

FINNING INTERNATIONAL INC.
ANNUAL INFORMATION FORM
2024

February 6, 2025

Finning International Inc.
19100 94 Avenue
Surrey, British Columbia
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In this Annual Information Form (AIF), the terms “we”, “our”, “us” “Company” and “Finning” mean Finning International Inc. together with, where the context requires and as applicable, our subsidiaries and divisions. The results reported in this AIF have been prepared in accordance with International Financial Reporting Standards (IFRS). All dollar amounts are Canadian dollars unless otherwise indicated. All information in this AIF is presented as at December 31, 2024, unless otherwise stated.

FORWARD LOOKING INFORMATION

This AIF contains information about our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. Information is forward-looking when we use what we know and expect today to give information about the future. Forward-looking information may include terminology such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will, and variations of such terminology. Forward-looking information in this AIF include, but are not limited to, the following: our expectations with respect to the economy, markets and activities and the associated impact on our financial results; the expected benefits of our strategic plan on generating value for our customers, employees and shareholders; our expectation that driving product support is our largest opportunity for resilient, profitable growth; our expectation that further growth in customer value agreements, expanding our rebuild business, and continuing to strategically grow our equipment population will capture a greater share of product support across the full asset life cycle; our belief that full-cycle resilience will enable us to deliver more reliable and consistent earnings through all market conditions; our belief that our strategy is designed to drive a fundamentally improved range of ROIC (as defined below) and earnings capacity through all market conditions; our expectation that growing our addressable market in used equipment, rental and power systems will increase our equipment population and help us drive additional product support growth; our positive outlook for the Canadian energy sector in the long term, including oil sands and our near term mixed outlook for this same sector; our expectation that the completion of the Trans Mountain Expansion and the Coastal Gaslink will lead to increased oil and gas activity to grow production; our expectation of continued spending discipline from our large customers as they work to achieve operating cost targets; our expectation that customers deploy capital to renew, maintain, and rebuild aging fleets; our expectation for stable demand for product support, including component remanufacturing and rebuilds; our expectation of ongoing commitment from federal and provincial governments as well as private sector projects for infrastructure development to support activity in the construction sector and our expectation that these projects will take time to advance; our expectation of growing demand for reliable, efficient, and sustainable electric power solutions across communities in Western Canada; our expectation of increased interest in large scale data centre projects in Western Canada and our belief that increased data centre activity may provide additional growth opportunities for our power systems business in the longer-term; expectations of a scalable opportunity to increase our rental customer base, especially in retail, build new customer relationships, and expand our equipment population; our belief that Western Canada has the largest addressable market in both used and rental equipment; our expectation that used equipment can be sold multiple times with product support opportunities throughout; our expectation that building our used equipment capabilities is an effective way to increase the installed base in our territory and subsequent aftermarket opportunities which will help us become more resilient; with our expectation of slower growth and more uncertain market environment in the near term, our belief that there are additional opportunities to unlock invested capital in the near term; our belief that Chile is mobilizing for growth as the electrification megatrend accelerates global demand for copper and lithium; expectations of moderating inflation and a stable social situation in Chile to support strong growth prospects in our Chilean business; our belief that Chile is the world’s largest copper producer and most mines in Chile have a declining ore grade profile, driving the need for large equipment fleets, increasing demand for new equipment, and creating a significant product support opportunity; our belief that electrification and autonomy are the future of mining; our belief that we have a strong competitive position to support our mining customers in achieving their safety, costs and productivity goals; our expectation that infrastructure construction in Chile will remain stable; our expectation of strong activity in the industrial and data centre markets for the power systems sector in Chile; our belief that we are well-positioned to meet growing demand for electric power solutions at mine sites; our belief that we are positioned in Argentina to capture opportunities particularly in the oil & gas sector; our expected low-risk approach in Argentina to our operations; our belief that our key growth opportunities in the UK & Ireland are driven by government investment in infrastructure projects and growing demand for both primary and back-up electric power generation; our expectation that government investment in infrastructure and energy transition planned over the next decade in the UK & Ireland will positively impact the quarrying and aggregates industry, as well as industrial and waste management segments; our expectation of continued momentum in product support in the UK and Ireland in 2025; our belief that Hydraquip (as defined below) provides us with rapid response capability and expands our addressable market; our expectation for increased demand for electricity to expand to construction and quarry sites in the UK & Ireland; our belief that our strong relationship with Caterpillar will continue into the future; the expected benefits of our Customer Portal; our target to reduce our absolute Scope 1 and 2 GHG (as defined below) emissions by

40% by 2027 (from a 2017 baseline); our expectations of benefits in our offering of equipment rebuild services; our belief that our competitive advantage is founded on factors including superior product quality, exceptional service capability, component remanufacturing capability, product customization, strong omni-channel distribution capability and parts availability, an extensive branch network, our proximity to and knowledge of our customers, our Customer Portal, an increasing range of digital services and performance solutions, and, in Canada, our on-site refuelling solutions; our expectations of benefits from our ongoing leadership and team assessments, and employee surveys; the belief that the claims and order issued by the Argentina Customs Authority are without merit, that the WCO (as defined below) decision will be followed, and that there are mitigation measures available to us; our expectation that the revised tax bill passed by Chile's Congress in October 2024 will not have a material impact on our business; our expectation of market uncertainty in 2025, including related to the recent change in administration in the U.S. and the impacts of possible U.S. import tariffs and ensuing retaliatory tariffs from Canada, Mexico, China and other countries; our expectations and assessments of climate-related risks and timelines, including those considered as transition risks and physical risks; our intention to seek to capture an even greater share of product support across the full asset life cycle, deliver more reliable and consistent earnings through all market conditions, and achieve sustainable growth by targeting growing addressable markets in used equipment, rental markets and power generation as set out in 4.2.13 - Growth Initiatives / Integration of Acquisitions / Strategy Execution; our practices regarding dividend payment; the belief that we have the financial capacity to fully fund our accrued obligations under the defined benefit pension plans; and future payments made for rating services. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this AIF reflect our expectations at the date of this AIF. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by these forward-looking statements include: the impact and duration of, and our ability to respond to and manage, high inflation, geopolitical and trade uncertainty, changing interest rates, and supply chain challenges; general economic and market conditions, including increasing inflationary cost pressure and economic and market conditions in the regions where we operate; foreign exchange rates; commodity prices; interest rates; the level of customer confidence and spending, and the demand for, and prices of, our products and services; our ability to maintain our relationship with Caterpillar; our dependence on the continued market acceptance of our products, including Caterpillar products, and the timely supply of parts and equipment; our ability to continue to sustainably reduce costs and improve productivity and operational efficiencies while continuing to maintain customer service; our ability to manage cost pressures as growth in revenue occurs; our ability to effectively integrate and realize expected synergies and growth from businesses that we acquire; our ability to negotiate satisfactory purchase or investment terms and prices, obtain necessary approvals, and secure financing on attractive terms or at all; our ability to manage growth strategy effectively; our ability to effectively price and manage long-term product support contracts with our customers; our ability to drive continuous cost efficiency; our ability to attract sufficient skilled labour resources as market conditions, business strategy or technologies change; our ability to negotiate and renew collective bargaining agreements with satisfactory terms for our employees and the Company; the intensity of competitive activity; our ability to maintain a safe and healthy work environment across all regions; our ability to raise the capital needed to implement the business plan; business disruption resulting from business process change, systems change and organizational change; regulatory initiatives or proceedings, litigation and changes in laws, regulations or policies, including with respect to environmental protection, environmental disclosures, and/or energy transition; stock market volatility; changes in political and economic environments in the regions where we carry on business; the impact of the Bolivian economic situation; our ability to respond to climate change-related risks; the availability of carbon neutral technology or renewable power; the cost of climate change initiatives; actual climate change consequences; the occurrence of one or more natural disasters, pandemic outbreaks, geo-political events, acts of terrorism, weather or climate events, social unrest or similar disruptions; fluctuations in defined benefit pension plan contributions and related pension expenses; the availability of insurance at commercially reasonable rates; the adequacy of insurance to cover all liability or loss incurred by us; the potential of warranty claims being greater than we anticipate; the integrity, reliability and availability of, and benefits from, information technology and the data processed by that technology; and our ability to protect ourselves from cybersecurity threats or incidents.

Forward-looking statements are provided in this AIF for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of our

operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this AIF are based on a number of assumptions that we believed were reasonable on the day we made the forward-looking statements including but not limited to: that we will be able to successfully manage our business through the current challenging times involving volatile commodity prices, high inflation, changing interest rates, supply chain challenges, and successfully execute our economic condition and business cyclicality mitigation strategies; an undisrupted market and business recovery, for example, undisrupted by further COVID-19 (or its variants) impacts, commodity price volatility or social unrest; the successful execution of our profitability drivers; that our cost actions to drive earnings capacity can be sustained; that commodity prices will remain at constructive levels; that our customers will not curtail their activities; that general economic and market conditions will be strong; the level of customer confidence and spending, and the demand for, and prices of, our products and services will be maintained; that economic projections of third parties are relatively accurate; that support and demand for renewable energy will continue to grow; we will successfully execute our plans and intentions; we will successfully execute on our GHG emissions reduction target; we will successfully attract and retain skilled staff; that market competition will remain at similar levels; the products and technology offered by our competitors will be as expected; that identified opportunities for growth will result in revenue; that we have sufficient liquidity to meet operational needs; the ability of our oversight and investment strategies to manage defined benefit pension plan risk; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment and that our current strong relationships with Caterpillar and with our suppliers, service providers and other third parties will be maintained, and that Caterpillar and such other suppliers will deliver quality, competitive products with supply chain continuity.

Some of the assumptions, risks, and other factors that could cause results to differ materially from those expressed in the forward-looking statements contained in this AIF are discussed in Section 4 of this AIF and in the annual Management Discussion and Analysis (MD&A) for the financial risks. Readers are cautioned that the risks described in the MD&A and AIF are not the only ones that could impact us. Additional risks and uncertainties not currently known to us or that are currently deemed to be immaterial may also have a material adverse effect on our business, financial condition, or results of operations.

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

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

Finning International Inc. was incorporated as Finning Tractor & Equipment Company Limited on January 4, 1933, under the *Company Act* (British Columbia), and became a public corporation on September 2, 1969. We continued under the *Canada Business Corporations Act* on October 8, 1986, and changed our name to Finning Ltd. on April 23, 1987, and to Finning International Inc. on April 25, 1997.

Finning is a widely held, publicly traded corporation, listed on the Toronto Stock Exchange (TSX) (symbol: FTT). Our registered and head office is located at 19100 94 Avenue, Surrey, British Columbia, V4N 5C3 (telephone: 604.691.6444; website: www.finning.com).

1.2 Intercorporate Relationships

Our principal divisions and subsidiaries, their jurisdictions of incorporation (where applicable) and the geographic areas they serve are noted below.

Finning International Inc.

- Canada – Reporting Segment
 - **Finning (Canada)**, a division of Finning International Inc., servicing Western Canada with dealer territories in British Columbia, Alberta, Saskatchewan, the Yukon Territory, the Northwest Territories and a portion of Nunavut.

- **OEM Remanufacturing Company Inc.** incorporated in Alberta, Canada, 100% beneficially owned by Finning.
- **4Refuel Canada LP**, a Manitoba limited partnership, and its general partner 4Refuel GP Corporation, incorporated in Ontario, Canada, 100% beneficially owned by Finning, operating in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.
- South America – Reporting Segment
 - **Finning Argentina S.A.** and **Finning Soluciones Mineras S.A.** both incorporated in Argentina, 100% owned by Finning and servicing Argentina.
 - **Finning Bolivia S.A.** incorporated in Bolivia, 100% owned by Finning and servicing Bolivia.
 - **Finning Chile S.A.** incorporated in Chile, 100% owned by Finning and servicing Chile.
 - **Moncouver S.A.** incorporated in Uruguay, 100% owned by Finning and offering shared services and centralized purchasing primarily to Finning’s South American operations.
- UK and Ireland – Reporting Segment
 - **Finning (UK) Ltd.** incorporated in England and Wales, 100% owned by Finning and servicing England, Northern Ireland, Scotland and Wales.
 - **Finning (Ireland) Limited** incorporated in the Republic of Ireland, 100% owned by Finning, and servicing the Republic of Ireland.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Overview of Operations

Finning is an international company with its head office in Surrey, British Columbia, Canada. Our principal business is to provide sales, rentals, parts, services, and performance solutions for Caterpillar Inc. (Caterpillar or CAT) equipment and engines and complementary equipment. We are the world’s largest dealer of Caterpillar products and, as described further below, we are the authorized dealer of Caterpillar products in Western and part of Northern Canada, the United Kingdom, the Republic of Ireland, and the Southern Cone of South America (Chile, Argentina, and Bolivia). We also provide remanufacturing and component exchange services through our wholly owned subsidiary, OEM Remanufacturing Company Inc. in Canada and Component Rebuild Centres in South America and the UK and Ireland. On December 31, 2024, we had 15,279 employees worldwide. We operate other businesses that are complementary to our CAT dealership business; they are referred to elsewhere in this AIF.

Canada

We have been the authorized dealer for Caterpillar products in British Columbia since 1933, in the Yukon Territory since 1977 and in Alberta and a portion of the Northwest Territories since 1989. In 1995, we gained additional territory in Northern Canada, and became the authorized Caterpillar dealer for all of the Northwest Territories and the portion of Nunavut west of 110 degrees west longitude. In 2015, we became the authorized Caterpillar dealer in Saskatchewan. We service our Canadian dealership territory through our Finning (Canada) division. The Canadian operations also provide mobile on-site refuelling services through 4Refuel Canada LP (4Refuel Canada) in most of the provinces of Canada, as well as in Texas, U.S. through 4Refuel US LLC (4Refuel US and together with 4Refuel Canada, 4Refuel).

South America

We have been the authorized Caterpillar dealer for Chile since 1993 and for Argentina and Bolivia since 2003. In March 2004, we formed a company in Uruguay, Moncouver S.A., to provide centralized administrative and purchasing services primarily for our South American operations.

UK and Ireland

We have been the authorized Caterpillar dealer for the UK and the Republic of Ireland since 2010, following our acquisition of dealerships in the UK in 1983 and 1997 and our appointment as the Caterpillar dealer for Northern Ireland and the Republic of Ireland in 2010. In March 2022, we expanded our product support capabilities in the UK

with the acquisition of Hydraquip Hose & Hydraulics Limited and Hoses Direct Ltd. (together, Hydraquip), an on-site mobile hydraulic replacement and repair company.

2.2 Strategic Priorities

Our strategy builds on our success and focuses on the following priorities: drive product support, full-cycle resilience, and sustainable growth. We are committed to providing safe and secure environments, and empowering our people to make decisions that drive long-term customer loyalty. Our strategy is focused on generating value for our customers, employees, and shareholders.

- Driving product support remains our primary strategic objective. Product support is our key value driver and remains by far our largest opportunity for resilient, profitable growth. We are working to capture a greater share of product support across the full asset life cycle through further growth in customer value agreements, expanding our rebuild business, and continuing to strategically grow our equipment population.
- Full cycle resilience will enable us to deliver more reliable and consistent earnings through all market conditions. We are continuing to optimize and variabilize our cost structure. We are also implementing initiatives that increase our invested capital velocity while concurrently improving customer service levels. These initiatives include an increased focus on inventory management as well as review and exit of lower return on invested capital (ROIC) activities and investments.
- We are building a sustainable growth platform from our core business and expanding our addressable market in used equipment, rental and power systems. These segments are resilient and strategically important, and growing them will increase our equipment population and help us drive additional product support growth. For more information on our growth opportunities, refer to Growth Opportunities, below.

All three elements of our strategy are integrated and designed to drive a fundamentally improved range of ROIC and earnings capacity through all market conditions.

2.3 Three Year History

Recent Developments

2025

- On February 4, 2025, we announced that Charles Ruigrok, a current director on our Board of Directors (Board), will succeed James Carter as Board Chair effective May 13, 2025.
- In connection with the executive succession plan referred to below, effective January 1, 2025, David Primrose was appointed as Executive Vice President and Chief Development Officer of Finning International, Tim Ferwerda was appointed President of Finning (Canada), and Gary Megarrell was appointed Managing Director of Finning UK and Ireland.

2024

- Effective January 1, 2024, Jacynthe Côté retired from our Board after serving nine years as a director, and John Rhind was appointed as an independent director to our Board.
- In January 2024 we settled \$100 million USD principal amount of 4.08% Series B senior notes which were due January 19, 2024.
- In February 2024, we issued \$425 million of 4.778% senior unsecured notes due February 13, 2029.
- Effective February 8, 2024, Jane Murdoch transitioned from Executive Vice President, Chief Human Resources Officer and General Counsel to Executive Vice President, Chief Development and Legal Officer, to reflect her existing and expanded responsibilities.
- Effective February 16, 2024, Christopher Patterson retired from our Board after serving fourteen years as a director.
- In April 2024, we settled \$50 million USD principal amount of 4.28% Series D senior notes which were due April 3, 2024.
- On April 1, 2024, James Carter, a current director on our Board, succeeded Harold Kvisle as Board Chair.

