FINNING

Q3 2024 EARNINGS RELEASE **November 12, 2024**

Finning reports Q3 2024 results

Vancouver, B.C. – Finning International Inc. (TSX: FTT) ("Finning", the "Company", "we", "our" or "us") reported third quarter 2024 results today. All monetary amounts are in Canadian dollars unless otherwise stated.

HIGHLIGHTS

All comparisons are to Q3 2023 results unless indicated otherwise.

- Q3 2024 free cash flow (3) of $346 million, up from Q3 2023 driven by invested capital velocity improvement. In the last twelve months, we have generated cumulative free cash flow of $746 million.
- Q3 2024 revenue of $2.8 billion and net revenue (2) of $2.5 billion were up 5% and 4%, respectively. New equipment revenue was up 7% and product support revenue was up 2%.
- Q3 2024 EBIT (1) was $170 million and EBIT as a percentage of net revenue (2) was 6.7%. Excluding an estimated loss for receivables from a customer placed into receivership as well as severance costs across our regions (further described on page 9), Adjusted EBIT (3)(4) was $203 million.
- Adjusted EBIT as a percentage of net revenue (2)(4) was 8.0%, down 230 basis points from Q3 2023 EBIT as a percentage of net revenue, primarily due to lower margins in our Canadian business.
- Adjusted EBIT as a percentage of net revenue was 10.9% in South America, 6.3% in the UK & Ireland and 7.5% in Canada.
- Q3 2024 Adjusted EPS (1)(2)(4) was $0.93, down 13% from Q3 2023 EPS.
- Equipment backlog (2) of $2.3 billion at September 30, 2024 was up 4% from June 30, 2024 reflecting strong order intake from mining and power systems customers.

"Our results in the third quarter were different by region and reflect the advantage of our diversified business. We had strong growth in South America, resilient profitability in the UK & Ireland, excellent free cash flow in all regions and our backlog remains healthy. Deliberate actions to generate strong cash flow coupled with tougher market dynamics resulted in more challenging margin performance in our Canadian business. We are focused on cost control to drive improved profitability going forward," said Kevin Parkes, President and CEO.

"One year on from our Investor Day in Chile our product support growth overall is positive, and our working capital velocity is gaining momentum. We have acted to further align our cost base, maintain the quality of our inventory, and announced succession in our leadership team. We are all focused on driving the execution of our strategy."

"Our strategy is focused on maximizing product support, continuously improving our cost and capital position to drive full-cycle resilience and growing prudently in used, rental and power – all with the objective of achieving a sustainably higher ROIC going forward," said Mr. Parkes.

Q3 2024 FINANCIAL SUMMARY

($ millions, except per share amounts)	**2024**	3 months ended September 30 2023 (Restated)	% change fav [(1)] (unfav) [(1)]
New equipment	**933**	870	7%
Used equipment	**89**	72	24%
Equipment rental	**76**	86	(12)%
Product support	**1,388**	1,362	2%
Net fuel and other	**53**	47	13%
Net revenue	**2,539**	2,437	4%
Gross profit	**615**	640	(4)%
Gross profit as a percentage of net revenue [(2)]	***24.2%***	*26.3%*	
SG&A [(1)]	**(426)**	(392)	(9)%
SG&A as a percentage of net revenue [(2)]	***(16.8)%***	*(16.1)%*	
Equity earnings of joint ventures	**—**	4	
Other expenses	**(19)**	—	
EBIT	**170**	252	(33)%
EBIT as a percentage of net revenue	***6.7%***	*10.3%*	
Adjusted EBIT	**203**	252	(19)%
Adjusted EBIT as a percentage of net revenue	***8.0%***	*10.3%*	
Net income attributable to shareholders of Finning	**103**	156	(33)%
EPS	**0.75**	1.07	(30)%
Adjusted EPS	**0.93**	1.07	(13)%
Free cash flow	**346**	—	*n/m* [(1)]

Q3 2024 EBIT by Operation ($ millions, except per share amounts)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Finning Total**	**EPS**
EBIT / EPS	**71**	**101**	**16**	**(18)**	**170**	**0.75**
Severance costs	**9**	**3**	**4**	**3**	**19**	**0.10**
Estimated loss for a customer receivable	**14**	**—**	**—**	**—**	**14**	**0.08**
Adjusted EBIT / Adjusted EPS	**94**	**104**	**20**	**(15)**	**203**	**0.93**
EBIT as a percentage of net revenue	***5.6%***	***10.6%***	***4.9%***	***n/m***	***6.7%***	
Adjusted EBIT as a percentage of net revenue	***7.5%***	***10.9%***	***6.3%***	***n/m***	***8.0%***	

Q3 2023 EBIT by Operation ($ millions, except per share amounts)	Canada	South America	UK & Ireland	Other	Finning Total	EPS
EBIT / EPS	137	104	19	(8)	252	1.07
EBIT as a percentage of net revenue	*10.8%*	*12.3%*	*5.9%*	*n/m*	*10.3%*	

QUARTERLY KEY PERFORMANCE MEASURES

	2024 (Restated) [a]			2023 (Restated) [a][b]				2022	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
EBIT ($ millions)	**170**	228	202	177	252	242	239	214	224
Adjusted EBIT ($ millions)	**203**	228	202	232	252	242	216	214	224
EBIT as a % of net revenue									
Consolidated	**6.7%**	8.6%	8.7%	7.4%	10.3%	9.4%	11.2%	9.0%	10.7%
Canada	**5.6%**	9.2%	8.9%	9.3%	10.8%	9.9%	11.0%	11.0%	11.7%
South America	**10.6%**	10.4%	11.0%	6.7%	12.3%	12.1%	10.5%	11.4%	12.3%
UK & Ireland	**4.9%**	4.6%	4.5%	1.8%	5.9%	5.5%	5.1%	4.4%	6.2%
Adjusted EBIT as a % of net revenue									
Consolidated	**8.0%**	8.6%	8.7%	9.6%	10.3%	9.4%	10.1%	9.0%	10.7%
Canada	**7.5%**	9.2%	8.9%	9.7%	10.8%	9.9%	11.3%	11.0%	11.7%
South America	**10.9%**	10.4%	11.0%	12.6%	12.3%	12.1%	11.5%	11.4%	12.3%
UK & Ireland	**6.3%**	4.6%	4.5%	2.7%	5.9%	5.5%	5.7%	4.4%	6.2%
EPS	**0.75**	1.02	0.84	0.59	1.07	1.00	0.89	0.89	0.97
Adjusted EPS	**0.93**	1.02	0.84	0.96	1.07	1.00	0.89	0.89	0.97
Invested capital [(2)] ($ millions)	**4,774**	4,969	5,128	4,765	4,897	4,630	4,545	4,170	4,358
ROIC [(2)] (%)									
Consolidated	**15.8%**	17.4%	18.0%	19.3%	20.7%	20.8%	20.2%	18.7%	18.3%
Canada	**14.6%**	16.8%	17.4%	18.6%	19.8%	20.1%	19.4%	18.7%	18.2%
South America	**23.1%**	23.3%	24.2%	23.8%	27.1%	25.9%	24.0%	24.5%	22.7%
UK & Ireland	**10.0%**	10.4%	10.9%	11.3%	13.7%	15.5%	17.0%	17.0%	16.6%
Adjusted ROIC [(2)(4)]									
Consolidated	**17.6%**	18.5%	19.1%	20.0%	20.2%	20.2%	19.7%	18.7%	18.3%
Canada	**15.5%**	16.9%	17.6%	19.0%	19.9%	20.2%	19.6%	18.7%	18.2%
South America	**26.5%**	26.5%	27.4%	27.6%	27.6%	26.4%	24.6%	24.5%	22.7%
UK & Ireland	**11.5%**	11.0%	11.5%	12.3%	14.1%	15.9%	17.4%	17.0%	16.6%
Invested capital turnover [(2)] (times)	**2.02**	1.99	2.00	2.03	2.08	2.07	2.01	2.01	1.96
Inventory ($ millions)	**2,881**	2,974	3,073	2,844	2,919	2,764	2,710	2,461	2,526
Inventory turns (dealership) [(2)] (times)	**2.67**	2.46	2.36	2.47	2.61	2.52	2.52	2.61	2.52
Working capital to net revenue [(2)]	**28.9%**	29.5%	29.0%	28.4%	27.3%	27.3%	27.8%	27.4%	27.1%
Free cash flow ($ millions)	**346**	330	(210)	280	—	31	(245)	332	(57)
Net debt to Adjusted EBITDA [(1)] ratio [(2)(4)] (times)	**1.7**	1.8	1.9	1.7	1.8	1.8	1.7	1.6	1.8

