. Assumptions for future mortality are not applicable to the Other PEB plans in South America. Assumptions for future mortality for Canada and the UK translate into an average life expectancy (in years) as follows:

December 31	2025		2024	
	Canada	UK	Canada	UK
Life expectancy for male currently aged 65	22	22	22	21
Life expectancy for female currently aged 65	25	23	25	23
Life expectancy at 65 for male currently aged 45	23	23	23	22
Life expectancy at 65 for female currently aged 45	25	25	25	25

The post-employment benefit obligation and expense are sensitive to changes in the significant actuarial assumptions. At the end of the most recent calendar year, the weighted average duration of the obligation in Canada is 12 years, UK is 11 years, and South America is 6 years. A change in significant actuarial assumptions would impact the accrued benefit obligations by the amounts shown below.

(\$ millions)	Change in assumption	(Decrease) increase in accrued benefit obligation		
		Canada	UK	South America
Discount rate	+0.25%	(5)	(10)	(2)
Retail price inflation	+0.25%	n/m ⁽³⁾	7	n/m ⁽³⁾
Average staff turnover	+0.25%	n/m ⁽³⁾	n/m ⁽³⁾	(2)
Rate of compensation increase	+0.25%	n/m ⁽³⁾	n/a ⁽³⁾	2

(3) n/m – not a material assumption used in the valuation.

n/a – not applicable.

A 0.25% decrease in the discount rate, retail price inflation, rate of compensation increase, and average staff turnover would have an approximately equivalent but opposite effect on the accrued benefit obligation in the amounts shown above.

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in some of the assumptions may be correlated. When calculating the sensitivity of the accrued benefit obligation to significant actuarial assumptions, the same method (i.e. present value of the accrued benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the accrued benefit obligation recognized within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Funding and Valuations of DB Plans

In Canada, the Company governs and administers the DB plans. An actuarial valuation of the Canadian registered DB plan is completed at least every three years to determine minimum annual contributions prescribed by applicable legislation. The Company may make voluntary contributions to a Retirement Compensation Arrangement to partially fund benefits for the Canadian non-registered supplemental DB plans. A surplus is recognized on the consolidated statement of financial position to the extent that an economic benefit can be gained by the Company.

In the UK, a board of trustees governs and administers the DB plan. An actuarial valuation of the UK DB plan is required every three years.

Based on the most recent formal valuations completed, the Company expects to contribute approximately \$2 million to the DB plans during the year ended December 31, 2026. The actuarial valuation dates of the Company's material post-employment benefit plans were as follows:

Post-Employment Benefit Obligations	Last actuarial valuation date
Canada – Regular & Executive DB Plan	December 31, 2023
Canada – Regular & Executive Supplemental Income Plan	December 31, 2023
Finning UK DB Scheme	December 31, 2023
Finning South America Pension Arrangements	December 31, 2023

Plan Assets

The fair values of plan assets are determined using a combination of quoted prices and market observable inputs. Plan assets at December 31, 2025, were principally invested in the following securities (segregated by geography):

	Canada		UK	
	Canada	Global ⁽¹⁾	UK	Global ⁽¹⁾
Fixed-income ⁽²⁾	63%	—	94%	—
Equity	6%	20%	—	—
Infrastructure	—	2%	—	—
Cash and cash equivalents	9%	—	6%	—

⁽¹⁾ Global investments exclude investments in Canadian and UK securities in Canada and UK, respectively.

⁽²⁾ Fixed-income includes an investment in an annuity contract in the UK.

Plan assets do not include any direct investment in common shares of the Company at December 31, 2025, and 2024.

Key Risks

In the UK, the DB pension plan invested the majority of its assets in an annuity contract which provides cash flows that match the timing and amount of retiree benefit payments, mitigating exposures to the below risks.

Through its Canadian DB plans, the Company is exposed to a number of risks, the most significant of which are detailed below.

Investment Risk (i.e. asset volatility)

The accrued benefit obligation is calculated using a discount rate set with reference to high quality corporate bond yields; if plan assets underperform this yield, this will create a deficit.

The Canadian DB plans invests in various asset categories such as equities, fixed income, and infrastructure. These investments, in aggregate, are expected to outperform corporate bonds in the long-term but may result in volatility in the short-term.

To help mitigate this risk, in selecting the portfolios and the weightings in each category, the Company considers and monitors how the duration and the expected yield of the investments match the expected cash outflows arising from the pension obligations. A framework has been developed and adopted whereby the investments will be adjusted over time as plan funding positions change. The planned adjustments are intended to improve the asset-liability match over time.