- In conjunction with our annual meeting in May 2024, Nicholas Hartery retired from our Board after serving ten years as a director and Michael Putnam was elected as a director of Finning.
- On May 13, 2024, we renewed our normal course issuer bid (NCIB) and implemented an automatic share purchase plan with a designated broker, which allows us to repurchase our common shares at times when we would ordinarily not be permitted to purchase our common shares due to regulatory restrictions and customary self-imposed blackout restrictions. We have maintained the NCIB for a number of years. The NCIB may be renewed annually in May, subject to approval by the TSX. In 2024 we repurchased 8,127,190 of our common shares for cancellation at an average cost of \$39.68 per share (including a 2% share buyback tax, effective January 1, 2024) or \$322 million in the aggregate.
- In May 2024, we increased our regular quarterly dividend by 10% to \$0.275 (indicated annual dividend of \$1.10 per share), marking 23 years of consecutive dividend growth.
- In May 2024, we announced that Finning South America received \$550 million of equipment orders from mining customers, including a large truck order under an existing global customer framework agreement and a large order from Chilean state-owned copper producer, Codelco, for ultra-class trucks and ancillary equipment to be delivered to multiple mines and supported under a 10-year maintenance and repair contract.
- In June 2024, we extended the maturity of our \$1.3 billion committed sustainability-linked revolving credit facility to June 2029.
- Effective August 2, 2024, Vicki Avril-Groves retired from our Board after serving eight years as a director.
- Anna Marks, Senior Vice President, Finance, retired from Finning in September 2024 after twenty years of service in various finance leadership roles.
- In September 2024, we extended the maturity of our \$300 million committed revolving credit facility to October 2025.
- On September 27, 2024, we announced an executive leadership transition update as part of Finning's succession planning process and to accelerate the execution of our strategic plan, which included effective January 1, 2025, the transition of David Primrose from President of Finning (Canada) to Executive Vice President and Chief Development Officer, Tim Ferwerda from Managing Director of Finning UK and Ireland to President of Finning (Canada), and Gary Megarrell from Director of Construction Industries in the UK and Ireland to Managing Director of Finning UK and Ireland. In addition, Jane Murdoch, Executive Vice President, Chief Development and Legal Officer, would proceed with her planned retirement from Finning in early 2025 after serving almost nine years in various legal, human resources and sustainability leadership roles.

2023

- On May 13, 2023, we renewed our NCIB and implemented an automatic share purchase plan with a designated broker. In 2023 we repurchased 7,216,763 of our common shares for cancellation at an average cost of \$37.75 per share or \$272 million in the aggregate.
- In May 2023, we issued \$350 million of 4.445% senior unsecured notes due May 16, 2028, and we settled £70 million of 3.40% senior notes which were due on May 22, 2023.
- In May 2023, we increased our regular quarterly dividend by 6% to \$0.25 (indicated annual dividend of \$1.00 per share).
- On June 30, 2023, we amended our \$1.3 billion committed sustainability-linked revolving credit facility by incorporating benchmark replacement language.
- On August 8, 2023, Charles Ruigrok was appointed as an independent director to our Board.
- In September 2023, we extended the maturity of our \$300 million committed revolving credit facility to October 2024.
- On September 26, 2023, we held our Investor Day in Antofagasta, Chile, and we outlined our refreshed strategic priorities: drive product support, full-cycle resilience, and sustainable growth.

2022

- On January 4, 2022, in connection with our NCIB, we implemented an automatic share purchase plan with a designated broker and on May 13, 2022, we renewed our NCIB for an additional year. In 2022 we repurchased 6,941,039 of our common shares for cancellation at an average cost of \$31.51 per share or \$219 million in the aggregate.
- In January 2022, we settled \$100M USD principal amount of 3.98% senior unsecured notes as they were due, funded through our global credit facility.

- In March 2022, we expanded our product support capabilities in the UK & Ireland by acquiring Hydraquip for estimated total consideration of \$117 million (£70 million). Hydraquip is the UK's second largest hydraulic hose replacement and repair company.
- In April 2022, Kevin Parkes returned from a temporary medical leave of absence from his role as President, Finning (Canada), and was appointed as our Chief Operating Officer. David Primrose, who served as interim President, Finning (Canada), during Mr. Parkes' absence, was formally appointed as President, Finning (Canada).
- In April 2022, we settled \$50M USD principal amount of 4.18% senior unsecured notes as they were due, funded through our global credit facility.
- In conjunction with our annual meeting in May 2022, Kathleen O'Neill retired from our Board after serving for fifteen years as a director, and Manjit Sharma and Nancy Tower were elected as directors of Finning.
- In May 2022, Jane Murdoch was appointed as Executive Vice President, Chief Human Resources Officer in addition to her duties as General Counsel. Ms. Murdoch was previously acting in this role on an interim basis.
- In May 2022, we increased our regular quarterly dividend by 5% to \$0.236 (indicated annual dividend of \$0.944 per share).
- In Q2 2022, we were awarded mining contracts in Western Canada and Chile, consisting of an agreement with Artemis Gold Inc. (Artemis) to supply Caterpillar primary and ancillary mining fleets to Artemis' Blackwater Gold Project in British Columbia, and a notice of award from Codelco to provide Caterpillar 798 AC electric drive trucks to Codelco's Ministro Hales copper mine in northern Chile.
- In August 2022, we announced the agreement to replace BHP Group Limited's (BHP) entire haul truck fleet, comprising over 160 haul trucks, at its Escondida mine in Chile, the world's largest copper producer. The agreement is part of the strategic equipment renewal process developed by Escondida, utilizing Caterpillar's 798 AC electric drive trucks, and allows Escondida to accelerate the implementation of its autonomy plans by transitioning the fleet to include technology that enables autonomous operation. Our Integrated Knowledge Center located in Antofagasta, Chile, provides industry technical support for the fleet. In addition, the agreements set forth a technological path to help BHP meet its decarbonization goals, through the progressive implementation of zero-emission trucks at Escondida.
- In October 2022, we secured an additional \$300 million committed revolving credit facility with a one-year term. This additional credit facility ensured us access to capital at competitive terms if required to support our working capital levels to meet strong customer demand.
- On November 16, 2022, Kevin Parkes (formerly our Chief Operating Officer) was appointed as our President and CEO, and to our Board, succeeding our previous President and CEO, Scott Thomson, who retired from Finning on November 15, 2022.
- On December 30, 2022, Energyst B.V., a company in which Finning previously owned 31.4% interest, was dissolved and we received a final distribution of approximately \$1 million in relation to this liquidation.
- Effective December 31, 2022, Dave Cummings stepped down from his role as our Executive Vice President and Chief Digital Officer and assumed an advisory role in transition to his retirement from Finning on May 31, 2023.

2.4 Growth Opportunities

We are building a sustainable growth platform from our core business in all regions. Our organic growth opportunities are supported by global demand for commodities, large-scale investments in mining, infrastructure, and power projects, as well as significant addressable markets in used equipment and rental. Longer term, our business is uniquely positioned to benefit from global megatrends, including the energy transition, connectivity and automation, and the asset sharing economy. As we focus on increasing our business resilience, we are emphasizing continued growth of product support, which is our core business and value driver, and placing greater importance on capturing opportunities in the used equipment, rental, and power systems segments.

Our strong balance sheet provides us with optionality to grow our business through acquisitions. We evaluate complementary businesses based on their ability to accelerate our product support growth strategy, expand our addressable market in used equipment, rental, and power systems, and deliver attractive rates of return.

The magnitude and timing of growth opportunities are influenced by economic conditions, commodity prices, and government policies in the regions where we operate. We closely monitor leading economic indicators and customer activity levels.

The discussion of our expectations relating to growth opportunities in this section is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading “Forward-Looking Information” beginning on page 4 of this AIF. Actual outcomes and results may vary significantly.

Western Canada

Western Canada is well-positioned for steady growth in the long term, underpinned by broad-based strength across our diverse markets, however our near-term outlook is mixed.

Our long-term outlook for the energy sector, including oil sands, is positive, reflecting supportive economics and increased export capacity. With the completion of two major pipeline projects, the Trans Mountain Expansion and Coastal GasLink, we expect to see increased oil and gas industry activity to grow production.

We expect continued spending discipline from our large customers as they work to achieve operating cost targets. Certain oil sands customers continue to optimize mine plans, adjust scopes of contractor work and defer maintenance spending. Going forward, we expect these customers to deploy capital to renew, maintain, and rebuild aging fleets. Based on customer commitments and discussions, we anticipate stable demand for product support, including component remanufacturing and rebuilds.

We expect ongoing commitments from federal and provincial governments as well as private sector projects for infrastructure development to support activity in the construction sector, but we expect these projects will take time to advance. In addition, growing demand for reliable, efficient, and sustainable electric power solutions across communities in Western Canada creates opportunities for our power systems business.

There is increasing interest in developing large scale data centre projects in Western Canada and we believe data centre activity may provide additional growth opportunities for our power systems business in the longer-term.

Western Canada has the largest addressable market in both used and rental equipment as customers increasingly seek flexibility for their equipment needs.

In addition to leveraging the core capabilities of our facility network and people to grow our rental business, we see a scalable opportunity to increase our rental customer base, especially in retail, build new customer relationships, and expand our equipment population.

Our used equipment business delivers significant value over the asset life cycle as used equipment can be sold multiple times, with product support opportunities throughout. Our priorities include improving rental roll-out and trade-in performance, increasing rebuild volume and velocity, and growing our retail consignment and wholesale trade volume. We believe that building our used equipment capabilities is an effective way to increase the installed base in our territory and subsequent aftermarket opportunities, which is also helping us become more resilient.

With a slower growth and a more uncertain market environment in the near-term, we are focused on managing our cost and working capital levels and continue to see additional opportunities to unlock invested capital.

South America

Chile represents 85% of our business in South America, with mining being by far the largest market sector, accounting for 63% of our revenue in South America. We believe Chile is mobilizing for growth as the electrification megatrend accelerates global demand for copper and lithium. We also expect moderating inflation and a stable social situation to support strong growth prospects in our Chilean business.

Chile is the world’s largest copper producer and most mines in Chile are mature with a declining ore grade profile, driving the need for large equipment fleets to operate more hours and travel longer distances to maintain production. This not only increases demand for new equipment but also creates a significant product support opportunity. A significant proportion of our mining product support business in Chile is contracted, USD denominated, and inflation linked.

We believe that electrification and autonomy are the future of mining, designed to help drive performance improvement for our customers in the areas of safety, costs and productivity. With Caterpillar's autonomy and electric-drive technology, coupled with our product support capabilities, we work closely with our customers to realize these potential benefits.

In the construction sector in Chile, about half of our business is related to mining activities, where we continue to see healthy demand from large contractors, while infrastructure construction in Chile is expected to remain stable.

In the power systems sector in Chile, we expect strong activity in the industrial and data centre markets. In addition, we believe we are well positioned to meet growing demand for electric power solutions at mine sites.

In Argentina, we continue to take a low-risk approach, while at the same time, we are positioning our business to capture opportunities, particularly in the oil & gas and mining sectors. The operating environment remains dynamic, and we continue to closely monitor the government's new rules and policies, some of which are helping drive large-scale investment.

UK and Ireland

Our key growth opportunities in the UK & Ireland are driven by government investment in infrastructure projects and growing demand for both primary and back-up electric power generation.

Longer term, the macro fundamentals driving the industries we serve remain constructive, with government investment in infrastructure and energy transition planned over the next decade. This will positively impact the quarrying and aggregates industry, as well as industrial and waste management segments, which are important drivers of product support activities. Our business in the UK and Ireland is resilient, and we expect continued momentum in product support in 2025. We are growing our Customer Value Agreements (CVAs) in duration, value, and coverage. We are expanding our rebuild options to more equipment models and customers and we are focused on growing our installed equipment base in product support intensive segments as described above. In addition, Hydraquip provides us with rapid response capability and expands our addressable market as the majority of Hydraquip's business comes from non-Caterpillar equipment.

We have a growing power systems business in the UK & Ireland, underpinned by our strong capabilities and market opportunities in electric power generation. With increasing demand for primary and backup power, we play an important role in filling the demand supply gap and providing energy security when local utility infrastructure cannot support it. Looking ahead, we also expect increased demand for electricity to expand to construction and quarry sites. Additionally, the UK and Ireland remain a prime location for data centre infrastructure development in Europe. Over 90% of installed Caterpillar generators in the data centre market are supported by CVAs. We are leveraging our strong customer relationships and sharing engineering and project management capabilities with other Finning regions to capture data centre opportunities in those markets.

3. DESCRIPTION OF OUR BUSINESS

3.1 Principal Lines of Business

Below is a summary of the products and services offered through our principal lines of business.

3.1.1 Product Support

A high level of customer service throughout the full life cycle of equipment and a continued emphasis on offering solutions to meet customers' equipment performance needs are essential to our long-term success. Our product support services include providing replacement parts and maintenance and repair services for the products we sell. We also offer equipment rebuilds, which enable our customers to bring their aging equipment fleets to 'as new' condition, extending their fleets' operating life by remanufacturing and exchanging major components. Rebuilding equipment is an attractive option for customers as it allows customers to defer major capital expenditures or wait for products that feature more advanced technology, such as autonomy.

We maintain parts inventory in strategic locations across our territories to provide customers with convenient and efficient access to a supply of parts. Our major parts distribution centres in each geographic area are connected through information systems that provide timely information on both Finning and Caterpillar parts inventories.

In each of our regions, we employ qualified mechanics, welders, technicians, parts personnel and other specialized tradespeople dedicated to product support. These specialized tradespeople comprise approximately 31% of our workforce in Canada, 51% of our workforce in South America, and 45% of our workforce in the UK and Ireland.

In addition to the in-shop capability at our Finning locations, we provide service at customer locations through specialized personnel and equipment. Many of our customer sites are in remote locations at very high altitudes or experience severe climatic conditions. We have consistently demonstrated our ability to successfully maintain and service equipment under these conditions, enhancing our reputation as a reliable full-service provider to our customers. We offer our customers long term maintenance and repair contracts for preventive maintenance, planned and guaranteed component replacement, and guaranteed cost-per-hour contracts.

To meet the continuing demand for component replacement arising from the modular design of Caterpillar's products, we extensively use remanufactured components sourced from Caterpillar. In addition, we operate centralized component remanufacturing centres in Edmonton, Canada; Leeds and Cannock, England; Antofagasta, Chile; and Buenos Aires, Argentina, where trained technicians dismantle, test, repair and replace worn components. This centralization, through specialization and volume, creates economies of scale, enabling us to work with our customers to lower their overall cost of ownership. The remanufactured components are used in repairs or in an exchange program whereby the customer replaces a worn component with a repaired or remanufactured component, often at specified intervals to avoid failure, maximizing machine availability at an attractive cost compared to new replacement components.

We also operate a hydraulic hose replacement and repair company, Hydraquip, that serves customers across the UK in a diverse range of industries, including construction, power systems, transportation, waste management, utilities, manufacturing, and materials handling. Hydraquip's business is generated from two principal areas: i) on-site mobile hose services, including hose replacement, assembly and fitting, oil replenishment, and general hydraulic servicing, and ii) selling hydraulic and fluid power products and parts via a network of branches and through online channels. Hydraquip's on-site mobile fleet operates service vans with trained technicians providing 24/7 coverage across the UK.

Through a combination of Caterpillar technologies (CAT Digital Toolbox) and the Finning Customer Portal, we provide a set of digital tools to customers to improve their customer experience. Our safety and productivity technology solutions offerings enable our customers to gain improvements in cost of ownership, productivity and safety, and are driven by a combination of technologies and services from Caterpillar (for example, MineStar™ and Cat® Grade), other third parties (for example, Trimble technologies via our various SITECH subsidiaries) and Finning. These solutions combine live data with the data collected from thousands of pieces of equipment and enable our technical experts to offer equipment insights, condition monitoring, and other value-added services, thereby enhancing the value proposition of Caterpillar machines and Finning services by helping customers maximize the performance and safety of the equipment in their operations. Our ability to deliver on safety and productivity solutions is increasingly influencing customers' selection of equipment and downstream product support, and decisions to partner with us to achieve their operations' objectives.

We continue to expand our capabilities to interact with our customers online through Finning's Customer Portal, maximize our use of Caterpillar systems such as parts.cat.com, leverage data-driven alerts to help keep customers up and running, and deliver our business-to-business omni-channel strategy so our customers can transact with us both online and via physical channels safely and efficiently. Our Customer Portal offers customers the ability to self-serve many sales and support services requests and enables us to scale our ability to better serve customers without significantly increasing our associated operating costs.