[a] Following a detailed review of our remanufacturing business in Canada, we determined that the correct classification of certain costs in SG&A should be cost of sales. Effective Q3 2024, the comparative figures for 2023 and Q1 2024 and Q2 2024 include an immaterial adjustment for a change in classification of certain expenses. For more information on the impact to financial statements, please refer to note 11 of our condensed interim consolidated financial statements.

[b] Comparative results for 2023 have been restated for our adoption of the amendments to IAS 1, *Presentation of Financial Statements* effective for the financial year beginning January 1, 2024.

Q3 2024 HIGHLIGHTS BY OPERATION

All comparisons are to Q3 2023 results unless indicated otherwise. All numbers, except ROIC, are in functional currency: Canada – Canadian dollar; South America – US dollar (USD); UK & Ireland – UK pound sterling (GBP). These variances and ratios for South America and UK & Ireland exclude the foreign currency translation impact from the CAD relative to the USD and GBP, respectively, and are therefore considered to be specified financial measures. We believe the variances and ratios in functional currency provide meaningful information about operational performance of the reporting segment.

South America Operations

- Net revenue increased 10%, up in all lines of business except rental. New equipment revenue was up 14%, primarily driven by deliveries to mining customers and mining contractors, while used equipment was up 68% on strong demand from construction customers.

- Product support revenue was up 7%, driven by strong demand from mining customers and mining contractors as well as oil and gas customers. Service revenue was up in all market sectors, despite a weaker CLP [(1)], and reflects strong technician headcount growth. Excluding the impact of a weaker CLP on service revenue, product support revenue would have been 8% higher compared to Q3 2023.

- Excluding the significant item described on page 9, Adjusted EBIT decreased 3% from Q3 2023 EBIT, due to a higher mix of new and used equipment revenue as well as a higher mix of mining equipment sales. SG&A was higher, primarily due to CAD $11 million of costs owing as a result of re-entering the official exchange market in Argentina. Adjusted EBIT as a % of net revenue was 10.9%, down 140 basis points from Q3 2023 EBIT as a % of net revenue.

- Our effective income tax rate was lower year over year, primarily due to unrecognized losses utilized in Argentina. The benefit from the utilization of the losses offsets a large portion of the SG&A due to the cost of acquiring USD and re-entering the official exchange market in Argentina.

- Our Argentina operations were profitable in the quarter, and we continue to manage the business to keep our risk low.

- In October, we received an order from a global mining company for ultra-class haul trucks for approximately CAD $250 million.

Canada Operations

- Net revenue decreased 1%, primarily due to lower product support revenues and lower rental utilization, partially offset by increased new equipment deliveries. New equipment deliveries included a large proportion of mining rental equipment with purchase option (RPO) conversions.

- Product support revenue was down 3%, reflecting mixed activity levels in the mining sector and a slower recovery of activity by customers in the construction sector.

- In June 2024, Victoria Gold, a mining customer, experienced a heap leach pad landslide failure at their Eagle Gold mine site in the Yukon. In Q3 2024, this customer was placed in receivership on application by the Yukon government. We recorded an estimated loss for receivables of $14 million. This customer had previously been a consistent consumer of the Company's products and services until this event occurred. We do not expect any material business from this mine in the near to medium term.

- We incurred $9 million of severance costs in the quarter in our Canadian business. These costs relate to headcount reductions to simplify and streamline our operations, primarily in information technology and supply chain functions. We also streamlined our remanufacturing operations and have reclassified certain costs in SG&A as cost of sales.

- To manage our inventory health, we took action to improve invested capital by selling $150 million of inventory at low margins.

- Excluding the significant items described on page 9 and above, Adjusted EBIT decreased 31% from Q3 2023 EBIT. Adjusted EBIT as a percentage of net revenue of 7.5% was down 330 basis points from Q3 2023 EBIT as a percentage of net revenue. Low Adjusted EBIT as a percentage of net revenue was driven by factors including a high proportion of new equipment sales in mining, used equipment pricing was lower as we managed our inventory levels, and the rental equipment market remained challenged as fleet utilization was below what would be expected in a normalized environment. A lower product support mix and smaller sized equipment rebuild activity also impacted Adjusted EBIT.

- Excluding the estimated loss for receivables described on page 9 and above, SG&A was lower by 2%, reflecting a focus on cost containment.

- In October, we received equipment orders from a mining contractor and a uranium producer totalling approximately $90 million, including ultra class trucks and underground mining equipment.

UK & Ireland Operations

- Net revenue decreased 1%, with new equipment sales down 3% due to slower demand from certain industrial customers, while used equipment sales were up 49%, mainly from increased volumes in construction.

- Product support revenue was down 2% from Q3 2023, reflecting lower activity levels relative to a record in Q3 2023, which had strong activity in the power sector. Relative to Q2 2024, product support revenues were up 3% as machine hours trended slightly higher.

- Excluding the significant item described on page 9, Adjusted EBIT as a percentage of net revenue was 6.3%, up 40 basis points, driven by a focus on cost control, with SG&A down 10% from Q3 2023.

Corporate and Other Items

- Adjusted EBIT loss for Corporate was $15 million, higher than an EBIT loss of $8 million in Q3 2023, and included higher LTIP costs.