The Canadian DB plan may invest in equity investments as the Company believes that equities offer higher returns over the long term with an acceptable level of risk considering the proportion of assets held in this category and the long-term nature of the liabilities. Investments remain well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Discount Rate Risk (i.e. changes in bond yields)

A decrease in corporate bond yields will increase the value of the accrued benefit obligation. This risk is managed by selecting certain investments that aim to better match assets and liabilities. For example, an increase in the accrued benefit obligation resulting from a decrease in corporate bond yields will be partially offset by an increase in the fair value of the plans' bond holdings.

Inflation Risk

Pension payments are not linked to inflation in Canada, so this is not a direct risk. However, to the extent that future benefits are based on final average earnings and salaries are generally linked to inflation to some degree, an increase in inflation beyond expectations may result in higher liabilities. With a relatively small number of employees still earning benefits in the Canadian DB plan, this risk is limited.

Longevity Risk (i.e. increasing life expectancy)

The plans provide benefits for the life of the member after retirement, so increases in life expectancy will result in an increase in the plans' liabilities. Longevity risk in the Canadian plan is managed through asset management strategies. To mitigate this risk in the Canadian registered pension plan, the Company may purchase annuity contracts.

Maturity Analysis

Expected maturity analysis of undiscounted pension and Other PEB obligations of the Company's operations in Canada, UK, and South America were as follows:

December 31, 2025						
(\$ millions)	2026	2027	2028	2029	2030	Thereafter
DB plans	34	35	36	36	37	971
Other PEB benefits	9	7	7	8	8	161
Total	43	42	43	44	45	1,132

Accumulated Actuarial Gains and Losses

The accumulated actuarial loss, net of tax, of the post-employment benefit obligations in the Company's operations in Canada, UK and Ireland, and South America recognized in retained earnings is \$220 million at December 31, 2025 (2024: \$228 million).

23. SUPPLEMENTAL CASH FLOW INFORMATION

Accounting Policy

Cash and cash equivalents comprise cash on hand together with short-term investments, consisting of highly rated and liquid money market instruments with original maturities of three months or less, and are classified as and measured at amortized cost.

The components of cash and cash equivalents were as follows:

December 31		
(\$ millions)	2025	2024
Cash	345	316
Cash equivalents	24	—
Cash and cash equivalents	369	316

The changes in operating assets and liabilities were as follows:

Years ended December 31		
(\$ millions)	2025	2024
Accounts receivable	(40)	(170)
Unbilled receivables	4	30
Inventory	(378)	308
Other assets	73	(84)
Accounts payable and accruals	318	40
Other liabilities	(16)	(7)
Changes in operating assets and liabilities	(39)	117

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

Year ended December 31, 2025 (\$ millions)	Short-term debt	Long-term debt	Lease liabilities	Total
Balance, beginning of year	844	1,396	340	2,580
Cash flows provided by (used in)				
Financing activities	(284)	(1)	(86)	(371)
Operating activities	—	—	(16)	(16)
Total cash movements	(284)	(1)	(102)	(387)
Non-cash changes				
Additions	—	—	229	229
Remeasurement of liability and disposals	—	—	(2)	(2)
Interest expense	—	1	16	17
Disposals through sales of businesses	(5)	(6)	(71)	(82)
Foreign exchange rate changes	(37)	(14)	2	(49)
Total non-cash movements	(42)	(19)	174	113
Balance, end of year	518	1,376	412	2,306
Year ended December 31, 2024 (\$ millions)	Short-term debt	Long-term debt	Lease liabilities	Total
Balance, beginning of year	1,239	1,148	309	2,696
Cash flows (used in) provided by				
Financing activities	(482)	220	(89)	(351)
Operating activities	—	—	(14)	(14)
Total cash movements	(482)	220	(103)	(365)
Non-cash changes				
Additions	—	—	100	100
Remeasurement of liability and disposals	—	—	17	17
Interest expense	—	—	14	14
Foreign exchange rate changes	87	28	3	118
Total non-cash movements	87	28	134	249
Balance, end of year	844	1,396	340	2,580

Dividends of \$1.1825 (2024: \$1.075) per share were paid during the year. In February 2026, the Board approved a quarterly dividend of \$0.3025 per share payable on March 12, 2026 to shareholders of record on February 26, 2026. This dividend will be considered an eligible dividend for Canadian income tax purposes. At December 31, 2025, the Company had not recognized a liability for this dividend.