3.1.2 New Equipment

We distribute new Caterpillar products and other products complementary to Caterpillar-branded products, including tractors, off-highway trucks, drills, electric rope shovels, hydraulic excavators and draglines, backhoe loaders, excavators, forklifts, articulated trucks, loaders, log loaders, tree harvesters, skidders, motor graders, paving products, compactors, wheel tractor-scrappers, pipe layers and extensive underground equipment.

We also sell new Caterpillar-branded and non-branded engines and power systems for use in electric power generation, oil and gas, marine, and industrial applications, and we supply complete or partial power systems engineering projects.

3.1.3 Used Equipment

We operate a used equipment business that complements new equipment sales and equipment rental. This full life cycle approach allows us to maximize the competitive advantage of Caterpillar equipment while offering

customers flexibility to dispose of or exchange used equipment. It also adds to the resilience of our business. Participating in a Caterpillar used equipment transaction creates a product support opportunity for that equipment. Used equipment is accepted in trade, from both the customer and our rental fleet, as well as purchased on the open market. Some of this equipment is reconditioned or rebuilt in our service shops and rebuild centres and resold under a warranty program. We also purchase and sell entire fleets of used equipment and purchase and sell used equipment on a consignment basis or through auctions. Used equipment supply and demand varies depending on general economic conditions, new product availability, customer buying preferences, and currency exchange rates. Though our used equipment business is predominantly comprised of Caterpillar equipment, it is not limited to Caterpillar products.

3.1.4 Equipment Rental

In addition to selling new and used equipment, we offer customers the opportunity to rent equipment.

Rental agreements range from short-term arrangements that provide customers with the flexibility to access equipment on a temporary basis, to longer term arrangements that enable customers to have reliable equipment available at all times without having to invest the capital required to own the equipment. We also provide customers with equipment under rental agreements that include an option to purchase.

Rental revenues are generally driven by overall economic conditions and related demand. During busy periods, the rental fleet in the dealership business can be used to meet strong customer demand, particularly during periods of longer lead times when customers are waiting for new product to be delivered. When market activity slows down, customers can use rental fleets to continue working while deferring capital expenditures on new equipment until market conditions improve.

Canada: operates three rental fleets. The heavy rental fleet is operated through the dealership network and focuses mainly on mid to large size Caterpillar earth moving equipment, such as track-type tractors, articulated trucks, wheel loaders and excavators, primarily for the construction and oil and gas industries. The power generation rental fleet services a wide variety of customers for larger power generation applications. The CAT Rental Store fleet includes smaller Caterpillar earth moving equipment and forklifts, as well as work platforms, light towers, smaller power generation and distribution equipment, heat products, air compressors and various other non-Caterpillar branded equipment.

South America: operates a rental fleet in each of Chile, Argentina and Bolivia consisting of Caterpillar products and some non-Caterpillar products through selected dealership branches. The rental business mainly serves customers in the construction and mining industries, offering motor graders, compactors, excavators, backhoe loaders, tractors, compressors, power generators, light towers, and other products.

UK and Ireland: maintains a fleet of rental equipment for rental contracts that are normally long-term in nature. The rental fleet consists mainly of larger equipment such as wheel loaders, articulated dump trucks, and rigid chassis dump trucks. Customers include quarrying, construction and waste and recycling companies. In addition, the Finning Power Rental business serves a wide variety of customers in larger power generation applications on a mid to long-term basis.

3.1.5 Refuelling

We operate a mobile on-site refuelling business, 4Refuel, which serves customers in construction, transportation, oil and gas, power generation and other industrial sectors across Canada and in the U.S. in Texas. Our refuelling business complements our equipment business by helping customers improve the physical availability of their equipment and the productivity of their operations. We primarily service customers during off-hours, when equipment is idle, and leverage our Fuel Management Online System to further optimize the refuelling process and save our customers additional time and money. Our acquisition in September 2021 through 4Refuel of a controlling ownership interest in ComTech, an early-stage developer of alternative energy infrastructure and provider of proprietary mobile fueling solutions for lower-carbon fuels in North America, expands our fueling capabilities beyond diesel and allows us to support customers' energy transition journey, starting with solutions for Compressed Natural Gas (CNG) and Renewable Natural Gas (RNG).

3.2 Principal Markets

We serve customers operating in diverse markets, including mining, construction (including pipeline and oil field development), power generation, and forestry. Customers include private enterprise and government. We have established industry and product specialists for the major markets in the geographic regions where we operate.

Canada

Our Canadian operations span British Columbia, the Yukon Territory, Alberta, Saskatchewan, the Northwest Territories and a portion of Nunavut. In these regions, we serve diverse markets, such as mining (including the oil sands), construction, pipeline, conventional oil and gas, power systems, marine transportation, quarrying, forestry, agriculture, and commercial transport. The Canadian operations also provide mobile on-site refuelling services through 4Refuel in most of the provinces of Canada and in Texas, U.S., as described in Section 3.1.5.

The most significant markets served by Finning (Canada) are as follows:

Mining: We provide products and services to operators in the Alberta oil sands and in the mining of coal, copper, molybdenum, gold, diamonds, silver, lead, zinc, potash, uranium and other metals and minerals in our territory. Most of the mining is done by open pit method, which lends itself to the application of large off-highway trucks, shovels, tractors, loaders and graders. Other surface mining products include drills, electric rope shovels and hydraulic excavators. We also provide underground mining equipment. In addition, we support our mining customers with the implementation of Caterpillar's industry-leading autonomy solution. Operations in remote areas also require electric power generation equipment. High-hour usage of equipment in demanding applications creates substantial demand for product support (parts and repair services) in mining.

Construction: We provide products and services for the building and maintenance of highways, railway extensions, site development, residential and commercial construction, installation of utility services and similar projects.

Conventional Oil and Gas: Products and services include mobile earthmoving equipment for exploration and drill site preparation, as well as excavators and pipe layers for gathering and delivery systems. In addition to our Western Canada market exposure, we participate in supplying both purpose-built pipeline and traditional Caterpillar products to the global pipeline construction market through our 25% ownership interest in PipeLine Machinery International.

Power Systems: We provide products and systems for oil and gas exploration and production, electric power generation and marine and industrial applications. Oil and gas markets include drilling, hydraulic fracturing, well servicing and gas compression, particularly in high horsepower applications. Electric power generation markets include power for remote communities and mines, local specialized power projects, camp power and electric power rentals.

Forestry: We provide products and services for road building, harvesting and processing of trees, silviculture, log transport to mills and ports and the handling of logs, lumber and finished products in mill yards.

South America

Our South American operations serve a variety of markets in Chile, Argentina and Bolivia, including mining, construction, oil and gas, electric power generation, marine, and forestry. Our most significant markets in South America are:

Mining: We provide products and services to support copper, gold, lithium, and iron ore mines, predominantly in Chile. These mining operations require fleets of off-highway trucks, shovels, loaders, tractors, water trucks, and other support equipment and often include long-term agreements for equipment maintenance (product support). Our surface mining products also include drills, electric rope shovels and hydraulic excavators. In addition, we provide extensive underground mining equipment. High-hour usage of equipment in demanding high-altitude applications in South America creates substantial demand for parts and repair services in mining. In addition, we help our mining customers in Chile advance their autonomy and sustainability initiatives.

Construction: We provide products and services to the construction industry including road construction and maintenance projects, mine site preparation and infrastructure projects, and general residential and commercial construction.

Power Systems: We provide products and systems for electric power generation, oil and gas, industrial and marine power as well as aftermarket services. Our electric power generation business includes sales of generator sets and custom engineered power solutions for primary or stand-by applications for customers engaged in various markets, including mining, telecommunications, utilities, general construction and data centres. Our oil and gas business supplies power generation solutions and engines for gas compression and

the well service segment. We also provide marine propulsion systems to the fishing industry, work boats and the Chilean Navy.

Forestry: We provide products and services for road building, logging, log transportation and the handling of logs, lumber and finished products in yards, mills and port facilities.

UK and Ireland

Our operations in the UK and Ireland serve diverse markets, with the principal contributors to revenue being the construction and power systems sectors:

Construction: We provide products and services for building railways, highway construction and maintenance, residential and industrial development, demolition, landscaping, waste and landfill sites and recycling centres. We also provide products and services for quarrying of limestone, granite and clay, and extraction of sand and gravel. An important customer group that serves the construction industry in the UK and Ireland is plant hire or rental. Plant hire companies supply machinery and tools for a limited, yet flexible, period of time to end users.

Power Systems: We provide products and systems for electric power generation, marine power, industrial applications and oil and gas. Electric power generation is key for the electricity capacity market and to provide mission critical power for commercial applications such as data centres and hospitals. Additional markets in the UK and Ireland include pleasure craft and commercial marine, as well as certain industrial sectors (such as rock crushing) and offshore oil platforms, which purchase engines and product support services for equipment manufactured and/or deployed in the UK and Ireland.

3.3 Distribution Methods

We operate through a network of branch locations and field representatives, and at customer sites. Our operations are represented across our territories by approximately 188 locations. We own the land and/or building at 20% of these locations.

We place a strong focus on providing aftermarket support solutions to customers. An efficient branch and parts distribution network, integrated with our digital services, and a skilled workforce, are key to achieving service excellence.

As we grow our product support business, it is important that we do so efficiently and cost effectively while delivering a high level of service to our customers. A critical part of this strategy is our RRR network. It is a hub and spoke operating model that stands for Response, Repair, Rebuild – a classification assigned to a facility based on capacity, complexity of work performed and technical expertise required, and parts inventory available on site.

The RRR network model allows us to maximize labour productivity, retain technical talent, optimize our supply chain, and increase facility utilization by fully leveraging our branch network and digital platform. For our customers, it improves the quality of service and turnaround time.

Parts are either sold directly to customers or used in service work we provide for customers. The parts distribution network in each operating segment can be summarized as follows:

Canada: Caterpillar's parts distribution facility in Spokane, Washington, U.S. is the main distribution centre for Finning (Canada), with a secondary distribution facility in Morton, Illinois. Beyond Spokane and Morton, parts may be distributed from Caterpillar's extended North American and global network. Delivery routes are direct from these warehouses or via regional distribution centres throughout our territory, including our main regional distribution centre in Edmonton, Alberta. Parts are distributed through branches, drop boxes, or delivered directly by logistics companies to both online and physical channel customers.

South America: Parts are primarily sourced from the Caterpillar parts distribution centres in Miami, Florida and Piracicaba, Brazil. Parts are shipped by ocean and air to our parts distribution centres in Antofagasta and Santiago, Chile and Buenos Aires, Argentina, and shipped by ocean, air and truck to warehouses in Santa Cruz and La Paz, Bolivia. Through independent sub-contractors, a dedicated fleet of trucks makes daily deliveries of parts and components to our branches. Parts are distributed through branches, third party drop sites, or delivered directly by logistics companies to both online and physical channel customers.

UK and Ireland: Parts are primarily sourced from the Caterpillar parts distribution centre in Grimbergen, Belgium. These parts are stored in our national distribution centres in Cannock, UK and Dublin, Ireland, and are redistributed to branches throughout the UK and Ireland by our interbranch transport network or delivered directly through national logistics companies to both online and physical channel customers.

New equipment is sourced from Caterpillar manufacturing facilities around the world and distributed to customers through our RRR network in each region.

3.4 Revenue by Principal Lines of Business

We have diversified our business through different geographic areas, different lines of business based on the product or service supplied, and different customers and markets. This diversification means that our earnings and cash flow are less exposed to fluctuations in business or economic conditions that impact a specific geography, customer or market. While revenues reported by each reporting segment are mainly derived from business within the relevant territories, opportunities exist outside those territories, including for international power systems projects, pipeline business and used equipment sales. The table below provides details of revenue by reporting segment and principal lines of business.

Revenue and net revenue⁽¹⁾ for year ended December 31, 2024 (\$ millions)	Canada	South America	UK & Ireland	Consolidated
Product support	2,801	2,234	445	5,480
New equipment	1,667	1,186	759	3,612
Used equipment	341	69	97	507
Equipment rental	184	70	41	295
Fuel and other	1,310	2	–	1,312
Total revenue	6,303	3,561	1,342	11,206
Cost of fuel	(1,110)	–	–	(1,110)
Net revenue	5,193	3,561	1,342	10,096
Net revenue percentage by operations	52%	35%	13%	100%

Notes:

- (1) This financial measure, referred to as a “specified financial measure”, does not have a standardized meaning under Generally Accepted Accounting Principles (GAAP), and therefore may not be comparable to similar measures presented by other issuers. For a description, its composition and a reconciliation of this financial measure, such information being incorporated by reference herein, see the heading “Description of Specified Financial Measures and Reconciliations” in our Q4 and Annual 2024 MD&A under our profile on SEDAR+ at www.sedarplus.ca. We believe that providing certain specified financial measures including non-GAAP financial measures, provide users of our AIF and MD&A with important information regarding the operational performance and related trends of our business. By considering these specified financial measures in combination with the comparable GAAP financial measures (where available), we believe that users are provided a better overall understanding of our business and financial performance during the relevant period than if they simply considered the GAAP financial measures alone.

Our operations in Canada, South America, and the UK and Ireland offer products and services through five principal lines of business: product support, new equipment sales, used equipment sales and equipment rental and, in Canada and Texas, U.S., fuel. The following table summarizes our net revenue by principal lines of business:

NET REVENUE BY PRINCIPAL LINES OF BUSINESS

Net revenue:

(\$ millions)

	<u>2024</u>		<u>2023</u>		<u>Change</u>			
Product support	\$	5,480	54%	\$	5,378	56%	\$	102
New equipment		3,612	36%		3,262	34%		350
Used equipment		507	5%		392	4%		115
Equipment rental		295	3%		327	4%		(32)
Fuel and other		202	2%		184	2%		18
Total	\$	10,096	100%	\$	9,543	100%	\$	553

3.5 Talent Development and Culture

Our ability to succeed depends on the skills, capabilities and sustainable engagement of our people. We rely on the availability and capability of talented professionals in skilled trades, including mechanics and parts people, as well as sales professionals. To facilitate ready access to these important talent segments, we deploy multiple efforts,

including early talent programs such as apprenticeship programs and training (both internal and external), and strong partnerships with local trade schools and universities.

We are committed to building a high-performing, safe, and inclusive culture that drives engagement and empowers our people. We believe this is fundamental to achieving our strategic goals across our global operations. We provide many learning and development options for our people, including sales, technical and safety training, online courses, mentoring programs, leadership conferences, and access to external conferences and webinars. We also offer our people learning programs focused on diversity, equity and inclusion such as Standing Up for Respect, Building Respectful Teams, and Conscious Inclusion.

These programs are further complemented by ongoing leadership and team assessments, as well as employee pulse surveys and other active listening actions, and, every two years, employee experience surveys that are used to identify gaps, build on our collective strengths, and drive strong business results through continuous improvement and shared learning and development.

For more information on how we support our employees' ongoing skill and career development, and on our inclusion and diversity initiatives, see our Sustainability Report available on our website at www.finning.com

3.6 Competitive Conditions

We are part of Caterpillar's global dealer network. As a dealer, we sell, rent and provide aftermarket parts and service support to Caterpillar equipment in the territories where we represent Caterpillar. We also offer mobile on-site refuelling solutions in Canada and Texas, U.S. through 4Refuel, and hydraulic hose replacement and repair services in the UK through Hydraquip.

We primarily compete with a large number of equipment distributors who sell and provide aftermarket parts and service support to equipment manufactured by companies other than Caterpillar. We also compete with a number of companies focused on renting equipment to customers. The competitive environment for Caterpillar's machinery and engine business consists of global, regional, and specialized local enterprises. We believe our competitive advantage in our territories is founded on many factors, including superior product quality, exceptional service capability, component remanufacturing capability, product customization, strong omni-channel distribution capability and parts availability, an extensive branch network, our proximity to and knowledge of our customers, our Customer Portal and an increasing range of digital services and performance solutions, and, in Canada and Texas, U.S., our on-site refuelling solutions.

Caterpillar offers a broad range of superior quality products which provide us with a significant competitive advantage. Caterpillar's competitors generally offer a more limited range of products, and in many cases, these products are specific to particular market segments and applications within those segments. Caterpillar also offers dealers many customer-facing digital applications, which we provide to customers, enhancing the value of dealerships, and Caterpillar equipment alike.

Our superior product support capability and expanded offerings that include equipment rebuilds, mobile on-site refuelling and hydraulic hose replacement and repair services, combined with data and insights from connected equipment and our domain expertise, give us a distinct competitive advantage with customers that are looking to achieve the lowest operating cost over the life of their equipment.