- We incurred $3 million of corporate level severance costs related to the restructuring, consolidation and simplification of corporate functions. Headcount reductions and consolidation efforts focused on non-revenue generating positions, including information technology and supply chain roles as well as some financial support functions as we simplify our business activities.

- The Board of Directors has approved a quarterly dividend of $0.275 per share, payable on December 12, 2024, to shareholders of record on November 28, 2024. This dividend will be considered an eligible dividend for Canadian income tax purposes.

- We repurchased 2.4 million shares in Q3 2024 at an average cost of $40.10, representing 1.7% of our public float.

MARKET UPDATE AND BUSINESS OUTLOOK

The discussion of our expectations relating to the market and business outlook in this section is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading "Forward-Looking Information Caution" at the end of this news release. Actual outcomes and results may vary significantly.

South America Operations

In Chile, our outlook is underpinned by growing global demand for copper, strong copper prices, capital deployment into large-scale brownfield expansions, and customer confidence to invest in brownfield and greenfield projects. We are seeing a broad-based level of quoting, tender, and award activity for mining equipment, product support, and technology solutions. While activity levels and outlook remain positive, we also expect a more challenging environment in attracting and retaining qualified labour.

In the Chilean construction sector, we continue to see demand from large contractors supporting mining operations, and we expect infrastructure construction activity to remain steady. In the power systems sector, activity remains strong in the industrial and data centre markets, driving growing demand for electric power solutions.

In Argentina, steps are being taken by the new government to 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, devaluing the currency, containing public spending, reducing subsidies, and lowering spending on public works are driving continued challenging market and operating conditions. We are actively monitoring the new rules and policies. While we anticipate near-term pockets of strong activity in the oil & gas sector, and the new government programs are helping drive large-scale investment by global miners, we continue to take a low-risk approach in Argentina.

Canada Operations

Our outlook for Western Canada is mixed. We expect continued spending discipline from our large customers as they work to achieve operating cost targets and in some cases fund and integrate acquisitions. 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 more consistent 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.

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

We expect headwinds in the used and rental markets to continue following a period of strong sector activity and limited equipment supply. We saw pricing and utilization in these markets begin to normalize through the quarter but expect the normalization period to last for the next several quarters. While new equipment pricing has remained relatively stable, we expect a high proportion of mining deliveries in Q4 2024.

UK & Ireland Operations

With low GDP [(1)] growth projected in the UK to continue, we expect demand in the construction sector to remain soft. We expect a growing contribution from used equipment and power systems as we continue to execute on our strategy. In power systems, quoting activity remains strong, driven by healthy demand for primary and backup power generation, particularly in the data centre market. We expect our product support business in the UK & Ireland to remain resilient.

Sustaining a Higher Level of Return on Invested Capital

To support our strategy and to continue the simplification of our organization and empowerment of our regional teams, we are further reducing our SG&A to ensure resilience and continued demonstration of our improved earnings capacity. Our continued resilience journey includes a reduced number of senior management and an overall reduced proportion of non-revenue generating employee base. The headcount reductions related to the severance costs incurred in the quarter are expected to result in lower annual SG&A in 2025 by approximately $25 million and serve to offset lower near-term margins and reposition the business for future operating leverage. We are also optimizing our UK pension, which is expected to complete in Q4. This improves our UK & Ireland ROIC by approximately 260 basis points and our consolidated ROIC by approximately 30 basis points as well as reduces our ongoing SG&A in the UK.

Since last year, our product support growth rates in Canada and the UK & Ireland have remained lower than expected due to slower infrastructure spending and extended deferral of mining equipment maintenance work in Canada, and lower activity levels in the UK & Ireland given a more challenging growth environment. In South America, we remain optimistic for strong product support growth. As our product support growth rates for the last year have been below our expectations, we are withdrawing our product support growth targets to the end of 2025, as outlined at our 2023 Investor Day. We will continue to focus on maximizing product support growth as a key strategic value driver going forward. We remain committed to improving our invested capital, cost base and inventory velocity targets as well as making progress to achieve our consolidated Adjusted ROIC within our range of 18% - 25% in all market conditions.

We believe the results this quarter in Canada are largely transitory in nature and will start to improve as we move through the balance of the year and into 2025. We are well positioned to continue to execute on our strategy to maximize product support, continuously improve our cost and capital position to drive full cycle resilience and grow prudently in used, rental and power – all with the objective of achieving a sustainably higher Adjusted ROIC going forward.

To access Finning's complete Q3 2024 results, please visit our website at https://www.finning.com/en_CA/company/investors.html

Q3 2024 INVESTOR CALL

We will hold an investor call on November 13, 2024 at 10:00 am Eastern Time. Dial-in numbers: 1-844-763-8274 (Canada and US toll free), 1-412-717-9224 (international toll). The investor call will be webcast live and archived for three months. The webcast and accompanying presentation can be accessed at https://www.finning.com/en_CA/company/investors.html

ABOUT FINNING

Finning is the world’s largest Caterpillar dealer, delivering unrivalled service to customers for over 90 years. Headquartered in Surrey, British Columbia, we provide Caterpillar equipment, parts, services, and performance solutions in Western Canada, Chile, Argentina, Bolivia, the United Kingdom, and Ireland.

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Description of Specified Financial Measures and Reconciliations

Specified Financial Measures

We believe that certain specified financial measures, including non-GAAP [1] financial measures, provide users of our Earnings Release with important information regarding the operational performance and related trends of our business. The specified financial measures we use do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers. Accordingly, specified financial measures should not be considered as a substitute or alternative for financial measures determined in accordance with GAAP (GAAP financial measures). By considering these specified financial measures in combination with the comparable GAAP financial measures (where available) we believe that users are provided a better overall understanding of our business and financial performance during the relevant period than if they simply considered the GAAP financial measures alone.

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

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

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

Adjusted EPS

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

A reconciliation between EPS (the most directly comparable GAAP financial measure) and Adjusted EPS can be found on page 10 of this Earnings Release.