24. ECONOMIC RELATIONSHIPS

The Company distributes and services heavy equipment, engines, and related products. The Company has dealership agreements with numerous equipment manufacturers, of which the most significant are with subsidiaries of Caterpillar. Distribution and servicing of Caterpillar products account for the major portion of the Company's operations. Finning has had a relationship with Caterpillar since 1933.

25. RELATED PARTY TRANSACTIONS AND TOTAL STAFF COSTS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of the Board of Directors during the year was as follows:

Years ended December 31 (\$ millions)	2025	2024
Share-based payments	17	4
Total	17	4

The remuneration of key management personnel (defined as officers of the Company and country presidents) during the year was as follows:

Years ended December 31 (\$ millions)	2025	2024
Salaries and benefits	8	10
Share-based payments	20	7
Post-employment benefits	2	1
Total	30	18

Total staff costs from continuing operations, including salaries, benefits, pension, share-based payments, termination payments, and commissions are \$1.7 billion (2024: \$1.5 billion). This amount includes staff costs associated with key management personnel noted above.

26. COMMITMENTS AND CONTINGENCIES

Due to the size, complexity, and nature of the Company's operations, various legal, customs, and tax matters are pending. It is not currently possible for management to predict the outcome of such matters due to various factors, including the preliminary nature of some claims, an incomplete factual record, and uncertainty concerning procedures and their resolution by the courts, customs, or tax authorities. However, subject to these limitations, management is of the opinion, based on legal assessments and information presently available, that, except as stated below, it is not likely that any liability would have a material effect on the Company's financial position or results of operations.

The Company's subsidiary, Finning Argentina S.A. (FASA) has received a number of claims from the Argentina Customs Authority associated with the export of agricultural animal feed product for five quarters in 2012 and 2013 and an order that could result in up to a one-year suspension of imports into Argentina by a portion of the business. FASA is appealing these claims and the order, believes they are without merit, and is confident in its position. In addition, in 2024 the Argentina government abolished the import registration requirement, which is the basis for the licence the government has purported to suspend (the suspension is currently not in force) and FASA has applied to have the suspension cancelled on this ground. Mitigation measures are also available to FASA in the unlikely event the import suspension order is not cancelled and the appeal of the potential import suspension order is not successful. These pending matters may take a number of years to resolve. Should the ultimate resolution of these matters differ from management's assessment and, in the case of the potential suspension of imports into Argentina by a portion of the business, the order not be cancelled and the mitigation measures not be effective, this could have a material negative impact on the Company's financial position.

27. GUARANTEES AND INDEMNIFICATIONS

In certain circumstances the Company enters into contracts with rights of return, at the customer's discretion, for the repurchase or trade-in of equipment sold to customers for an amount which is generally based on a discount from the estimated future fair value of that equipment. At December 31, 2025, the total estimated value of these contracts outstanding was \$82 million (2024: \$68 million) coming due at periods ranging from 2026 to 2033. The Company's experience to date has been that the estimated fair value of the equipment at the exercise date of the contract is generally greater than the repurchase price or trade-in amount, however, there can be no assurance that this experience will continue in the future. The total amount recognized as a provision against these contracts at December 31, 2025, was \$1 million (2024: \$1 million).

The Company has issued guarantees for certain equipment sold to third parties to guarantee their residual values. The guarantees would be enforceable in the event that the market value of equipment at the time of its ultimate disposal is below the residual value guarantee issued by the Company. At December 31, 2025, the maximum potential amount of future payments that the Company could be required to make under the guarantees was \$33 million (2024: \$31 million), covering various periods up to 2030. At December 31, 2025, the Company has recognized a liability of \$1 million for these guarantees (2024: \$1 million).

The Company has issued certain guarantees to Caterpillar Finance to guarantee certain borrowers' obligations. The guarantees would be enforceable in the event that the borrowers defaulted on their obligations to Caterpillar Finance, to the extent that any net proceeds from the recovery and sale of collateral securing repayment of the borrowers' obligations is insufficient to meet those obligations. At December 31, 2025, the maximum potential amount of future payments that the Company could be required to make under the guarantees, before any amounts that may possibly be recovered under recourse or collateralization provisions in the guarantees, was \$42 million (2024: \$31 million), covering various periods up to 2031. At December 31, 2025, the Company has recognized a liability of \$4 million for these guarantees (2024: \$5 million).

During the year, the Company entered into various other commercial letters of credit in the normal course of operations. The total issued and outstanding letters of credit at December 31, 2025, was \$308 million (2024: \$420 million) principally related to performance and advance payment guarantees on delivery for prepaid equipment and other operational commitments in Chile.