3.7 Business Cycles

Many of our customers operate in industries that are cyclical in nature. As a result, customer demand for our products and services may be affected by economic conditions on a global or local level. A number of factors, including changes in interest rates, inflation, economic growth or contraction, levels of taxation and royalties, foreign exchange rates, commodity prices, trade disputes, environmental regulation and approval processes, the level of government infrastructure spending, government changes and policy changes may influence our customers' capital expenditure decisions and, ultimately, our business. We strive to mitigate these cyclical impacts through diversification by geographies, by markets, and by the services we offer, including the stability and consistency of our product support business, and through our planning and forecasting capabilities. Our strategy centers around building full-cycle resilience into our operating model to deliver more reliable and consistent earnings through all market conditions. We will continue to grow our product support business, which is our most resilient and profitable segment, optimize and variabilize our cost structure, increase our working capital velocity, and expand our used, rental, and power systems segments. For more information on our strategy, refer to Strategic Priorities, above.

3.8 Dealership and Distributor Agreements

We have dealership and distributor agreements with several equipment manufacturers and distributors, the most significant being Caterpillar. Under the terms of our agreements with Caterpillar, we are responsible for marketing, supplying, distributing and servicing Caterpillar's and its related companies' products in our dealership territories. Our principal agreements with Caterpillar can be terminated on 90 days' notice in Canada and South America and six months' notice in the UK and Ireland. Other agreements with Caterpillar can be terminated on three to six months' notice. If Caterpillar terminates an agreement, Caterpillar must purchase substantially all CAT-related inventories of new equipment and new parts from us at cost. We have been a Caterpillar dealer since 1933 and have developed a strong relationship with Caterpillar. We are not aware of any matter that could result in the termination of any of our dealership agreements with Caterpillar.

Over 96% of our business involves Caterpillar products. Our business is therefore dependent on market acceptance of Caterpillar products. From time to time, Caterpillar finds it necessary to allocate supply of particular products among its dealers. Such allocations of supply may increase lead times for product delivery and/or lead to challenges with overall inventory levels in our regions; however, we work closely with Caterpillar to mitigate these issues and the impact to our customers.

In addition to the Caterpillar dealer relationships noted above, we have developed dealer relationships for other complementary product lines in order to create new market opportunities and to expand our product support business.

3.9 Employee Relations

We had 15,279 employees at the end of 2024 compared to 14,922 employees at the end of 2023. A breakdown of where these employees are located is as follows:

As at December 31	Canada ⁽¹⁾	South America	UK and Ireland ⁽²⁾	Total
2024	6,658	6,757	1,870	15,279
2023	6,761	6,234	1,927	14,922
Change	-1.52%	+8.39%	-2.96%	+2.39%

(1) Includes 88 4Refuel US employees for 2024 and 86 4Refuel US employees for 2023.

(2) Includes 300 Hydraquip employees for 2024 and 296 Hydraquip employees for 2023.

We (either directly or through one of our subsidiaries) are party to 16 collective agreements covering approximately 57% of our employees. There are four collective agreements covering employees in Canada, ten collective agreements covering employees in South America and two collective agreements covering employees in the UK and Ireland. Our collective agreements expire on various dates from 2025 to 2028.

3.10 Foreign Operations

In 2024, we generated approximately 52% of net revenue from operations in Canada (2023: 53%); 35% from South America (2023: 34%); and 13% from operations in the UK and Ireland (2023: 13%).

3.11 Ethics

Our Code of Conduct (Code) forms the cornerstone of how we conduct business and how our people's actions contribute to our corporate goals. The Code sets out our expectations for the ethical behaviour of our directors, officers and employees. Our Code encompasses ambassadorship and accountability, privacy, ethical conduct, inclusion and diversity, confidentiality, environmentally responsible practices, human rights (including, among other things, modern slavery in supply chains), health and safety, anti-bribery and anti-corruption, business integrity, cybersecurity, financial accuracy and accountability, including fair and full disclosure of our financial results, and how to report concerns about possible non-compliance with the Code. The Code is supported by our Global Anti-Bribery and Anti-Corruption Policy, Whistleblower Policy, Supplier Code of Conduct, Sustainability Policy, Global Respect, Inclusion and Diversity Policy and Code of Ethics for Senior Executive and Financial Management. Our Supplier Code of Conduct outlines the environmental, ethical and social expectations we have of our suppliers, including the expectation that our suppliers have policies to address safety and health, inclusion and diversity, anti-harassment, and the participation of women and underrepresented and/or marginalized groups. It also addresses anti-bribery, modern slavery and data protection.

Our Code is reviewed annually by our Board and senior management. All directors, officers and employees are required to take training on Code principles and acknowledge their compliance with the Code on an annual basis.

The Board monitors compliance with the Code through the Audit Committee. All directors, officers and employees have a duty to report suspected Code violations. The Audit Committee receives quarterly reports of Code complaints and trends in complaints, and specific reports if any serious violations are substantiated. In order to address Code matters in a timely, unbiased and confidential manner, we have established a Global Ethics Committee comprised of the Compliance Officer (General Counsel), Head of Global Internal Audit, Chief Development Officer, Vice President, Corporate Controller, and Vice President, Business Performance and Regional Ethics Committees in each of our three regions comprised of senior level executives including from finance, legal, human resources, operations and internal audit. The Global and Regional Ethics Committees are management committees. The Global Ethics Committee delegates the investigation of potential Code violations, where appropriate, to the applicable Regional Ethics Committee, which reports the results of investigations and any recommended actions to the Global Ethics Committee for approval. The Global Ethics Committee investigates and takes appropriate actions regarding any reports of suspected Code violations that it determines not to delegate to a Regional Ethics Committee.

Our Whistleblower Policy enables any issue that may arise to be resolved internally by us, without fear of retaliation against anyone who raises a concern. Anyone who believes that a violation of our Code has occurred or who requires advice regarding compliance with the Code is encouraged to report such suspected violation or concern through our compliance website or telephone help line or to our Compliance Officer. The compliance website and the telephone help line are managed by an independent global reporting agency. Further information on the reporting of ethics violations or concerns is provided in our Code and in our Whistleblower Policy.

The Code, Whistleblower Policy, Supplier Code of Conduct, Global Anti-Bribery and Anti-Corruption Policy, Sustainability Policy, Global Respect, Inclusion and Diversity Policy and Code of Ethics for Senior Executive and Financial Management are all available on our website at www.finning.com.

3.12 Sustainability

At Finning, we are committed to sustainability. Our Sustainability Policy defines the principles that guide our behaviours and are aligned with our values. We focus on a business model that creates value for all our stakeholders, including employees, communities, customers and shareholders. We work to create positive impacts in the communities where we operate and continually evolve to address the needs of our stakeholders.

We annually review our material sustainability topics to ensure we continue to identify and focus on those that are most relevant to our business, including people, environment, customers, communities, ethics, governance and cybersecurity. Our performance and progress in our journey are highlighted in our annual Sustainability Report and through the implementation of our sustainability roadmap, which is overseen by our global sustainability committee. Our global sustainability committee is comprised of a group of diverse senior leaders and is responsible for defining, coordinate and monitoring our strategy for material sustainability topics. We continue to work towards achieving our GHG emissions reduction target set in 2021 to reduce our absolute Scope 1 and 2 GHG emissions by 40% by 2027 from a 2017 baseline.

Finning offers customers a range of Caterpillar products and technologies that are designed to help with some of the most complex challenges of the energy transition – emissions and energy management – while also helping to maintain productivity and keep operators safe. Examples include: Caterpillar’s battery electric equipment offerings, machine automation systems, charging technologies, power solutions, CAT digital solutions, operator training and technical support, Finning digital solutions, remanufacturing, fuel agnostic delivery and advisory services.

Our Sustainability Report is prepared in reference to the Global Reporting Initiative (GRI) standards. We also report on metrics recommended by the Sustainability Accounting Standards Board (SASB), now part of the IFRS Foundation®, for the industries that most closely reflect our business: Industrial Machinery and Goods and Road Transportation. Finning’s climate-related disclosures are aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework, now incorporated into the IFRS’ climate reporting standard, known as the IFRS S2 Climate-related Disclosures. In 2024, our wholly owned subsidiary, Finning (UK) Ltd., released its first mandatory disclosure prepared in alignment with the UK government’s Climate-Related Financial Disclosure (CFD) regulations.

For more information, please review our Sustainability Report, which can be found in the sustainability section of www.finning.com.

4. KEY BUSINESS RISKS

4.1 Risk Management

We are exposed to market, credit, liquidity, and other risks in the normal course of our business activities. Our Enterprise Risk Management (ERM) process is designed to ensure that such risks are identified, managed, and reported. This framework assists us in managing business activities and risks across the organization to achieve our strategic objectives.

We maintain a strong risk management culture to protect and enhance shareholder value. On a quarterly basis, Board level committees review our business risk assessment and the management of key business risks, any changes to key risk exposures and the steps taken to monitor and control such exposures, and report on 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 our AIF, MD&A, and financial statements on a quarterly and annual basis. All key financial risks are disclosed in our MD&A and other key business risks are disclosed in our AIF.

For disclosure about our key financial risks (Commodity Prices; Financial Instruments Risk which includes credit risk, liquidity risk, market risk and hedging; and Share-Based Payment Risk), Contingencies and Guarantees, Controls and Procedures Certification, and Accounting and Estimates, refer to our MD&A and the annual consolidated financial statements for the fiscal year ended December 31, 2024. Key business risks are disclosed in this AIF.

4.2 Key Business Risks

4.2.1 Cybersecurity

Cybersecurity threats are global in nature and have the ability to disrupt our digital ecosystem threatening the integrity, reliability, and availability of our technology systems and data. Cybersecurity incidents may take the form of malware, computer viruses, cyber threats, cyber extortion, employee or third-party error, malfeasance, system errors and other types of security and data breaches and may arise from inside and outside of our organization. Cybersecurity incidents could also target customer data or the security, integrity and/or reliability of the hardware and software installed in products we sell or service. We rely heavily on information technology systems, some of which are managed by third parties, to process, transmit and store electronic information, including personally identifiable information, credit card payment data and other sensitive customer and employee information, and to manage and support a variety of critical business processes and activities.

Many of our information technology systems, applications and supporting network infrastructure are in the process of being or have recently been upgraded. If we are unable to effectively upgrade and continually maintain our systems, applications and network infrastructure, or if we are delayed in doing so, the risk of a cybersecurity incident may increase. As monitoring capabilities are not always fully effective, we may also fail to identify cybersecurity breaches or be unable to discover them in a timely way, which could affect our ability to implement adequate preventative or remediation measures. Our risk of experiencing a cybersecurity incident has increased as the world has seen an increased number, intensity, and sophistication of attempted cyber attacks and intrusions globally.

Although we make significant efforts to maintain the security and integrity of our information technology systems, there can be no assurance that those efforts and measures will be able to prevent all cybersecurity incidents. A cybersecurity incident could have various negative implications for us, including the following:

- a disruption of our business operations resulting in lost revenues;
- unauthorized access to, or destruction, loss, theft, misappropriation or release of, our proprietary, confidential, sensitive or otherwise valuable information or that of our customers, suppliers or employees, which could be used for disruptive or otherwise harmful purposes;
- disruptions in the functioning or operation of equipment, which could lead to property loss or damage or personal injury or death;
- damage to our reputation with our customers, partners (e.g., Caterpillar), suppliers, investors and the general public;
- a disruption to the proper functioning of our information technology systems;
- potential significant expenditures related to remediation;
- investigations by regulatory agencies or litigation, claims and liability for breach of contract, damages or other penalties;

- inability to process customer transactions or service customers; and/or
- disruptions to inventory management.

We continuously implement security controls, training, policy enforcement mechanisms, management oversight and monitoring systems in order to prevent, detect and address potential threats. Our cybersecurity program aligns with global best practices and information security frameworks such as the NIST Cybersecurity Framework. In 2024, Finning maintained its Cyber Security Essentials Plus certification for our UK & Ireland region. Our Board, through the Audit Committee, oversees cybersecurity. We have a Director of Cybersecurity who is focused on developing and improving our information security program. Our Director of Cybersecurity reports to our Vice President, Information Technology, and leads a skilled and diverse team located throughout our operating regions. The Vice President, Information Technology or the Director of Cybersecurity routinely reports to the Audit Committee on cybersecurity matters and presents a deep dive on cybersecurity annually to the Board. The Audit Committee also receives quarterly cybersecurity and IT risk and risk mitigation updates from our executive officers. Our Cyber Security Operations Center (CSOC) monitors for Indicators of Compromise and cybersecurity events to proactively defend against cybersecurity incidents. The CSOC utilizes advanced threat intelligence and a third-party retainer is in place should a cyber security incident occur. An internal Global Data Breach Response Team, comprised of our Director of Cybersecurity, Privacy Officer, Chief Financial Officer, Vice President, Information Technology, General Counsel, and Head of Global Internal Audit, and regional data breach teams, has been assembled to execute incident response plans if needed. Our security team is involved in the procurement process and reviews all software, hardware and cloud-based contracts to be entered into by us to ensure privacy and cybersecurity elements are addressed. We require our cloud-service providers to obtain a Service Organization Control (SOC) Type 2 report annually for our review. Our executives, employees, and contractors undergo mandatory annual cybersecurity awareness training. The occurrence of a significant loss or claim due to a cybersecurity event, or a greater number of these losses than anticipated, could have a material adverse impact on us. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes, practices and training designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority.

4.2.2 Business Continuity Risks

The occurrence of one or more natural disasters and other events, such as earthquakes, wildfires, floods and hurricanes, unusually adverse weather, pandemic outbreaks or resurgence (including but not limited to COVID-19 and its variants), boycotts, and geo-political events, such as civil unrest in countries in which we operate, acts of terrorism, power outages, failed processes, technology failures or cyber threats, inability to access our systems or similar unplanned disruptions, could materially adversely affect our business, people, customers and financial results. We have developed a global business continuity standard to support our ability to operate our business and operations in the event of a business disruption event. In line with that standard, we continue to apply and enhance our business continuity program to address and mitigate, to the extent possible, the impact of these risks. However, the nature of these risks is continually evolving and no such plan can eliminate the risks associated with events of this nature, which could still have a material adverse impact on our business, results of operations and financial condition.

4.2.3 International Operations

We have operations outside of Canada, including in the UK, Republic of Ireland, Chile, Argentina, Bolivia and Texas, U.S., and employ people in Uruguay for our centralized administrative and purchasing services. We also serve power systems customers in some countries in Europe outside of our UK and Ireland operations. Our international subsidiaries are subject to risks normally associated with the conduct of business in foreign jurisdictions, including uncertain political and economic environments; war, insurrection, and other civil disturbances; changes in laws, regulations, and taxation; foreign currency exchange controls; import and export controls; and limitations on the repatriation of earnings. These risks may limit or disrupt operations, increase costs, restrict the movement of funds, result in the loss of property or financial losses, or otherwise negatively impact our business and financial results. Although we closely monitor our foreign investment risks, there can be no assurance that we will not be adversely affected by political, economic, government and other events beyond our control.

After the rejection of an ambitious tax reform package in 2023, Chile's Congress passed a revised tax bill in October 2024 aimed at enhancing tax compliance and strengthening the government's tax collection abilities by implementing additional measures to combat tax evasion and avoidance. Given the scope of these reforms, we do not anticipate that this new tax law will have a material impact on our business. However, it is anticipated that further tax reforms may be presented to Congress in 2025, and there can be no assurance that any additional tax changes will not result in tax increases, additional costs, or other disruptions to our business.

In the fourth quarter of 2023, the newly elected Argentina government began taking steps to rapidly address the fiscal imbalances in the country with the goal of ultimately stabilizing inflation and opening the economy for free import and export of goods in the long-term. However, the near-term steps of significantly devaluing the currency, containing public spending, reducing subsidies and lowering spending on public works drove continued challenging market and operating conditions in Argentina in 2024. Starting in January 2024, currency restrictions, which had been in place since 2019 and further strengthened in 2022 and 2023, were significantly reduced for new imports, and economic hedging alternatives became available again. Additionally, the normalization of the procedures at the Argentina Mining Secretariat in respect of the application of mining parts import duty exemptions somewhat lessened in 2024 which has helped speed up the release of certain shipments of our mining parts from Customs. While our currency access, exposure, and risk of losses are much lower today than in the fourth quarter of 2023, there is still uncertainty concerning the ability of the new government to stabilize the Argentina economy and the rules and policies in place today may be subject to further change. We are actively monitoring Argentina market conditions and the new rules and policies and continue to evolve our operating model, taking a low-risk approach to conducting business in Argentina while at the same time, we are positioning our business to capture opportunities, particularly in the oil & gas and mining sectors. However, no assurance can be given that we will be able to sufficiently mitigate these risks or that the government's current or future monetary policies, capital or imports controls, or other measures will not negatively affect Argentina's economy, cause trade or labour disruptions or social unrest, or otherwise have a negative impact on our business and financial results.