Adjusted EBIT and Adjusted EBITDA

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

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

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

Significant items identified by management that affected our results were as follows:

- Severance costs related to the workforce reduction in each of our operations.
- Our Canadian operations recorded an estimated loss for receivables from Victoria Gold, a mining customer that was placed into receivership following a landslide at its mine.
- On December 13, 2023, the newly-elected Argentine government devalued the ARS [1] official exchange rate by 118% from 366.5 ARS to 800 ARS for USD 1. As a result of prolonged government currency restrictions, including no material access to USD starting in late August 2023, our ARS exposure increased and during this period economic hedges were not available. As a result of the growth in our ARS exposure and the significant devaluation of the ARS in the fourth quarter, our South American operations incurred a foreign exchange loss of $56 million which exceeds the typical foreign exchange impact in the region.
- We began to implement our invested capital improvement plan as outlined at our 2023 Investor Day, which targets selling and optimizing real estate and exiting low-ROIC activities. In Q4 2023:
  - Our South American operations sold a property in Chile and recorded a gain of $13 million on the sale; and,
  - Following an evaluation of the business needs of our operations and related intangible assets, several software and technology assets have been or will be decommissioned, and as a result, we derecognized previously capitalized costs of $12 million.
- In Q1 2023, we executed various transactions to simplify and adjust our organizational structure. We wound up two wholly owned subsidiaries, recapitalized and repatriated $170 million of profits from our South American operations, and incurred severance costs in each region as we reduced corporate overhead costs and simplified our operating model. As a result of these activities, our Q1 2023 financial results were impacted by significant items that we do not consider indicative of operational and financial trends:
  - Net foreign currency translation gain and income tax expense were reclassified to net income on the wind up of foreign subsidiaries;
  - Withholding tax payable related to the repatriation of profits; and,
  - Severance costs incurred in all of our operations.

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

3 months ended			**2024**				2023				2022	2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EBIT	**170**	228	202	177	252	242	239	214	224	190	140	157
Significant items:												
Severance costs	**19**	—	—	—	—	—	18	—	—	—	—	—
Estimated loss for a customer receivable	**14**	—	—	—	—	—	—	—	—	—	—	—
Foreign exchange and tax impact of devaluation of ARS	**—**	—	—	56	—	—	—	—	—	—	—	—
Gain on sale of property, plant, and equipment	**—**	—	—	(13)	—	—	—	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	12	—	—	—	—	—	—	—	—
Gain on wind up of foreign subsidiaries	**—**	—	—	—	—	—	(41)	—	—	—	—	—
Adjusted EBIT	**203**	228	202	232	252	242	216	214	224	190	140	157
Depreciation and amortization	**100**	98	99	99	94	94	92	87	84	81	81	84
Adjusted EBITDA [3][4]	**303**	326	301	331	346	336	308	301	308	271	221	241

The income tax impact of the significant items was as follows:

3 months ended	**2024**			2023				2022	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Significant items:									
Severance costs	**(4)**	—	—	—	—	—	(5)	—	—
Estimated loss for a customer receivable	**(4)**	—	—	—	—	—	—	—	—
Foreign exchange and tax impact of devaluation of ARS	**—**	—	—	(3)	—	—	—	—	—
Gain on sale of property, plant, and equipment	**—**	—	—	4	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	(3)	—	—	—	—	—
Gain on wind up of foreign subsidiaries	**—**	—	—	—	—	—	9	—	—
Withholding tax on repatriation of profits	**—**	—	—	—	—	—	19	—	—
(Recovery of) provision for income taxes on the significant items	**(8)**	—	—	(2)	—	—	23	—	—

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

3 months ended	**2024**			2023				2022	
($)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EPS [(a)]	**0.75**	1.02	0.84	0.59	1.07	1.00	0.89	0.89	0.97
Significant items:									
Severance costs	**0.10**	—	—	—	—	—	0.09	—	—
Estimated loss for a customer receivable	**0.08**	—	—	—	—	—	—	—	—
Foreign exchange and tax impact of devaluation of ARS	**—**	—	—	0.37	—	—	—	—	—
Gain on sale of property, plant, and equipment	**—**	—	—	(0.06)	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	0.06	—	—	—	—	—
Gain on wind up of foreign subsidiaries	**—**	—	—	—	—	—	(0.21)	—	—
Withholding tax on repatriation of profits	**—**	—	—	—	—	—	0.12	—	—
Adjusted EPS [(a)]	**0.93**	1.02	0.84	0.96	1.07	1.00	0.89	0.89	0.97

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

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

3 months ended	**2024**			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EBIT	**71**	131	112	117	137	136	126	128	125	102	80	92
Significant items:												
Estimated loss for a customer receivable	**14**	—	—	—	—	—	—	—	—	—	—	—
Severance costs	**9**	—	—	—	—	—	4	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	5	—	—	—	—	—	—	—	—
Adjusted EBIT	**94**	131	112	122	137	136	130	128	125	102	80	92

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

3 months ended	**2024**			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EBIT	**101**	93	84	55	104	104	74	96	85	64	65	59
Significant items:												
Severance costs	**3**	—	—	—	—	—	7	—	—	—	—	—
Foreign exchange and tax impact of devaluation of ARS	**—**	—	—	56	—	—	—	—	—	—	—	—
Gain on sale of property, plant, and equipment	**—**	—	—	(13)	—	—	—	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	4	—	—	—	—	—	—	—	—
Adjusted EBIT	**104**	93	84	102	104	104	81	96	85	64	65	59

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

3 months ended	**2024**			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EBIT	**16**	15	14	6	19	18	15	16	21	23	14	12
Significant items:												
Severance costs	**4**	—	—	—	—	—	2	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	3	—	—	—	—	—	—	—	—
Adjusted EBIT	**20**	15	14	9	19	18	17	16	21	23	14	12

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

3 months ended	**2024**			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EBIT	**(18)**	(11)	(8)	(1)	(8)	(16)	24	(26)	(7)	1	(19)	(6)
Significant items:												
Severance costs	**3**	—	—	—	—	—	5	—	—	—	—	—
Gain on wind up of foreign subsidiaries	**—**	—	—	—	—	—	(41)	—	—	—	—	—
Adjusted EBIT	**(15)**	(11)	(8)	(1)	(8)	(16)	(12)	(26)	(7)	1	(19)	(6)

Equipment Backlog

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

Free Cash Flow

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

3 months ended	**2024**			2023				2022	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Cash flow provided by (used in) operating activities	**383**	364	(177)	291	37	66	(166)	410	(24)
Additions to property, plant, and equipment and intangible assets	**(38)**	(34)	(37)	(51)	(50)	(40)	(79)	(78)	(33)
Proceeds on disposal of property, plant, and equipment	**1**	—	4	40	13	5	—	—	—
Free cash flow	**346**	330	(210)	280	—	31	(245)	332	(57)

Inventory Turns (Dealership)

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

3 months ended	**2024 (Restated) [a]**			2023 (Restated) [a]				2022		
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Cost of sales	**2,214**	2,285	1,987	2,042	2,064	2,142	1,775	2,025	1,807	1,761
Cost of sales related to the mobile refuelling operations	**(308)**	(292)	(269)	(278)	(283)	(237)	(253)	(302)	(293)	(300)
Cost of sales related to the dealership [3]	**1,906**	1,993	1,718	1,764	1,781	1,905	1,522	1,723	1,514	1,461

	2024			2023				2022		
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Inventory	**2,881**	2,974	3,073	2,844	2,919	2,764	2,710	2,461	2,526	2,228
Inventory related to the mobile refuelling operations	**(8)**	(11)	(9)	(12)	(17)	(14)	(12)	(12)	(12)	(13)
Inventory related to the dealership [3]	**2,873**	2,963	3,064	2,832	2,902	2,750	2,698	2,449	2,514	2,215

[a] Following a detailed review of our remanufacturing business in Canada, we determined that the correct classification of certain costs in SG&A should be cost of sales. The comparative figures for 2023 and Q1 2024 and Q2 2024 include an immaterial adjustment for a change in classification of certain expenses. For more information on the impact to financial statements, please refer to note 11 of our condensed interim consolidated financial statements.