Our subsidiary, Finning Argentina S.A. (FASA), began to export an agricultural animal feed product from Argentina in the third quarter of 2012 in response to the Argentina government's efforts to balance imports and exports and to manage access to foreign currency. These exports enabled us to import goods into Argentina to satisfy customer demand, while meeting the government's requirements. FASA has not exported agricultural animal feed product since the third quarter of 2013. The Argentina Customs Authority (ACA) has made a number of claims against FASA associated with the export of this agricultural animal feed product over this period and has also issued an order that could result in up to a one-year suspension of imports into Argentina by a portion of the business. The essence of these claims relates to the tariff classification of this product and therefore the export duty payable. FASA has appealed these claims and the order, believes they are without merit, and is confident in their position. In 2024 the Argentina government abolished the industry-wide 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 available to FASA in the unlikely event the import suspension order is not cancelled and the appeal of the potential imports suspension order is not successful.

These pending matters may take a number of years to resolve. In response to an application by the Canadian government, in April 2021, in September 2022 and in September 2023 in a final vote, the member states of the World Customs Organization (WCO), an independent intergovernmental body which maintains the international Harmonized System goods nomenclature used in international trade, voted by a significant margin in favour of the tariff classification used by FASA. These results have been filed in FASA's appeals of the ACA claims. During 2024, by the end of the year, the Argentina Tax Court had issued a number of decisions in favour of the tariff classification used by FASA. We expect the ACA will appeal these decisions to the Federal Court of Appeals, and by the end of 2024, the ACA had appealed two decisions. We are confident the Courts in Argentina will follow the decision of the WCO. Should the ultimate resolution of these matters differ from our 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 our financial position.

Bolivia's economy is experiencing significant challenges due to, among other things, declining gas production, rising debt, a severe shortage of U.S. dollars, and dwindling foreign reserves, which has caused high inflation. The ensuing political instability has severely hindered the government's ability to address this economic crisis. Although Bolivia represents a relatively minor portion of our business in South America, impacts arising from the Bolivian economic situation include disruption to our operations and the operations of our customers, with a resulting negative impact on our business in that region.

4.2.4 Economic Volatility

Following a period of higher inflation and rising interest rates globally, inflation has moderated, interest rates have moved lower and customer credit risk has moderated, but ongoing geopolitical conflicts provide uncertainty in the macroeconomic outlook. While mitigating strategies are in place for each of our operating regions, market uncertainty is expected to continue in 2025. The recent change in administration in the U.S. adds to the uncertainty in the global economic outlook, including with respect to the timing, scope and magnitude of potential U.S. import tariffs. If the U.S. proceeds with implementing broad-based import tariffs, which it has proposed for Canada, Mexico and China, and potentially other countries, it may increase input costs for companies, lead to higher prices and reduce

regional or global economic activity. Aggressive U.S. trade policies will likely provoke retaliatory measures from affected countries. These tariffs and retaliatory measures, particularly between the U.S. and Canada, and resulting geopolitical tension, could have a material negative impact on our business, customers and suppliers.

Many of our customers operate in industries that are cyclical in nature. As a result, customer demand for our products and services may be affected by economic conditions on both a global and local level. Changes in interest rates, inflation, economic growth, levels of taxation, legal and regulatory matters, foreign exchange, commodity prices, customer access to resources and capital, the level of government or other infrastructure spending and international trade agreements may influence capital expenditure decisions, and, ultimately, our sales. We have mitigated some of our exposure to variable business cycles and credit risk by diversifying our business across a broad range of business activities, industry sectors and geographic locations. A significant amount of our revenue is generated from parts and product support services, which are contractual and driven by customers' production and operating plans, and therefore generally more resilient than equipment sales. Despite our geographic and business diversification, an economic downturn in one or more markets or regions may adversely impact our operating results, particularly at a regional level.

In addition, a sustained downturn in performance may impact our share price. We mitigate the economic risks associated with lower business volumes at a regional level through building full cycle resilience into our operating model. This includes growing our product support business, finding ways to optimize and variabilize our cost structure through efficiency and process improvements, increasing our working capital velocity while improving customers service levels, and expanding our addressable market in more resilient segments such as used equipment and power systems. No assurances can be given that our mitigating steps will offset the impact of these economic risks.

4.2.5 Government Regulation

Our business and customers are subject to evolving law, regulation, and intervention by governments at the federal, provincial, state, and municipal levels in the countries where we and they conduct operations. As these governments continually balance competing demands from different interest groups and stakeholders, we recognize that the magnitude of regulatory risks has the potential to change over time. Although we cannot predict the future development of such laws and regulations, or their impact on future earnings and operations, changes in government policy, legislation or regulation could impact our existing and planned projects as well as impose increasing compliance costs and increase capital expenditures and operating expenses. In addition, changes to laws and regulations may impact our customers in ways that affect their demand for our products. Amendments to, or more stringent implementation of, current laws and regulations governing our operations, or the operations of our customers could have a material adverse effect on our business, operating results or financial position. In addition, noncompliance with laws and regulations could significantly damage, and require us to spend substantial amounts of money to rebuild our reputation and may negatively impact our business.

Examples of regulatory risks that could affect us include, but are not limited to, uncertain or negative interactions with governments, uncertain oil and gas or mining policies, uncertain climate change related policies, uncertain environmental, health and safety policies, expropriation or cancellation of contractual rights, currency exchange controls, limitations on repatriation of earnings, loss of licences to operate, penalties, taxes, royalties, government fees, restrictions on production, price controls, export controls, import restrictions or other restrictions or changes applicable to, among other things, equipment, services and supplies, currency remittance, foreign investment, financial reporting, environmental disclosure and other disclosure obligations, corporate governance, antitrust, customs and trade, employees, contractors, transportation, pensions, benefit plans, and the manufacture and sale of consumer products. In addition, more stringent regulations on climate change could lead customers to look for equipment and technology that reduce GHG emissions, which brings risks and also opportunities for us. We are currently subject to GHG regulations on climate change in some of the areas where we operate, are subject to climate change and sustainability related laws, including disclosure requirements in some regions where we operate (i.e. modern slavery reporting obligations in Canada and the UK), and could be impacted by more stringent laws and regulations, including additional disclosure requirements, yet to be adopted related to climate change and sustainability. Such laws and regulations, and changes to such laws and regulations, impose additional reporting obligations and costs on us, and may affect our business in other ways, including through a requirement to comply with various operating procedures and guidelines that may impact our operations or may affect our customers and the demand for our products. Additional information on our GHG emissions reduction target and climate change related risks and opportunities can be found in our Sustainability Report on our website at www.finning.com.

We have in place, in each of our business units, programs for monitoring and compliance to ensure that we meet or exceed applicable laws and regulatory requirements. In addition, our Board has established and maintains the Safety, Environment & Social Responsibility Committee (SESR), the Audit Committee and the Governance and Risk Committee to oversee, monitor, and report to the Board on compliance matters. More information about the mandates

of these committees may be found in our most recent Management Proxy Circular, which can be found on our website www.finning.com or under our profile on SEDAR+ at www.sedarplus.ca. No assurance can be given that these steps will be successful in completely mitigating these risks, including associated increased compliance and operating costs, and ensuring we meet all applicable laws and regulatory requirements.

4.2.6 Labour Relations

Many of our employees are represented by unions and we are party to a number of collective bargaining agreements worldwide, which are subject to expiration at various dates in 2025 to 2028.

While we are committed to the collective bargaining process and to concluding a fair contract for us and for our employees, the renegotiation process could result in future work stoppages or higher wages and benefits paid to unionized hourly employees. The failure to renew collective agreements with satisfactory terms and in a timely manner could have a material adverse impact on our business, results of operations, and financial condition.

4.2.7 Safety & Health

Our business activities, including but not limited to the servicing and rebuilding of equipment, warehousing, equipment rental, power generation, storage and the operation of fuel trucks, are inherently dangerous, with the potential for serious injury, loss of life and damage to property, which could result in negative financial and/or reputational impacts for us.

To mitigate these risks, we have implemented a comprehensive and standardized safety and occupational health program in all regions, which includes leadership walkthroughs, training, inspections, supervisory observations, safety standards for critical operations, safe work procedures, pre-task assessments, incident investigations, emergency preparedness, industrial hygiene assessments and other measures focused on maintaining a safe and healthy work environment. These programs are supplemented with a global audit plan focused on the implementation of critical controls for high-risk operations. To make the application of the different safety processes easier for employees and enable data analysis, some of the key processes are supported by digital tools such as electronic pre-task assessments and digital forms for hazard identification and leadership walkthroughs. No assurance can be given that these mitigating steps will eliminate these risks and hazards and the potential for negative financial and/or reputational impacts.

For more information on our safety and health practices and programs, see our Sustainability Report on our website at www.finning.com.

4.2.8 Information Systems, Disruptive Technologies and Business Process Changes

Information systems and technology enable two main categories of solutions – those that facilitate internally consumed services and improve business performance, and those that facilitate customer facing activities and drive revenue.

The integrity, reliability and availability of technology and the data processed by that technology is an integral part of our business processes, including marketing of equipment and support services, inventory and logistics optimization, business intelligence and finance. Some of these systems are integrated with Caterpillar's core processes and systems.

We continue to invest to improve business performance through our internal transactional systems and intend to upgrade or install various business process enablement and decision support systems as appropriate in the coming years. These system implementations often drive business process changes, information technology security improvements as well as technology changes.

Information systems, technology and business process changes, and related organizational change, often carry a risk of business disruption, failure to achieve expected business benefits, cost overruns and ineffective design and operation of systems of internal control over financial reporting and disclosure controls and procedures. Benefits assessment, change management, risk and impact assessments, solution validation, and strong project governance, communication and training have been identified as critical success factors in the successful implementation of new systems. Any disruptions to these systems or the failure of these systems to operate as expected, or any failure to appropriately adapt to business process changes, could adversely impact our operating results by limiting our ability to effectively monitor and control our operations.

In addition, new digital and other technologies, advances in artificial intelligence (AI), generative AI and machine learning, and advancements to equipment in the market, such as equipment electrification, and other innovations and lower-carbon solutions to manage the energy transition, can become disruptive to our operations, market share and business model. We scan continuously for emerging digital and other technologies and equipment

advancements and their potential impacts. In order to face this disruption risk, our digital and technology solutions initiatives are focused on investigating emerging digital technologies to determine how they can impact customers and our core business opportunities, improving the customer experience, and identifying and pursuing new opportunities for revenue generation in the digitally enabled value-added services area. While execution performance to date has been strong, there can be no assurance that our execution will continue to be strong, and our failure to meet these objectives could have an adverse impact on our business.

A rigorous management process is followed to manage these risks and a great deal of the business processes and systems transformation program focus is on developing capabilities to reduce and mitigate these risks, however, there is no certainty that these risks can be sufficiently reduced or mitigated.

4.2.9 Relationship with Caterpillar

The majority of our business involves the distribution and servicing of Caterpillar products. Our business is therefore highly dependent on continued market acceptance of Caterpillar's products. We believe that Caterpillar has a solid reputation as a manufacturer, with excellent brand recognition and customer support, and has high market share in many of the markets it serves. However, there can be no assurance that Caterpillar will be able to maintain its reputation and market position in the future. If Caterpillar is unsuccessful in developing and enhancing its product lines to meet evolving customer needs, including for no/lower carbon alternatives and alternative fuel sources to support customer energy transition and net zero goals and targets, is unable to maintain the quality of its products, or is unable to provide its products at competitive prices, market acceptance for Caterpillar products may deteriorate over time. Any resulting decrease in the demand for Caterpillar products could have a material adverse impact on our business, results of operations and future prospects.

We are also dependent on Caterpillar for the timely supply of parts and equipment to fulfill our deliveries to customers and meet the requirements of our service maintenance contracts. In instances where Caterpillar reduces its production capacity or during periods of strong demand or if for any other reason supply is constrained, Caterpillar may find it necessary to allocate its supply of some products among its dealers. Such allocations of supply have not, in the past, proven to be a significant impediment to us in conducting our business. When supply constraints have occurred in the past, we have been successful in utilizing our rental assets, used equipment, remanufacturing and rebuild capabilities, and other sources (such as the dealer network) to meet demand, but there can be no assurance of continued success in this area. While supply constraints continued to improve in 2024, we continue to experience extended lead times for certain products, such as large engines and large generators. We continue to monitor these issues as they could adversely affect our business, results of operations, and financial condition.

Our product supply could also be disrupted by labour disputes or strike action at Caterpillar. Caterpillar may also choose to discontinue a product line that is profitable for us. Prolonged delays or discontinued product supply may adversely affect our business, results of operations and financial condition. Historically, this has not been an issue for us.

We rely on Caterpillar to supply financing to our customers. In periods of global credit market disruption, Caterpillar may tighten sources or terms of financing for our customers. In those periods, our customers may have limited access to financing from Caterpillar or alternate sources such as financial institutions. Disruption in Caterpillar's or our customers' access to liquidity could have a material adverse impact on our business, results of operations and financial condition.

We have a long-standing relationship with Caterpillar that dates back to 1933, when we were awarded our first dealer territory in Canada. Since 1933, and as part of our strategic plan, we have continued to develop our relationship with Caterpillar, expanding our dealer territories in Canada, the UK, Ireland and South America.

We enjoy a strong relationship with Caterpillar, which we believe will continue into the future. However, as is customary in dealership arrangements of this type, the sales and service agreements with Caterpillar are terminable by either party upon 90 days' notice in most regions, and upon six months' notice in the UK and Ireland. If Caterpillar terminates an agreement, it must repurchase substantially all inventories of new equipment and parts from us at cost. Caterpillar may also, from time to time, change various elements of the dealership operating model or its dealer operating practices. Termination of any such agreement or a change to the business model or its dealer operating practices could have a material adverse impact on our business, operational results, and future prospects.

4.2.10 Key Personnel

Our success in achieving our strategic goals is largely dependent on the abilities and experience of our senior management team and other key personnel. Our future performance will also depend on our ongoing ability to attract, develop, train, motivate and retain highly qualified talent in all areas of our business. Competition for highly skilled

management, sales and technical personnel is intense, particularly in certain geographic areas where we operate. To help mitigate this risk, we have implemented various human resources initiatives, including training and career development programs (see section 3.5, Employee Development, in this AIF for more on our employee development activities), succession plans, employee pulse surveys and other active listening actions, employee experience surveys every other year, performance management systems, compensation programs and recruiting strategies.

Although we actively manage our human resource risks, there can be no assurance we will be successful in our efforts. The loss of certain key employees, or failure to attract, develop, train, retain and engage talent as needed, may have an adverse impact on our business, results of operations and future prospects.

4.2.11 Competition

We compete with a large number of equipment vendors worldwide that sell equipment manufactured by companies other than Caterpillar. Although price competition between us and other equipment vendors can be intense, there are a number of factors that have enhanced our ability to compete throughout our market areas, including: the range and quality of Caterpillar products; the range and quality of our services and digital performance solutions we offer; our ability to meet sophisticated customer requirements; our effective and efficient distribution capabilities; our sales and service locations; and our proximity to our customers.

We may encounter increased competition in the future through new entrants in the market and the expansion of e-commerce channels for parts and equipment sales, which may put pressure on prices. We may also encounter competition through the introduction of digitally enabled or digitally enhanced value-added services from third parties, including potential new non-traditional entrants into the market. In addition, pressure on prices may occur as a result of increased data in the marketplace, increasing price transparency and customers' pursuit of value-added services, which would put commoditization pressure on equipment, parts and service sales.

Further, foreign currency movements could provide relative pricing advantages to competitors who transact their business in different currencies than us.

Increased competitive pressures for these or other reasons, or our inability to maintain the factors which have enhanced our competitive position to date or develop effective responses to new competitive pressures, could adversely affect our business, results of operations and financial condition.

4.2.12 Climate Change

We recognize that climate change is a serious global challenge. Governance of all aspects related to our GHG emissions and climate change is held by the SESR Committee of our Board, which reports to the Board, and the Finning Leadership Team, which is comprised of the Chief Executive Officer, Chief Financial Officer, Presidents of the three regions where we operate and the Executive Vice President, Chief Development Officer. Climate-related risks are identified, assessed and managed through our enterprise risk management processes and are updated and reviewed quarterly. Our Director of Global Sustainability, with the support of our global sustainability committee, coordinates and oversees the development and implementation of the global sustainability strategy that is established by the Finning Leadership Team. See Section 3.12 (Sustainability) of this AIF for more information about our global sustainability committee and its composition.

In 2024, we continued monitoring climate related risks in alignment with the TCFD, which is now incorporated into the IFRS' climate reporting standard known as the IFRS S2 Climate-related Disclosures. Our principal climate-related risks are categorized into risks related to the transition to a lower carbon economy (transition risks) and physical risks resulting from climate change (physical risks). Our climate related risks are described in the table below and were identified using an assessment process using internationally recognized climate data and models, as well as internal stakeholder input.

<u>Area</u>	<u>Title</u>	<u>Details</u>	<u>Timeline</u>
Transition Risks	Climate Policies Impacting License to Operate	Climate-related government policies in the countries where we operate may influence market dynamics applicable to the products and services we provide.	Short and Medium term
	Stakeholder Pressure to Reduce Emissions	As more industries commence decarbonization efforts, demand may increase for vehicle electrification and other measures to reduce emissions and vehicle usage.	Medium term

	Increased Operating Costs	Carbon pricing and climate policies impact the cost of goods and energy, increasing our operating costs.	Medium term
Physical Risks	Acute Climate Events	Climate events such as forest fires and extreme weather (wind, rain, snow, dust) may impact our operations and the operations of our customers.	Short and Medium term
	Increasing Climate Stressors in South America	Water stress/drought may put operational stress on our operations, especially the operations of our mining customers in South America.	Short term
	Employee Health and Safety	Increasing temperatures and increasing acute events may present risks to employee health and safety.	Medium and Long term

These climate-related risks, and others not yet identified by us, may negatively impact us from a business, financial and reputational perspective.

4.2.13 Growth Initiatives / Integration of Acquisitions / Strategy Execution

As part of our long-term corporate strategy, we are focused on three key growth priorities: drive product support, full-cycle resilience, and sustainable growth. Our growth initiatives seek to capture an even greater share of product support across the full asset life cycle, deliver more reliable and consistent earnings through all market conditions, and achieve sustainable growth by targeting growing addressable markets in used equipment, rental markets and power generation. No assurance can be given that we will successfully execute on our strategic initiatives, grow our market share, or achieve sustainable growth.

From time to time, we also consider strategic acquisitions. Our ability to successfully grow our business through acquisitions is dependent on a number of factors including, but not limited to: identification of value creating acquisition opportunities; negotiation of purchase or investment agreements on satisfactory terms and at satisfactory prices; prior approval of certain acquisitions by Caterpillar or other parties, including approval of regulatory authorities; the ability to secure attractive financing arrangements; and the ability to successfully integrate newly acquired operations into the existing business. There can be no assurance that we will be able to identify such business or acquisition opportunities, negotiate satisfactory purchase or investment terms and prices, obtain necessary approvals or secure financing on acceptable terms. Although we make every effort to successfully integrate new operations, there can be no assurance that we will fully realize the anticipated revenues, synergies, or other intended benefits associated with any acquisitions we do make.

Further, any significant expansion of our business may increase our operating complexity and divert management attention away from regular business activities. Any failure to manage our growth strategy successfully could have a material adverse impact on our business, results of operations, and financial condition.

We also have strategic initiatives underway, designed to improve our market competitiveness and our operational and financial performance. These initiatives include continuing to focus on meeting or exceeding customer expectations, digitizing our systems and processes to reduce our cost-to-serve, and continuously sustaining or improving employee engagement. Failure to effectively execute on these initiatives may result in the inability to obtain desired business results and could adversely affect our business, results of operations and financial condition. We have adopted and implemented a project management process to manage risks associated with the complexity of the initiatives underway, but no assurances can be given that this process will effectively manage these risks.

4.2.14 Long-term Product Support Contracts and Complex Power and Energy Systems

We enter into various long-term product support contracts with customers. Under some of these contracts, we agree to maintain certain fleets of customer equipment at negotiated performance levels. These contracts vary in length, often ranging up to five or more years. The contracts are generally either at a fixed price over the term or can vary depending on equipment utilization. Contracts have additional provisions for inflationary or currency adjustments.

We have controls in place to ensure contracts are bid appropriately, but due to the nature of these contracts, there is a risk that cost overruns may be incurred. If we miscalculate the extent of work required, the products do not perform as expected, or if actual parts and service costs increase beyond the agreed adjustments, contract profitability may be adversely affected. All long-term product support contracts include an escalation clause to cover inflationary increases where appropriate. We closely monitor these contracts for early warning signs of cost overruns, however, there can be no assurance that cost overruns will be avoided.

Preventative measures such as condition monitoring and scheduled fluid sampling help identify problems in equipment subject to long-term maintenance contracts early on and help reduce the risk of costly repair work. There is no assurance that such measures will always address such risks. Our failure to effectively price and manage these contracts could have a material adverse impact on our business, results of operations and financial position.

We also enter into complex power and energy systems contracts with some of our customers, which are engineered solutions involving the design, installation and assembly of power and energy systems. The length of these contracts varies but typically they have a term of under three years. The contracts are generally at a fixed price over the term and in some cases provide for penalties payable by us if contractual milestones or product performance are not met.

We have developed processes and have controls in place to ensure contracts are bid appropriately, but due to the nature and complexity of these contracts, there is a risk that significant cost overruns may be incurred. If we miscalculate the extent of work required, or if our estimated costs are not achievable within the context of the live project site, contract profitability may be adversely affected. We closely monitor these contracts for early warning signs of cost overruns and take proactive mitigation actions where necessary, however, there can be no assurance that cost overruns will be avoided.

4.2.15 Defined Benefit Pension Plans

Although our current pension arrangements in Canada and in the UK and Ireland are defined contribution plans, we still have closed defined benefit (DB) pension plans covering certain legacy employee groups in the UK and Canada. Our South American employees do not participate in a defined benefit pension plan.

In the UK, the DB pension plan invested most of its assets in an annuity contract in 2024 to mitigate demographic, investment, interest rate and inflation risks. The annuity is an asset of the UK DB pension plan which provides cashflows that match the timing and amount of retiree benefit payments based on the amounts insured. Even with the annuity contract in place, there is no change to Finning's responsibility and commitment to the UK DB pension plan members. In Canada, we are responsible for funding our Canadian DB pension plans to ensure plan assets will meet accrued benefit obligations in the future. Our funding requirements are dependent upon many factors, including the rate of return earned on plan assets, the discount rate used to calculate accrued benefit obligations, and other actuarial assumptions and experiences. Changes in any of these factors may cause pension contributions and related pension expense to fluctuate. These risks are managed by selecting investments that aim to match assets and liabilities of the DB plans. In Canada, a significant proportion of the DB pension liabilities were settled via 'buy-out' annuity purchases between 2019 and 2020. To manage and mitigate the risk of the remaining liabilities, the Canadian DB plans may invest in various asset categories, including equities, fixed-income investments, and certain diversifying assets such as infrastructure. These investments, in aggregate, are expected to provide sufficient returns in the long-term but may experience some volatility in the short-term. A framework has been developed and adopted to adjust the investments over time as plan funding positions change. The planned adjustments are intended to improve the asset-liability match over time. Our Board, through its Audit Committee, oversees our pension plans. This oversight includes the responsibility to review policies and strategies developed by management. Management believes that we have the financial capacity to fully fund our accrued benefit obligations as necessary under our DB pension plans, but no assurance can be given that this will actually be the case or that our Board's oversight function will ensure that this will be the case. For further disclosure on key risks related to our DB pension plans, refer to our most recent annual consolidated financial statements available under our profile on SEDAR+ at www.sedarplus.ca.

4.2.16 Scope of Insurance Coverage

We maintain a program of insurance coverage that is ordinarily maintained by similar businesses, including property insurance and general liability insurance. Although the limits and deductibles of such insurance have been established through risk analysis and the recommendation of professional advisors, there can be no assurance that such insurance will remain available to us at commercially reasonable rates or that the amount of such coverage will be adequate to cover all liability or loss incurred by us. If we suffer claims or losses in excess of the limits of our insurance coverage or outside the scope of that coverage, our business, results of operations and financial condition could be adversely affected.

4.2.17 Repurchase Commitments and Guarantees

In certain circumstances we enter 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. The right of return is dependent upon a number of factors, including the condition of the equipment. The likelihood of the repurchase commitments being exercised and quantification of the

possible loss, if any, on resale of the equipment are assessed at the inception of the contract and at each reporting period thereafter.

In some circumstances we issue guarantees for certain equipment sold to third parties to guarantee their residual values. The guarantees would be enforceable if the market value of equipment at the time of its ultimate disposal is below the residual value guarantee issued by us.

These repurchase commitments and guarantees require significant assumptions, including estimating future fair value and residual values of equipment. These are assessed based on experience and take into account expected future market conditions and projected disposal values. Although we believe we have been successful in estimating equipment values to date, there can be no assurance that we will not incur a loss on such arrangements in the future. For repurchase commitments, our experience to date has been that the equipment at the exercise date of the contract is generally worth more than the repurchase amount. To mitigate this risk, all guarantees are reviewed on a quarterly basis and, where deemed necessary, a provision is made at that time to record a potential loss. No assurance can be given that the steps we take to mitigate these risks will be sufficient to avoid loss with the resulting adverse affect on our financial results.

4.2.18 Future Warranty Claims

We provide standard and extended warranties for most of the equipment, parts and services supplied to customers. In many cases, the warranty claim risk is shared jointly with the equipment manufacturer. Accordingly, our liability is generally limited to the service component of the warranty claim, while the manufacturer is responsible for providing the required parts. There is a risk that product quality erosion or lack of skilled labor could increase warranty claims in the future, or that future warranty claims may be greater than we anticipate. If our liability in respect of such claims is greater than anticipated, it may have a material adverse impact on our business, results of operations and financial condition. To mitigate this risk, we review every warranty offering by product at least annually to assess the experience with the product and endeavour to adequately manage the costs to service the product over its warranty period. Insurance may at times be obtained on equipment to further mitigate any warranty exposure. Additionally, we work closely with Caterpillar on all product quality issues and have extensive product improvement, product support and pre-delivery inspection programs in place. No assurance can be given that these steps will fully mitigate these risks.

5. DIVIDENDS

We have a practice of paying quarterly dividends on our common shares. The declaration and payment of future dividends is subject to the discretion of our Board and will be dependent on our results of operations, financial condition, cash requirements, future outlook and other factors deemed relevant by our Board. The past practice of declaring dividends is no guarantee that we will continue to declare dividends at the same or different rates (higher or lower) or at all in the future.

Dividends paid on common shares were \$151 million or \$1.075 per share in 2024, compared to \$146 million or \$0.986 per share in 2023. In May 2024, we increased our dividend rate by 10% from \$0.250 to \$0.275 per share per quarter. We have declared and paid the following dividends in 2024, 2023 and 2022. Except as prescribed by law, we are not subject to any restriction with respect to our ability to declare or pay dividends.

Dividends Paid (\$ per common share)					
	Year (Total)	Q1	Q2	Q3	Q4
2024	1.075	0.250	0.275	0.275	0.275
2023	0.986	0.236	0.250	0.250	0.250
2022	0.933	0.225	0.236	0.236	0.236

6. DESCRIPTION OF CAPITAL STRUCTURE

Our authorized share capital consists of:

- Unlimited number of common shares. As of February 5, 2025, there were 135,508,823 common shares issued and outstanding.
- Unlimited number of preferred shares without par value, of which 4,400,000 are designated as cumulative redeemable convertible preferred shares. As of February 5, 2025, there were no preferred shares outstanding.

Common Shares

Shareholders are entitled to one vote for each common share held at all meetings of shareholders, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. Holders of common shares are entitled to receive any dividend declared in respect of the common shares, subject to the rights of the holders of other classes of shares ranking in priority to the common shares. Holders of common shares will be entitled to receive, subject to the rights of the holders of other classes of shares, the remaining property and assets of Finning available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of Finning, whether voluntary or involuntary. The common shares are not subject to redemption or retraction rights, rights regarding purchase for cancellation or surrender, or any exchange or conversion rights.

Preferred Shares

The preferred shares are issuable in series, with such rights, privileges, restrictions and conditions as may be determined by our Board, including as to the rate or amount of dividends or method of calculating dividends, the dates of payment of dividends, the terms and conditions of redemption, purchase and conversion, if any, or other rights, privileges, restrictions or conditions. Preferred shares of all series have preference over common shares and any other shares ranking junior to the preferred shares with respect to payment of dividends and distribution of the assets of Finning on liquidation, dissolution or winding-up of Finning, whether voluntary or involuntary. Preferred shares of any series may also be given such other preferences over the common shares as may be determined by our Board. Holders of preferred shares are not entitled to notice of or to vote at meetings of shareholders (except where holders of a specified class or series are entitled to a separate vote or in certain other specified cases).

Shareholder Rights Plan

We have no shareholder rights plan currently in place. Our dealership agreements with subsidiaries of Caterpillar are fundamental to our business and a change in control of Finning may result in Caterpillar exercising its right to terminate those dealership agreements.

7. CREDIT RATINGS

The current credit ratings⁽¹⁾ on our securities are as follows:

	DBRS ⁽²⁾	S&P ⁽³⁾
Short-Term Debt.....	R-2 (high)	N/A
Long-Term Debt/Senior Unsecured Debentures and Notes.....	BBB (high)	BBB+

Notes:

- (1) A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.
- (2) DBRS maintains a stable outlook on the above securities.
- (3) S&P maintains a stable outlook on the above securities.

During the last two years, we have paid each of the rating agencies customary fees in connection with the provision of the above ratings for our outstanding long-term and short-term debt securities. We expect that such payments will continue to be made for rating services in the future.

7.1 Long-Term Debt Credit Ratings

In April 2024, DBRS affirmed our long-term rating at BBB (high) with a stable trend. The BBB (high) rating is the highest grade or standing within the BBB category of the DBRS rating scale. The BBB (high) category is the 4th highest of ten categories within the DBRS rating scale and reflects long-term debt that is of adequate credit quality. According to DBRS's rating scale, a BBB (high) rating means the capacity for the payment of financial obligations is considered acceptable but may be vulnerable to future events.

In May 2024, S&P affirmed the BBB+ rating with a stable outlook. The BBB+ rating is the highest grade or standing within the BBB category of the S&P rating scale. The BBB+ category is the 4th highest of ten categories within the S&P rating scale and represents adequate capacity to meet financial commitments subject to adverse economic conditions.

7.2 Short-Term Debt Credit Ratings

In April 2024, DBRS affirmed our short-term rating at R-2 (high) with a stable trend. The R-2 (high) rating is the 4th highest of ten categories within the DBRS short-term debt rating scale and represents short-term debt that is considered to be at the upper end of adequate credit quality. According to DBRS's rating scale, an R-2 (high) rating

means the capacity for the payment of short-term financial obligations as they fall due is considered acceptable but may be vulnerable to future events.

8. MARKET FOR OUR SECURITIES

Our common shares are listed on the Toronto Stock Exchange under the symbol FTT. The following table sets forth the price range and trading volumes of the common shares traded on the Toronto Stock Exchange during 2024.

Month	High \$	Low \$	Volume
January	40.68	37.10	4,408,256
February	40.44	34.28	9,357,090
March	40.16	34.90	8,758,853
April	43.93	39.36	7,654,213
May	44.35	40.27	9,302,930
June	41.85	38.62	6,734,194
July	41.50	38.78	7,435,149
August	40.83	35.33	7,187,763
September	44.40	36.67	6,462,000
October	45.17	40.35	6,009,559
November	42.58	36.25	10,443,347
December	40.47	36.16	9,620,658

9. DIRECTORS AND OFFICERS

9.1 Our Board of Directors

The name, municipality of residence and principal occupation during the past five years of each of our directors as of the date of this AIF are as follows:

Name and Municipality of Residence	Principal Occupation During the Past Five Years	Year First Became Director ⁶
James E.C. Carter ⁵ Edmonton, AB, Canada	Corporate Director	2007
Mary Lou Kelley ^{2, 3} South Bend, IN, USA	Corporate Director Advisor to Senior Leadership & Board of Directors of Falabella Retail, 2017-2019	2018
Andrés Kuhlmann ^{1, 3 (chair)} Santiago, Chile	Corporate Director Chief Executive Officer, Transelec SA, Network Infrastructure, 2007 – 2022	2019
Harold N. Kvisle ^{2, 4} Calgary, AB, Canada	Corporate Director	2017
Stuart L. Levenick ^{1, 4} Naples, FL, USA	Corporate Director	2016
Kevin Parkes ³ Edmonton, AB, Canada	President and Chief Executive Officer, Finning International Inc., since November 2022 Executive Vice President & Chief Operating Officer, Finning International Inc., April 2022 – November 2022 President, Finning (Canada), 2019 – April 2022	2022
Michael C. Putnam ^{1, 3} Oxford, England	Corporate Director Specialist Advisor, Department for Transport (UK), 2020 - 2023	2024

Name and Municipality of Residence	Principal Occupation During the Past Five Years	Year First Became Director ⁶
John R. Rhind ^{2,3} Calgary, AB, Canada	President and Chief Executive Officer, Rhind Management Limited, a management consulting firm serving the Canadian oil and gas industry, since 2015 Chair, Energy Safety Canada, 2019 – 2022 Chief Executive Officer, Energy Safety Canada, 2017 – 2019	2024
Charles F. Ruigrok ^{2 (chair), 4, 7} Calgary, AB, Canada	Corporate Director Interim Chief Executive Officer, ENMAX Corporation, October 2021 – September 2022	2023
Edward R. Seraphim ^{1 (chair), 3} North Vancouver, BC, Canada	Corporate Director President and Chief Executive Officer, West Fraser Timber Company Limited, 2012 – 2019	2019
Manjit K. Sharma ^{1, 4} Toronto, ON, Canada	Corporate Director Interim Chief Financial Officer, WSP Canada Inc., 2020 – 2021 Chief Financial Officer, General Electric Canada, 2016 – 2019	2022
Nancy G. Tower ^{2, 4 (chair)} Halifax, NS, Canada	Corporate Director President and Chief Executive Officer, Tampa Electric Company, Florida, 2017 – 2021	2022

- 1 Member, Audit Committee.
- 2 Member, Human Resources Committee.
- 3 Member, Safety, Environment & Social Responsibility Committee.
- 4 Member, Governance and Risk Committee.
- 5 Chairman of the Board. Mr. Carter also attends various Board committee meetings in his capacity as Board Chair.
- 6 Our directors are elected each year at the annual meeting of shareholders and hold office until the close of the next annual meeting or until their successors are elected or appointed.
- 7 Mr. Ruigrok will succeed Mr. Carter as Chairman of the Board effective May 13, 2025.