Invested Capital

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

	2024			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Cash and cash equivalents	**(298)**	(233)	(215)	(152)	(168)	(74)	(129)	(288)	(120)	(170)	(295)	(502)
Short-term debt	**1,103**	1,234	1,322	1,239	1,372	1,142	1,266	1,068	1,087	992	804	374
Long-term debt												
Current	**—**	—	68	199	203	199	253	114	106	110	63	190
Non-current	**1,378**	1,378	1,379	949	955	949	675	815	836	807	909	921
Net debt [3]	**2,183**	2,379	2,554	2,235	2,362	2,216	2,065	1,709	1,909	1,739	1,481	983
Total equity	**2,591**	2,590	2,574	2,530	2,535	2,414	2,480	2,461	2,449	2,337	2,296	2,343
Invested capital	**4,774**	4,969	5,128	4,765	4,897	4,630	4,545	4,170	4,358	4,076	3,777	3,326

Invested Capital Turnover

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

Net Debt to Adjusted EBITDA Ratio

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

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

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

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

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

3 months ended	2024			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Total revenue	**2,829**	2,920	2,584	2,664	2,704	2,779	2,380	2,653	2,384	2,289	1,953	1,949
Cost of fuel	**(290)**	(274)	(252)	(261)	(267)	(220)	(236)	(285)	(277)	(285)	(217)	(175)
Net revenue	**2,539**	2,646	2,332	2,403	2,437	2,559	2,144	2,368	2,107	2,004	1,736	1,774

ROIC and Adjusted ROIC

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

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

Working Capital & Working Capital to Net Revenue Ratio

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

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

			2024				2023				2022	2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Total current assets	**5,355**	5,431	5,432	4,930	5,217	4,985	4,974	4,781	4,652	4,098	4,030	3,619
Cash and cash equivalents	**(298)**	(233)	(215)	(152)	(168)	(74)	(129)	(288)	(120)	(170)	(295)	(502)
Total current assets in working capital	**5,057**	5,198	5,217	4,778	5,049	4,911	4,845	4,493	4,532	3,928	3,735	3,117
Total current liabilities [a]	**3,383**	3,503	3,561	3,516	3,722	3,600	3,788	3,401	3,196	2,789	2,647	2,155
Short-term debt	**(1,103)**	(1,234)	(1,322)	(1,239)	(1,372)	(1,142)	(1,266)	(1,068)	(1,087)	(992)	(804)	(374)
Current portion of long-term debt	**—**	—	(68)	(199)	(203)	(199)	(253)	(114)	(106)	(110)	(63)	(190)
Total current liabilities in working capital [a]	**2,280**	2,269	2,171	2,078	2,147	2,259	2,269	2,219	2,003	1,687	1,780	1,591
Working capital [a][3]	**2,777**	2,929	3,046	2,700	2,902	2,652	2,576	2,274	2,529	2,241	1,955	1,526

[a] Comparative results for 2023 have been restated for our adoption of the amendments to IAS 1, *Presentation of Financial Statements* effective for the financial year beginning January 1, 2024.

FOOTNOTES

(1) Earnings Before Finance Costs and Income Taxes (EBIT); Basic Earnings per Share (EPS); Earnings Before Finance Costs, Income Taxes, Depreciation and Amortization (EBITDA); Selling, General & Administrative Expenses (SG&A); Return on Invested Capital (ROIC); favourable (fav); unfavourable (unfav); not meaningful (n/m); generally accepted accounting principles (GAAP); Chilean peso (CLP); Argentine peso (ARS); gross domestic product (GDP).

(2) See “Description of Specified Financial Measures and Reconciliations” on page 8 of this Earnings Release.

(3) These are non-GAAP financial measures. See “Description of Specified Financial Measures and Reconciliations” on page 8 of this Earnings Release.

(4) Certain financial measures were impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described starting on page 9 of this Earnings Release. The financial measures that have been adjusted to take these items into account are referred to as “Adjusted” measures.

Forward-Looking Information Disclaimer

This news release contains information that is forward-looking. Information is forward-looking when we use what we know and expect today to give information about the future. All forward-looking information in this news release is subject to this disclaimer including the assumptions and material risk factors referred to below. Forward-looking information in this news release includes, but is not limited to, the following: our continued efforts to implement our strategy to maximize product support, continuously improve our cost and capital position to drive full-cycle resilience and growing prudently in used, rental and power, all with the objective of achieving a sustainably higher ROIC going forward; all information in the section entitled “Market Update and Business Outlook”, including for our South America operations: our outlook based on growing global demand for copper, strong copper prices, capital deployment into large-scale brownfield expansions and customer confidence to invest in brownfield and greenfield projects; our expectation of a broad-based level of quoting, tender and award activity for mining equipment, product support and technology solutions; our expectation of a more challenging environment in attracting and retaining qualified labour; our expectation that infrastructure construction in Chile will remain steady (based on assumptions of continued demand from large contractors supporting mining operations); in the power systems sector, our expectation regarding growing demand for electric power solutions from strong activity in the industrial and data centre markets; in Argentina, our expected continued low-risk approach in Argentina; our expectation that steps are being taken by the new government to 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; our expectation that devaluing the currency, containing public spending, reducing subsidies, and lowering spending on public works will continue to drive challenging market and operating conditions; continued monitoring of new rules and policies; our expectation that there will be near-term pockets of strong activity in the oil & gas sector, and our expectation that new government programs are helping drive large-scale investment by global miners; for our Canada operations: our outlook for Western Canada being mixed; our expectation of continued spending discipline from our large customers (based on assumptions of achieving operating cost targets and in some cases, funding and integrating acquisitions); our expectation that certain oil sands customers will deploy capital to renew, maintain and rebuild aging fleets (based on assumptions of optimized mine plans, scopes of contractor work and maintenance spending); our expectation for more consistent demand for product support, including component remanufacturing and rebuilds; our expectation regarding ongoing commitments from federal and provincial governments, as well as private sector projects, for infrastructure development to support activity in the construction sector; our expectation that these infrastructure development activities will take time to advance; our expectations of growing demand for reliable, efficient and sustainable electric power solutions across communities in Western Canada creating opportunities for our power systems business; our expectations of headwinds in the used and rental markets to continue (based on assumptions of pricing and utilization starting to normalize and that the normalization period will last for the next several quarters); our expectation of a high proportion of mining deliveries in Q4 2024; our focus on managing our cost and working capital levels and continuing to see additional opportunities to unlock invested capital in the near term; for our UK & Ireland operations: our expectation for demand in the construction sector to remain soft; our expectation of a growing contribution from used equipment and power systems as we continue to execute on our strategy; in power systems, our expectation of continued strong quoting activity (based on assumptions of healthy demand for primary and backup power generation, particularly in the data centre market); our expectation of our product support business to remain resilient; and overall: our plan to further reduce our SG&A to ensure resilience and continued demonstration of our improved earnings capacity; our expectation for a reduced number of senior management and reduced proportion of non-revenue generating employees; our expectation that the headcount reductions related to the severance costs incurred in Q3 2024 will result in lower annual SG&A in 2025 by approximately $25 million and serve to offset lower near-term margins and reposition the business for future operating leverage; our expectation that the optimization of our UK pension will be completed in Q4 and will improve our UK & Ireland ROIC by approximately 260 basis points, our consolidated ROIC by approximately 30 basis points, as well as reduce our ongoing SG&A in the UK; our continued optimism for strong product support growth in South America; our continued focus on maximizing product support growth as a key strategic value driver going forward; our commitment to improving our invested capital, cost base and inventory velocity targets as well as making progress to achieve our consolidated adjusted ROIC within our range of 18% to 25% in all market conditions; our expectation that the results this quarter in Canada are largely transitory in nature and will start to improve as we move through the balance of the year and into 2025; our expectation that we are well positioned to continue to execute on our strategy to maximize product support, continuously improve our cost and capital position to drive full cycle resilience and grow prudently in used, rental and power, all with the objective of achieving a sustainably higher adjusted ROIC going forward; and the Canadian income tax treatment of the quarterly dividend. All such forward-looking information is provided pursuant to the ‘safe harbour’ provisions of applicable Canadian securities laws.