We currently have four committees of the Board: the Audit Committee, the Human Resources Committee, the Safety, Environment & Social Responsibility Committee, and the Governance and Risk Committee. The members of each committee are indicated by footnote in the table above.

9.2 Our Executive Officers

The name, municipality of residence and principal occupation during the past five years of each of our executive officers as of the date of this AIF are as follows:

Officer's Name and Municipality of Residence	Principal Occupation During the Past Five Years
Juan Pablo Amar Santiago, Chile	President, Finning South America, since 2020 Senior Vice President Operations (Finning Chile and Bolivia), 2017 – 2019
Tim Ferwerda Edmonton, AB, Canada	President, Finning (Canada), since January 2025 Managing Director, Finning (UK) Ltd., August 2021 – December 2024 Director – Sales, Marketing & Distribution, Finning (UK) Ltd., 2017 – 2021
Gary Megarrell Craigavon, UK	Managing Director – Finning (UK) Ltd., since January 2025 Director, Construction Industries, Finning (UK) Ltd., November 2023 – December 2024 Director, Energy & Transportation (Power Systems), Finning (UK) Ltd., January 2020 – November 2023

Officer's Name and Municipality of Residence	Principal Occupation During the Past Five Years
Greg Palaschuk North Vancouver, BC, Canada	Executive Vice President and Chief Financial Officer, Finning International Inc., since March 2020 Senior Vice President, Commercial and Financial Performance Management, Finning (Canada), 2018 – 2020
Kevin Parkes Edmonton, AB, Canada	President and Chief Executive Officer, Finning International Inc., since November 2022 Executive Vice President & Chief Operating Officer, Finning International Inc., April 2022 – November 2022 President, Finning (Canada), January 2019 – April 2022
David Primrose Abbotsford, BC, Canada	Executive Vice President and Chief Development Officer, Finning International Inc., since January 2025 President, Finning (Canada), April 2022 – December 2024 Interim President, Finning (Canada), November 2021 – April 2022 Interim Chief Human Resources Officer, Finning International Inc., August 2021 – November 2021 Managing Director, Finning (UK) Ltd., 2018 – 2021

9.3 Shareholdings of Directors and Officers

As of February 5, 2025, our directors and officers as a group beneficially owned, directly or indirectly, or exercised control or direction over 240,061 common shares, representing approximately 0.18% of the outstanding common shares.

9.4 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To our knowledge, none of our directors or executive officers and, for (b), (c) and (d) below, no security holder holding a sufficient number of securities to materially affect the control of Finning:

- (a) is, at the date hereof or has been, within the 10 years before, a director, chief executive officer or chief financial officer of any company (including Finning), that while that person was acting in that capacity:
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for more than 30 consecutive days, or
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for more than 30 consecutive days,
- (b) is, as at the date hereof or has been, within the 10 years before, a director or executive officer of any company (including Finning), that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor in making an investment decision.

10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To our knowledge, none of our directors or executive officers, nor any person or company that beneficially owns, controls, directs, directly or indirectly, more than 10% of our common shares, nor any associate or affiliate of any of the foregoing persons, has or had a material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect us.

11. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common shares is Computershare Investor Services Inc. which has offices in Montreal, Toronto, Calgary and Vancouver.

12. MATERIAL CONTRACTS

The following sets out a list of all of our material contracts entered into either: (a) within the last financial year; or (b) subsequent to the last financial year and filed as a material contract up to the date of the AIF; or (c) before the last financial year but still in effect, other than (in either case) those contracts entered into before January 1, 2002:

- Unsecured committed credit facility agreement in the amount of \$300 million dated September 26, 2024, with Royal Bank of Canada as Administrative Agent and those institutions from time-to-time party to the agreement as lenders. This facility amended our previous \$300 million credit facility which was set to fully mature on October 6, 2024, by among other things, incorporating Canadian Overnight Repo Rate Average language and extending the maturity date to October 6, 2025.
- Unsecured committed credit facility agreement dated June 28, 2024, with Finning and our subsidiaries from time-to-time party to the facility as borrowers, Royal Bank of Canada as Administrative Agent, RBC Europe Limited as European Agent and those institutions from time-to-time party to the agreement as lenders. This facility amended our previous \$1.3 billion credit facility which was set to fully mature on September 21, 2026, by, among other things, incorporating Canadian Overnight Repo Rate Average language, updating our sustainability linked targets and extending the maturity date to June 28, 2029. This credit facility is the main source of financing for all our global operations.
- A trust indenture dated as of August 14, 2019, with Computershare Trust Company of Canada pursuant to which we issued \$425 million principal amount of 4.778% senior unsecured notes due February 13, 2029, \$350 million principal amount of 4.445% senior unsecured notes due May 16, 2028 and \$200 million principal amount of 2.626% senior unsecured notes due August 14, 2026.
- Indenture (Indenture) dated March 22, 1994, with Computershare Trust Company of Canada and a supplemental indenture (Supplemental Indenture) dated May 22, 2012, with Computershare Trust Company of Canada. The Indenture and the Supplemental Indenture relate to our \$150 million 5.077% medium term notes due June 13, 2042. The terms of these agreements were fully described in our final short form prospectus dated May 22, 2012 and pricing supplement No. 1 dated May 13, 2012.
- Note purchase agreement dated as of April 3, 2012, with various note purchasers pursuant to which we issued U.S. \$200 million principal amount of 4.53% Series E senior notes due April 3, 2027.

13. INTERESTS OF EXPERTS

Deloitte LLP is our auditor and is independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

14. AUDIT COMMITTEE

The Terms of Reference for the Audit Committee (attached as Appendix A to this AIF) require that the Audit Committee be comprised of at least three directors, all of whom must be independent. The current members of the Committee are Edward R. Seraphim (Chair), Andrés Kuhlmann, Stuart L. Levenick, Michael C. Putnam and Manjit K. Sharma. In addition, our Board Chair, James E.C. Carter, attends meetings of the Audit Committee. All Committee members are required to be independent and financially literate (as such terms are defined in National Instrument 52-110 – *Audit Committees*) and at least one member is required to have accounting or related financial management expertise. All our Audit Committee members are independent and financially literate. Edward R. Seraphim and Manjit K. Sharma are the designated “financial expert” members of the Audit Committee.

In addition to each member's general business experience, the education and experience of each member of the Audit Committee that is relevant to the performance of their responsibilities as a member of the Audit Committee is set forth below.

Edward R. Seraphim is a Corporate Director. From 2013 until his retirement in 2019, Mr. Seraphim was Chief Executive Officer and a director of West Fraser Timber Company Limited. Mr. Seraphim held the role of President from 2012 to 2018 and held previous positions as Chief Operating Officer and Vice President, Pulp & Paper. Prior to joining West Fraser, he worked for Fletcher Challenge Canada from 1985 to 1997. Mr. Seraphim has over 30 years of operations, marketing and sales experience in the forest products industry. Mr. Seraphim is a former Chairman of the Council of Forest Industries and a former board member of the Softwood Lumber Board, British Columbia Lumber Trade Council and Forest Products Association of Canada.

Mr. Seraphim holds a Bachelor of Commerce degree from the University of British Columbia and is a Chartered Accountant.

Andrés Kuhlmann is a Corporate Director. Mr. Kuhlmann has served as the Board Chair of Clínica Alemana in Santiago, Chile since 2022 and as a member of the Board of Directors of Colbún S.A., one of the main electricity generation utility companies in Chile, since 2024. Mr. Kuhlmann was Chief Executive Officer of Transelec SA, a leading power transmission company in Chile, from 2007 to 2022. Prior to Transelec, he was the Chief Executive Officer of Siemens in Chile from 2001 to 2007. He also served as the Chief Executive Officer of Electroandina South America from 1997 to 2001 and was the Operations Vice President at Enel Generación Perú S.A.A., formerly Edegel, a private electric power generation company in Peru, from 1995-1996.

Mr. Kuhlmann is a graduate in civil and industrial engineering from the Pontifical Catholic University of Chile.

Stuart L. Levenick is a Corporate Director. Mr. Levenick retired from Caterpillar in 2015 after 37 years, including 10 years as Group President. His most recent responsibility included leadership of customer and dealer support for Caterpillar. Other responsibilities during his tenure as Group President included management of businesses spanning marketing, manufacturing operations, engineering, supply chain, procurement and human resources. Prior to assuming the Group President position in 2004, Mr. Levenick served as Vice President, Caterpillar Inc., and Chairman of Shin Caterpillar Mitsubishi Ltd. from 2000 to 2004, and as Vice President, Asia Pacific Division, from 2001 to 2004. Prior to 2000, he held various senior positions with Caterpillar in North America, Asia and Europe. Previously, he held positions as Chairman of the Association of Equipment Manufacturers, Executive Director of the United States Chamber of Commerce, Director of the U.S./China Business Council and the U.S./Russia Business Council. Currently, Mr. Levenick is the lead director of Entergy Corporation, the lead director of W.W. Grainger Inc. and a director of the University of Illinois Foundation.

Mr. Levenick graduated from the University of Illinois with a Bachelor of Science degree in Forestry and is a Sloan Fellow with a Master of Science degree in management from the Massachusetts Institute of Technology.

Michael C. Putnam is a Corporate Director. Mr. Putnam spent his executive career across the full spectrum of construction and underground foundations, tunnelling and mining. Most recently, he served as President and Chief Executive Officer of Skanska UK PLC (Skanska), a leading project development and construction group active in Europe and the United States, from 2009 to 2017, having held various board and non-executive positions prior to that during his 22 years with Skanska. Following his retirement from Skanska in 2017, Mr. Putnam moved into a portfolio non-executive career and currently serves as Vice Chair of the Supervisory Board of Arcadis NV, a global design, engineering and management consulting company based in Amsterdam, the Senior Independent Director and Acting Chair of Network Rail, an infrastructure delivery company owned by the UK Government (including as a director of Transpennine Route Upgrade rail infrastructure Programme Board) and non-executive director of Bazalgette Tunnel Limited (Thames Tideway Tunnel), an infrastructure program in London, UK. He also acted as a specialist advisor to the Acceleration Unit of the Department for Transport (UK) from 2020 to 2023 and the UK House of Lords Science and Technology Committee in 2018.

Mr. Putnam holds a Bachelor of Science Honours in Civil Engineering from the University of Surrey. He is a Chartered Engineer, a Fellow of the Institution of Civil Engineers and a Fellow of the Royal Institute of Chartered Surveyors in the UK.

Manjit K. Sharma is a Corporate Director. Ms. Sharma served most recently as Interim Chief Financial Officer of WSP Canada Inc., a leading professional services consulting firm, from 2020 to 2021. Prior to WSP Canada, she was on the National Executive Team of General Electric Canada (GE Canada), serving as Chief Financial Officer from 2016 to 2019. From 1999 to 2016, she held various senior positions with GE Canada, with responsibilities that spanned strategic planning and analysis, mergers and acquisitions, tax oversight, risk, governance, and diversity and inclusion. Ms. Sharma currently serves as a board member of each of Vermilion Energy Inc., TransAlta Corporation and Export Development Canada.

Ms. Sharma holds a Bachelor of Commerce degree (with Honours) from the University of Toronto, is a Fellow Chartered Accountant and holds the ICD.D Directors designation and the GCB.D Global Competent Board designation. In 2019, Ms. Sharma was recognized as one of Canada's Top 100 Most Powerful Women by the Women's Executive Network.

The Audit Committee assists our Board in fulfilling its oversight responsibility to the shareholders with respect to our: (a) financial statements; (b) financial reporting process; (c) systems of internal control over financial reporting and disclosure controls and procedures; (d) internal audit function; (e) external audit function; (f) financial arrangements and liquidity; (g) financial risk identification, assessment and management program; (h) insurance; and (i) pension plans. It is the responsibility of the Audit Committee to maintain an open avenue of communication with the external auditor, the internal auditor and management. In performing its role, the Audit Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of the Company. It is also empowered to retain outside counsel or other experts as required.

The Audit Committee met four times in 2024 in conjunction with regularly scheduled Board meetings.

14.1 Audit Fees

The fees we paid or accrued for audit and other services provided by Deloitte LLP, our external auditor, during 2024 and 2023 were as follows:

Type of Service	2024 ⁽⁵⁾	2023 ⁽⁵⁾
Audit Fees ⁽¹⁾	\$4,177,957	\$3,994,654
Audit-Related Fees ⁽²⁾	\$116,768	\$135,316
Tax Fees ⁽³⁾	\$40,660	-
All Other Fees ⁽⁴⁾	<u>\$73,830</u>	<u>\$134,833</u>
Total:	<u>\$4,409,215</u>	<u>\$4,264,803</u>

Notes:

- (1) Audit fees generally relate to fees charged for the annual audit, interim reviews, administrative charges and other services related to the performance of the annual audit of our financial statements.
- (2) Audit related fees generally relate to fees charged for assurance and related services. The 2024 and 2023 fees relate to audits of the Company's pension plans and due diligence in connection with a debt offering.
- (3) The 2024 fee relates to tax advisory services in relation to share-based payment compensation.
- (4) All other fees generally relate to fees charged for any non-audit related or non-tax services. The 2024 and 2023 fees relate to assurance over GHG emissions. The 2023 fees also relate to performance of certain agreed-upon procedures in testing of internal control over financial reporting and disclosure controls and procedures for the annual CEO/CFO certification for 2022 (billed in 2023).
- (5) Amounts were billed in various currencies and converted to Canadian dollars using the exchange rates in existence at the time of billing.

14.2 Pre-Approval Policies and Procedures

The Audit Committee has adopted a formal policy requiring the pre-approval of non-audit services to be provided by our external auditor, Deloitte LLP, prior to the commencement of the engagement. On an annual basis, the Audit Committee pre-approves non-audit and tax related services, if any, to be provided by our external auditor. Between regularly scheduled Audit Committee meetings, the Audit Committee has delegated to the Chair of the Audit Committee the authority to approve individual non-audit service engagements up to a value of \$100,000 per quarter that have not been pre-approved. All engagements where such approval was granted are reported at the next Audit Committee meeting. Under no circumstances will our management engage the external auditor to perform services that have not been approved by the Audit Committee. Management and the external auditor are required to report quarterly to the Audit Committee all audit, audit-related, tax, and other non-audit services provided in the quarter by the external auditor, together with the actual fees incurred, for the Audit Committee's review and, if required under the policy, approval.

The Audit Committee determined that the provision of the audit-related, tax and other services described above did not compromise the independence of Deloitte LLP for purposes of performing audit services for us.

15. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities, and securities authorized for issuance under equity compensation plans, is contained in our Management Proxy Circular for our most recent annual meeting of shareholders, a copy of which may be obtained upon request to our Corporate Secretary. Additional financial information is provided in our annual consolidated financial statements for the year ended December 31, 2024, and the accompanying MD&A.

Copies of documents noted above and other disclosure documents may also be examined and/or obtained by accessing our website at www.finning.com or by accessing our profile on SEDAR+ at www.sedarplus.ca.

Finning International Inc.