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

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

Factors that could cause actual results or events to differ materially from those expressed in or implied by this forward-looking information include: the specific factors stated above; the impact and duration of, and our ability to respond to and manage, high inflation, 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; perspectives of investments in the oil and gas and mining projects in Argentina; capital deployment into large-scale brownfield expansions; support and commitment by Canadian federal and provincial governments in infrastructure development; 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, and the timely supply of parts and equipment; our ability to continue to 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 from businesses that we acquire; our ability to deliver our equipment backlog; our ability to negotiate satisfactory purchase or investment terms and prices, obtain necessary regulatory or other approvals, and secure financing on attractive terms or at all; our ability to manage our growth strategy effectively; our ability to effectively price and manage long-term product support contracts with our customers; our ability to drive continuous cost efficiency; our ability to attract sufficient skilled labour resources as market conditions, business strategy or technologies change; our ability to negotiate and renew collective bargaining agreements with satisfactory terms for our employees and us; the intensity of competitive activity; our ability to maintain a safe and healthy work environment across all regions; our ability to raise the capital needed to implement our business plan; 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 and/or energy transition; stock market volatility; changes in political and economic environments in the regions where we carry on business; our ability to respond to climate change-related risks; the availability of carbon neutral technology or renewable power; the cost of climate change initiatives; the occurrence of one or more natural disasters, pandemic outbreaks, geo-political events, acts of terrorism, social unrest or similar disruptions; the availability of insurance at commercially reasonable rates and whether the amount of insurance coverage will be adequate to cover all liability or loss that we incur; the potential of warranty claims being greater than we anticipate; and the integrity, reliability and availability of, and benefits from, information technology and the data processed by that technology; and our ability to protect our business from cybersecurity threats or incidents. Forward-looking information is provided in this news release to give information about our current expectations and plans and allow investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking information for any other purpose.

Forward-looking information provided in this news release is based on a number of assumptions that we believed were reasonable on the day the information was given, including but not limited to: the specific assumptions and expectations stated above; that we will be able to successfully manage our business through volatile commodity prices, high inflation, changing interest rates, and supply chain challenges, and successfully execute our strategies to win customers, achieve full cycle resilience and continue business momentum; that we will be able to continue to source and hire technicians, build capabilities and capacity and successfully and sustainably improve workshop efficiencies; that commodity prices will remain at constructive levels; that our customers will not curtail their activities; that general economic and market conditions will continue to be supportive; that the level of customer confidence and spending, and the demand for, and prices of, our products and services will be maintained; that support and demand for renewable energy will continue to grow; that present supply chain and inflationary challenges will not materially impact large project deliveries in our equipment backlog; our ability to successfully execute our plans and intentions, including our strategic priorities; our ability to attract and retain skilled staff; market competition will remain at similar levels; the products and technology offered by our competitors will be as expected; identified opportunities for growth will result in revenue; that we have sufficient liquidity to meet operational needs; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; our current good relationships with our customers and 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; sustainment of oil prices; timing of completion of major pipelines and the expected activity in the energy sector; that demand for reliable and sustainable electric power solutions in Western Canada will continue to create opportunities for our power systems business; that maximizing product support will positively affect our strategic priorities going forward; quoting activity for requests for proposals for equipment and product support is reflective of opportunities; and market recoveries in the regions that we operate. Some of the assumptions, risks, and other factors, which could cause results to differ materially from those expressed in the forward-looking information contained in this news release, are discussed in our current AIF and in our annual and most recent quarterly MD&A for the financial risks. We caution readers that the risks described in the annual and most recent quarterly MD&A and in the AIF are not the only ones that could impact us. Additional risks and uncertainties not currently known to us or that are currently deemed to be immaterial may also have a material adverse effect on our business, financial condition, or results of operation.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 12, 2024

This ***MD&A*** should be read in conjunction with our ***Interim Financial Statements*** and the accompanying notes thereto for the three and nine months ended September 30, 2024, which have been prepared in accordance with ***IAS*** 34, *Interim Financial Reporting,* and our ***Annual Financial Statements*** and the accompanying notes thereto for the year ended December 31, 2023. In this MD&A, unless context otherwise requires, the terms we, us, our, and ***Finning*** refer to Finning International Inc. and/or its subsidiaries. All dollar amounts presented in this MD&A are expressed in ***CAD***, unless otherwise stated. Additional information relating to Finning, including our ***AIF*** and annual MD&A, can be found under our profile on the ***SEDAR+*** website at www.sedarplus.ca and in the investors section of our website at www.finning.com.

Following a detailed review of our remanufacturing business in Canada, we determined that the correct classification of certain costs in ***SG&A*** should be cost of sales. Effective Q3 2024, the comparative figures for 2023 and Q1 2024 and Q2 2024 include an immaterial adjustment for a change in classification of certain expenses. For more information on the impact to financial statements, please refer to note 11 of our Interim Financial Statements.

A glossary of defined terms is included on page 36. The first time a defined term is used in this MD&A, it is shown in bold italics.

Overview

($ millions, except per share amounts)	3 months ended September 30 2024	2023 (Restated)	% change fav (unfav)	9 months ended September 30 2024	2023 (Restated)	% change fav (unfav)
Revenue	**2,829**	2,704	5%	**8,333**	7,863	6%
Net revenue [1]	**2,539**	2,437	4%	**7,517**	7,140	5%
Gross profit	**615**	640	(4)%	**1,847**	1,882	(2)%
SG&A	**(426)**	(392)	(9)%	**(1,233)**	(1,180)	(4)%
Equity earnings of joint ventures	**—**	4		**5**	8	
Other income	**—**	—		**—**	41	
Other expenses	**(19)**	—		**(19)**	(18)	
EBIT	**170**	252	(33)%	**600**	733	(18)%
Net income attributable to shareholders of Finning	**103**	156	(33)%	**368**	438	(16)%
EPS	**0.75**	1.07	(30)%	**2.60**	2.95	(12)%
Free cash flow [2]	**346**	—	*n/m*	**466**	(214)	n/m
Adjusted EBIT [2][3]	**203**	252	(19)%	**633**	710	(11)%
Adjusted EPS [1][3]	**0.93**	1.07	(13)%	**2.78**	2.95	(6)%
Gross profit as a percentage of net revenue [1]	***24.2%***	*26.3%*		***24.6%***	*26.4%*	
SG&A as a percentage of net revenue [1]	***(16.8)%***	*(16.1)%*		***(16.4)%***	*(16.5)%*	
EBIT as a percentage of net revenue [1]	***6.7%***	*10.3%*		***8.0%***	*10.3%*	
Adjusted EBIT as a percentage of net revenue [1][3]	***8.0%***	*10.3%*		***8.4%***	*9.9%*	
*Adjusted **ROIC*** [1][3]	***17.6%***	*20.2%*		***17.6%***	*20.2%*	

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

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

(3) Reported financial measures may be impacted by significant items described on pages 5, 9, and 25 - 27 of this MD&A. Financial measures that have been adjusted to take these items into account are referred to as "Adjusted" measures. See "Description of Specified Financial Measures and Reconciliations" in this MD&A.

Highlights

- Q3 2024 revenue was $2.8 billion. Net revenue in Q3 2024 of $2.5 billion was up 4% from Q3 2023, driven primarily by higher new equipment revenue in South America and Canada. Product support revenue in Q3 2024 was up 2% from Q3 2023, mainly due to product support revenue in South America partially offset by Canada.
- Gross profit and gross profit as a percentage of net revenue in Q3 2024 were lower than Q3 2023 mainly due to a lower gross profit as a percentage of net revenue in Canada. Q3 2024 SG&A and SG&A as a percentage of net revenue were higher than Q3 2023. Q3 2024 SG&A included an estimated loss for receivables from a customer in Canada that was placed into receivership. Excluding this item, the increase in SG&A was in line with net revenue growth.
- Q3 2024 EBIT was $170 million and EBIT as a percentage of net revenue was 6.7%. Excluding significant items described on page 5, Q3 2024 Adjusted EBIT and Adjusted EBIT as a percentage of net revenue were $203 million and 8.0%, respectively. Q3 2023 EBIT and EBIT as a percentage of net revenue were $252 million and 10.3%, respectively. Adjusted EBIT as a percentage of net revenue was 10.9% in South America, 7.5% in Canada, and 6.3% in the ***UK*** & Ireland.
- Excluding significant items described on page 5, Q3 2024 Adjusted EPS of $0.93 was down 13% from Q3 2023 EPS reflecting lower earnings from Canada.
- Q3 2024 free cash flow of $346 million, up from Q3 2023, was driven by invested capital velocity improvement. September 30, 2024 net debt to Adjusted ***EBITDA*** [1][2] remains unchanged from 1.7 times at December 31, 2023.
- September 30, 2024 Adjusted ROIC of 17.6% decreased 240 basis points from Adjusted ROIC at December 31, 2023, down in all regions. Invested capital turnover [1] was 2.02 times, comparable to December 31, 2023.
- Consolidated equipment backlog [1] of $2.3 billion at September 30, 2024 increased from $2.0 billion at December 31, 2023, mainly due to higher order intake in South America and the UK & Ireland outpacing deliveries in the first nine months of 2024.

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

(2) Reported financial measures may be impacted by significant items described on pages 5, 9, and 25 - 27 of this MD&A. Financial measures that have been adjusted to take these items into account are referred to as “Adjusted” measures. See “Description of Specified Financial Measures and Reconciliations” in this MD&A.

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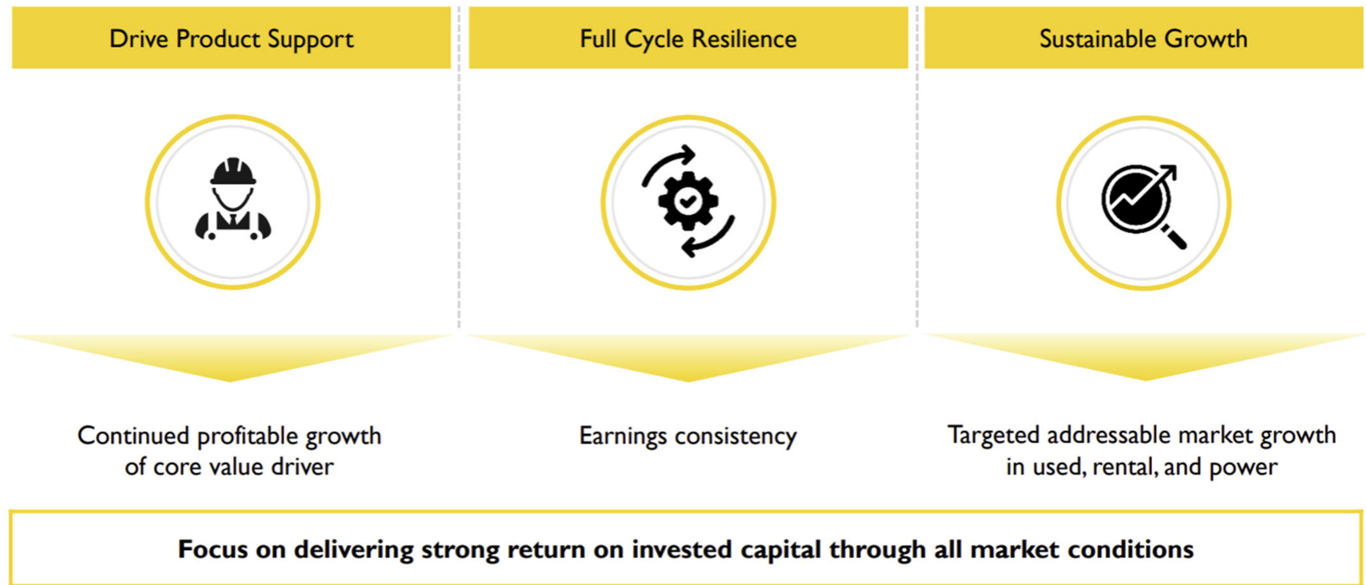
Strategic Priorities

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 a safe and secure place to work, and empowering our people to build long-term customer loyalty. Our strategy is focused on generating long-term 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 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.