Appendix A - Audit Committee Terms of Reference

I. MANDATE

- A. Primary responsibility for financial reporting, information systems, risk management, internal control over financial reporting and disclosure controls and procedures, and the pension plans of Finning International Inc. (the “Corporation”) is vested in management and is overseen by the Board of Directors of the Corporation (the “Board”).
- B. The primary mandate of the Audit Committee (the “Committee”) is to assist the Board in fulfilling its oversight responsibilities to the shareholders and other stakeholders of the Corporation with respect to:
- i) the integrity of annual and quarterly financial statements that will be provided to the shareholders and others;
 - ii) audits of the financial statements;
 - iii) the systems of internal control over financial reporting and disclosure controls and procedures established by management and the Board;
 - iv) all audit, accounting, financial reporting and financial risk management processes;
 - v) compliance with accounting and finance based legal and regulatory requirements, relevant laws, regulations and policies;
 - vi) the External Auditor’s qualifications and independence;
 - vii) the internal and external audit processes and performance of the Internal Auditor and External Auditor;
 - viii) the Corporation’s pension plans; and
 - ix) the implementation and effectiveness of the Ethics Program Charter and the compliance program under the Ethics Program Charter.
- C. It is the Committee’s responsibility to maintain an open avenue of communication between the Committee, the External Auditor, the Internal Auditor and management of the Corporation. At each meeting, the Committee may meet separately with management and will meet in separate closed sessions with only independent directors in attendance, with the External Auditor, and with the Internal Auditor.
- D. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities, and personnel of the Corporation and the power to retain outside counsel or other experts for this purpose.

II. COMPOSITION AND OPERATIONS

- A. The Committee shall consist of at least three directors of the Corporation, all of whom shall be independent as defined in National Instrument 52-110 Audit Committees (“NI 52-110”). The Board, on the recommendation of the Governance and Risk Committee, will appoint and remove the Committee members by a majority vote.

- B. The Board, on the recommendation of the Governance and Risk Committee and Board Chair, will appoint the Chair of the Committee from the Committee members by a majority vote. The Chair of the Committee will hold such position until otherwise determined by the Board.
- C. All Committee members shall be financially literate, (or shall become financially literate within a reasonable period after appointment to the Committee) as required by NI 52-110, and at least one member shall be designated as an “Audit Committee Financial Expert”¹.
- D. The Committee shall meet not less than four times per year. Meetings of the Committee may be held in person or via remote communications, subject to the By-laws of the Corporation. The Committee shall meet at the call of the Committee Chair. Any two Committee members may request the Committee Chair to call a meeting of the Committee and, if the Committee Chair fails to do so, may call a meeting of the Committee.
- E. A majority of Committee members constitutes a quorum.
- F. Decisions of the Committee shall be by majority vote.
- G. The function of the Committee is oversight. It is not the duty of the Committee to plan or conduct audits or to determine that the Corporation’s financial statements fairly present the Corporation’s financial position and results of operation and are in accordance with generally accepted accounting principles. Such duties remain the responsibility of management and the External Auditor.

III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will perform the following duties:

A. Financial Statements and Other Financial Information

The Committee shall:

- i) review and discuss with management and the External Auditor before public disclosure:
 - a) the consolidated annual and interim financial statements of the Corporation, including the notes to the financial statements;
 - b) management’s discussion and analysis (MD&A); and
 - c) news releases regarding the quarterly and annual financial results of the Corporation;

¹ Based on the definition in rules passed by the SEC under the United States Sarbanes-Oxley Act of 2002: An Audit Committee Financial Expert is a person who has, through (a) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions; (b) experience actively supervising such a person, or experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or (c) other relevant experience:

- 1) an understanding of financial statements and generally accepted accounting principles;
- 2) an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- 3) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities;
- 4) an understanding of internal controls and procedures for financial reporting; and
- 5) an understanding of audit committee functions.

- ii) review and recommend to the Board for approval and for public disclosure the annual and interim MD&A, consolidated financial statements and notes and related news releases of the Corporation;
- iii) annually review the Corporation's dividend strategy;
- iv) review and recommend to the Board for approval whether to declare a quarterly dividend, and if a quarterly dividend is recommended, the amount;
- v) satisfy itself that adequate procedures are in place for review of the public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;
- vi) receive quarterly updates and reports on the Corporation's global cash positions, access to capital, compliance with debt covenants and Treasury policies, as well as credit status with banks and credit rating agencies;
- vii) discuss with management and the External Auditor the quality of reporting and adherence to generally accepted accounting principles (GAAP);
- viii) review significant reporting principles, practices and procedures applied by the Corporation in preparing its financial statements, including any newly adopted accounting policies and the reasons for their adoption;
- ix) review changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
- x) review analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and accounting judgments and estimates made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and
- xi) review information related to special transactions requiring public filings (e.g., prospectus, business acquisition report, Corporation's issuer bid circular, directors' circular) prior to their release and recommend approval to the Board.

B. External Auditor

The Committee has the authority and responsibility to recommend to the Board the appointment and, where appropriate, replacement of the External Auditor, and to determine compensation of the External Auditor, subject to shareholder approval where required. In that respect, the Committee shall:

- i) recommend to the Board the appointment and, where appropriate, replacement of the Corporation's External Auditor;
- ii) require the External Auditor to report directly to the Committee at each quarterly meeting, and otherwise to the Committee or to the Committee Chair as required;
- iii) communicate directly with the External Auditor, and meet independently with the External Auditor with and without management present;
- iv) evaluate the External Auditor's qualifications, performance, and independence and in that connection perform the following duties:
 - a) on an annual basis, obtain and review a report by the External Auditor describing any material issues, defects, restrictions or sanctions raised or imposed by the most recent internal quality-control review, or peer review, of the External Auditor, or

- by any inquiry or investigation by governmental or professional authorities or board within the preceding five years with respect to one or more independent audits carried out by the External Auditor or otherwise arising, and any steps taken to deal with any such issues, defects, restrictions or sanctions;
- b) ensure that the External Auditor submits, at least annually or on a periodic basis, to the Committee a formal written statement delineating all relationships between the External Auditor and the Corporation including the extent and amount of fees received by the External Auditor for audit services and for non-audit services on a quarterly basis;
 - c) actively engage in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor as prescribed by the Canadian Public Accountability Board (CPAB) or other applicable professional accounting or regulatory agency;
 - d) review and confirm with management and the External Auditor: the timing and process for implementing the rotation of the lead audit partner of the External Auditor as required by applicable rules governing the audit profession set out by the CPAB, CPA Canada or other applicable professional regulatory agencies; and the review of External Auditor resources providing audit services to the Corporation;
 - e) review with the External Auditor any hiring by the Corporation (whether as employees or Directors) of partners, former partners, or audit managers of the External Auditor;
 - f) review with the External Auditor any audit issues or difficulties with respect to the audit and management's response; and
 - g) annually conduct an assessment of the External Auditor. This assessment shall include audit quality considerations (auditor independence, objectivity and professional skepticism, quality of the engagement team, CPAB inspection findings, and communication and interaction with the External Auditor) and quality of service considerations. At least once every five years, a comprehensive review of the External Auditor shall be conducted.

The Committee shall report its conclusions on the performance and independence of the External Auditor to the Board, including any recommendations on any appropriate action to be taken to satisfy the requirement of the External Auditor's independence. When necessary, the Committee may recommend the removal of the External Auditor to the Board and may periodically issue a request for proposal from other external audit firms;

- v) review and approve the scope and plans relating to the External Auditor's annual audit and quarterly reviews including the adequacy of resources, and recommend the External Auditor's annual compensation for approval by the Board of Directors. The External Auditor shall report to the Committee and obtain approval of all significant changes to the approved audit plan;
- vi) on at least a quarterly basis, meet separately with the External Auditor, with and without management present, to review and discuss the results of the audit, audit-related services, tax and other services performed by the External Auditor in the prior quarter;
- vii) require pre-approval of all audit and non-audit services performed by the External Auditor that are permitted under applicable law and are in accordance with the Corporation's Approval of Audit and Non-Audit Services Provided by the Independent Auditor Policy. This policy shall be approved and renewed annually by the Committee. Between scheduled Committee meetings, the Chair of the Committee, on behalf of the Committee, is authorized to approve the fees and terms of any audit or non-audit

services, up to a value of \$100,000 per quarter that are not pre-approved. At the next Committee meeting, the Chair shall report to the Committee any such pre-approval given;

- viii) annually obtain and review a report by the External Auditor describing recommendations resulting from the External Auditor's review of internal control and accounting systems, and obtain and review a quarterly follow-up report from management on actions taken concerning such recommendations;
- ix) in accordance with the Protocol for Audit Firm Communication of CPAB Inspection Findings, annually obtain from the External Auditor the Public Report issued by CPAB on inspections of the quality of audits conducted by public accounting firms; and
- x) if CPAB inspects the Corporation's audit file, require the External Auditor to provide the Committee with a description of the focus areas selected for inspection by CPAB and any significant inspection findings by CPAB, and discuss with the External Auditor any significant inspection findings reported by CPAB, including their disposition and a description of the actions taken by the External Auditor.

C. Internal Auditor

The Committee will:

- i) review the activities, resources and organization structure of the internal audit function and ensure no unjustified restrictions or limitations are made;
- ii) participate in the appointment, promotion or dismissal of the lead Internal Auditor; and discuss with the External Auditor the standard of work of the Internal Auditor;
- iii) participate in the annual performance and compensation review of the lead Internal Auditor;
- iv) review the effectiveness and independence of the internal audit function;
- v) meet separately with the lead Internal Auditor to discuss any matters the Committee or the lead Internal Auditor believes should be discussed privately;
- vi) ensure the internal audit's significant findings and recommendations are received, discussed and appropriately acted on by management;
- vii) review and approve the scope and proposed annual internal audit plan, resourcing plan and financial budget to ensure that they adequately address key areas of risk and that there is appropriate coordination with the Committee and the External Auditor;
- viii) annually review the Internal Audit Charter and approve any material amendments, as required; and
- ix) review periodic reports from internal audit addressing:
 - a) progress on the internal audit plan, including any significant changes to it;
 - b) significant internal audit findings, including issues as to the adequacy of internal control over financial reporting and any procedures implemented in light of significant control deficiencies; and
 - c) any significant internal fraud issues.

D. Financial Risk Management, Internal Controls and Disclosure Controls and Procedures

The Committee will review and obtain reasonable assurance that the financial risk management systems, internal controls over financial reporting and disclosure controls and procedures are

operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

- i) discussion with management and the Internal Auditor of the guidelines and policies with respect to financial risk assessment and financial risk management, including the processes management uses to assess and manage the Corporation's financial risk, which may include areas of financial reporting, information technology systems, cybersecurity matters, business continuity and legal claims and exposures, among others. In that respect, the Committee shall, (A) on a quarterly basis, review major financial and information technology system risk categories as delegated by the Governance and Risk Committee and steps management has taken to monitor and mitigate such risks, (B) receive reports from management twice a year, or more frequently if needed, on the Corporation's cybersecurity practices, and (C) annually review the significant insurable risks and the adequacy of the Corporation's insurance coverage and approve its annual insurance premium.
- ii) discussion with management, the Internal Auditor and the External Auditor of the adequacy and effectiveness of the internal controls, including financial controls and disclosure controls and procedures, and the Corporation's system to monitor and manage financial risk and produce reliable financial statements and public disclosure; and
- iii) obtaining reasonable assurance that the financial risk management process, information system controls, internal controls over financial reporting and disclosure controls and procedures are reliable and secure and that the systems of internal controls are properly designed and effectively implemented, through discussions with and reports from management, the Internal Auditor and External Auditor.

E. Compliance

The Committee shall:

- i) assist with Board oversight of the Corporation's compliance with legal and regulatory requirements by receiving a report concerning legal and regulatory matters that may have a material impact on the financial statements;
- ii) review the process for the certification of the interim and annual financial statements by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), and the certifications made by the CEO and CFO;
- iii) review with management, the Internal Auditor and the External Auditor the Corporation's internal control over financial reporting and disclosure controls and procedures, any significant deficiencies or material weaknesses in their design or operation, any proposed major changes to them and any fraud involving management or other employees who have a significant role in the Corporation's internal control over financial reporting;
- iv) discuss the Corporation's compliance with tax regulatory requirements, including the review of significant tax strategies or structures, legal withholdings requirements, and any other area of compliance monitoring that the Committee considers appropriate;
- v) ensure the External Auditor's fees are disclosed by category in the Annual Information Form in compliance with regulatory requirements and in such other documents as the Committee may determine;
- vi) review any specific policies or procedures adopted for pre-approving non-audit services by the External Auditor, including affirmation that they meet regulatory requirements;
- vii) prepare a report of the Committee's activities to be included in the annual proxy statement;

- viii) assist in the administration of the Corporation's Compensation Clawback Policy by making recommendations to the Human Resources Committee with respect to the magnitude of any restatement of the financial results of the Corporation; and
- ix) assist the Governance and Risk Committee with preparing the Corporation's governance disclosure by ensuring it has current and accurate information with respect to:
 - a) the independence of each Committee member relative to regulatory requirements for the Audit Committee;
 - b) the state of financial literacy of each Committee member, including the name of any member(s) currently in the process of acquiring financial literacy and when they are expected to attain this status;
 - c) the education and experience of each Committee member relevant to his or her responsibilities as a Committee member; and
 - d) whether the Corporation has relied upon any exemptions to the requirements for Audit Committees under regulatory requirements.

F. Pension Plans

The Committee shall:

- i) review the governance structure set out for the Corporation's pension plans, at least annually, and recommend to the Board any changes to the structure, considering any recommendation of the Management Pension Committee;
- ii) review the Terms of Reference for the Management Pension Committee and monitor compliance by the Management Pension Committee with their Terms of Reference on an annual basis, and approve any recommended changes;
- iii) review a summary of the funding policies on an annual basis and approve any material exceptions or changes to those policies upon recommendation by the Management Pension Committee;
- iv) review a summary of the investment policies and strategies for the defined benefit and defined contribution plans on an annual basis and approve, for the Canadian plans, any changes which could materially impact the financial performance of those plans upon recommendation by the Management Pension Committee;
- v) review a summary of the Canadian Journey Plan outlining the de-risking progression intended for the Canadian defined benefit plans on an annual basis and review and, if thought appropriate, approve any material changes upon recommendation by the Management Pension Committee;
- vi) review reports from the Management Pension Committee regarding:
 - a) key highlights of educational and communication materials to plan members at least annually;
 - b) financial positions and investment performance results of the defined benefit pension plans at least semi-annually;
 - c) any changes to investment managers or other service providers at least semi-annually; and
 - d) other notable Management Pension Committee actions at least semi-annually.
- vii) with respect to plan design and amendments:

- a) review and, if thought appropriate, recommend, jointly with the Human Resources Committee, the establishment of new pension plans or termination of any existing plans, to the Board of Directors; and
- b) review and, if thought appropriate, approve, jointly with the Human Resources Committee, financially significant plan amendments if the amendments fundamentally change the nature of the benefits a plan provides.

Recommendations for such plan amendments will come from the Management Pension Committee unless a conflict or special situation is identified in which case the CEO will determine the recommendation source.

G. Other

The Committee shall:

- i) annually review the Ethics Program Charter and approve any amendments as recommended by management's Global Ethics Committee, ensuring that the Ethics Program Charter includes procedures for:
 - a) the receipt, retention and anonymous treatment of complaints received by the Corporation regarding accounting, internal accounting and financial reporting controls, or auditing matters;
 - b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
 - c) addressing a report of a material breach of securities law, material breach of fiduciary duty or similar material violation.
- ii) annually review management's report on the Global Ethics Committee self-assessment;
- iii) review a report from management every two years (even years) on significant exceptions, if any, to corporate expense policies in respect of expenses of the Board Chair and CEO;
- iv) on an annual basis, review and approve key Treasury policies (Global Investment Policy, the Global Debt and Interest Rate Risk Management Policy, the Global Foreign Exchange Risk Management Policy);
- v) every three years, or more frequently if needed, review the Board Authority & Approvals Policy and recommend any proposed amendments to the Board for approval;
- vi) annually review and evaluate the Code of Ethics for Senior Executive and Financial Management ("Code of Ethics"), and:
 - a) recommend material changes required to be made to the Code of Ethics to the Board of Directors for approval; and
 - b) monitor compliance and report any material non-compliance with the Code of Ethics to the Board of Directors;
- vii) review and recommend any material changes to the Corporation's capital structure plan to the Board for approval, as required;
- viii) review and recommend to the Board for approval, new or refinancing of material financing contracts;
- ix) review and approve the Non-GAAP Financial Measures Policy at least once every three years, or sooner if revisions are necessary due to a change in practice or regulation;

- x) review and approve all related party transactions;
- xi) review the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Corporation;
- xii) review the succession plan for the Corporation's financial and accounting management;
and
- xiii) review the Corporation's cyber security plans in connection with mergers and acquisitions, as required.

IV. ACCOUNTABILITY

- A. The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on financial matters relevant to the Corporation.
- B. The Committee shall report its discussions and activities to the Board by maintaining minutes of its meetings and providing an oral report at each regular Board meeting.
- C. The Committee shall:
 - i) conduct a self-assessment annually and discuss the results with the Board; and
 - ii) review and update its terms of reference at least annually.