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.

Sustainability

Sustainability is integral to our everyday operations, strategies, and long-term plans. We work to continuously improve our sustainability performance and help our customers enhance theirs. We continue to work towards achieving our ***GHG*** emissions reduction target to reduce our absolute GHG emissions by 40% by 2027 (from a 2017 baseline). Additionally, we continue to provide customers with equipment and solutions to improve safety and enhance performance by combining leading technology with data-driven insights, all while helping them to reduce their environmental footprint. This includes low carbon equipment and power solutions, low carbon alternative fuels, extension of equipment life through remanufacturing, and our CUBIQ™ Sustainability Dashboard, which enables the monitoring, benchmarking and tracking of fuel consumption and emissions. For more information, please review our Sustainability Report, which can be found in the sustainability section of www.finning.com.

Third Quarter Adjusted Measures

Reported financial measures may be impacted by significant items we do not consider indicative of operational and financial trends either by nature or amount. We exclude these significant items when evaluating the operational performance and related trends of our business. Financial measures that have been adjusted to take into account these significant items are referred to as "Adjusted" measures. Adjusted measures are considered non-GAAP financial measures, do not have a standardized meaning under ***IFRS***, and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding these financial measures, including definitions and reconciliations from each of these Adjusted measures to their most directly comparable measure under GAAP, where available, see "Description of Specified Financial Measures and Reconciliations" on pages 24 - 31 of this MD&A.

Q3 2024 significant items:

- Severance costs related to headcount reductions and consolidation efforts focused on non-revenue generating positions, including selected technology and supply chain roles as well as some financial support functions, as we simplify our business activities in each of our operations.
- Our Canadian operations recorded an estimated loss for receivables from Victoria Gold, a mining customer that was placed into receivership following a landslide at its mine.

The significant items are noted below together with a reconciliation of the Adjusted measures to their most directly comparable ***GAAP financial measures***:

3 months ended September 30, 2024 ($ millions, except per share amounts)	**Canada**	**South America**	**UK & Ireland**	**Other**	**EBIT** *Consol*	**EPS Consol**
EBIT and EPS	**71**	**101**	**16**	**(18)**	**170**	**0.75**
Significant items:						
Severance costs	**9**	**3**	**4**	**3**	**19**	**0.10**
Estimated loss for a customer receivable	**14**	**—**	**—**	**—**	**14**	**0.08**
Adjusted EBIT and Adjusted EPS	**94**	**104**	**20**	**(15)**	**203**	**0.93**

There were no significant items identified by management that affected our results for the three months ended September 30, 2023.

Quarterly Key Performance Measures

We utilize the following ***KPI***s to enable consistent measurement of performance across the organization. KPIs may be impacted by significant items described on pages 5, 9, and 25 - 27 of this MD&A. KPIs that have been adjusted to take these items into account are referred to as "Adjusted" measures.

	2024 (Restated) (1)			2023 (Restated) (1)(2)				2022	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
EBIT ($ millions)	**170**	228	202	177	252	242	239	214	224
Adjusted EBIT ($ millions)	**203**	228	202	232	252	242	216	214	224
EBIT as a % of net revenue									
Consolidated	**6.7%**	8.6%	8.7%	7.4%	10.3%	9.4%	11.2%	9.0%	10.7%
Canada	**5.6%**	9.2%	8.9%	9.3%	10.8%	9.9%	11.0%	11.0%	11.7%
South America	**10.6%**	10.4%	11.0%	6.7%	12.3%	12.1%	10.5%	11.4%	12.3%
UK & Ireland	**4.9%**	4.6%	4.5%	1.8%	5.9%	5.5%	5.1%	4.4%	6.2%
Adjusted EBIT as a % of net revenue									
Consolidated	**8.0%**	8.6%	8.7%	9.6%	10.3%	9.4%	10.1%	9.0%	10.7%
Canada	**7.5%**	9.2%	8.9%	9.7%	10.8%	9.9%	11.3%	11.0%	11.7%
South America	**10.9%**	10.4%	11.0%	12.6%	12.3%	12.1%	11.5%	11.4%	12.3%
UK & Ireland	**6.3%**	4.6%	4.5%	2.7%	5.9%	5.5%	5.7%	4.4%	6.2%
EPS	**0.75**	1.02	0.84	0.59	1.07	1.00	0.89	0.89	0.97
Adjusted EPS	**0.93**	1.02	0.84	0.96	1.07	1.00	0.89	0.89	0.97
Invested capital (3) ($ millions)	**4,774**	4,969	5,128	4,765	4,897	4,630	4,545	4,170	4,358
ROIC (3) (%)									
Consolidated	**15.8%**	17.4%	18.0%	19.3%	20.7%	20.8%	20.2%	18.7%	18.3%
Canada	**14.6%**	16.8%	17.4%	18.6%	19.8%	20.1%	19.4%	18.7%	18.2%
South America	**23.1%**	23.3%	24.2%	23.8%	27.1%	25.9%	24.0%	24.5%	22.7%
UK & Ireland	**10.0%**	10.4%	10.9%	11.3%	13.7%	15.5%	17.0%	17.0%	16.6%
Adjusted ROIC									
Consolidated	**17.6%**	18.5%	19.1%	20.0%	20.2%	20.2%	19.7%	18.7%	18.3%
Canada	**15.5%**	16.9%	17.6%	19.0%	19.9%	20.2%	19.6%	18.7%	18.2%
South America	**26.5%**	26.5%	27.4%	27.6%	27.6%	26.4%	24.6%	24.5%	22.7%
UK & Ireland	**11.5%**	11.0%	11.5%	12.3%	14.1%	15.9%	17.4%	17.0%	16.6%
Invested capital turnover (times)	**2.02**	1.99	2.00	2.03	2.08	2.07	2.01	2.01	1.96
Inventory ($ millions)	**2,881**	2,974	3,073	2,844	2,919	2,764	2,710	2,461	2,526
Inventory turns (dealership) (3) (times)	**2.67**	2.46	2.36	2.47	2.61	2.52	2.52	2.61	2.52
Working capital to net revenue (3)	**28.9%**	29.5%	29.0%	28.4%	27.3%	27.3%	27.8%	27.4%	27.1%
Free cash flow ($ millions)	**346**	330	(210)	280	—	31	(245)	332	(57)
Net debt to Adjusted EBITDA ratio (times)	**1.7**	1.8	1.9	1.7	1.8	1.8	1.7	1.6	1.8

(1) Following a detailed review of our remanufacturing business in Canada, we determined that the correct classification of certain costs in SG&A should be cost of sales. Effective Q3 2024, the comparative figures for 2023 and Q1 2024 and Q2 2024 include an immaterial adjustment for a change in classification of certain expenses. For more information on the impact to financial statements, please refer to note 11 of our Interim Financial Statements.

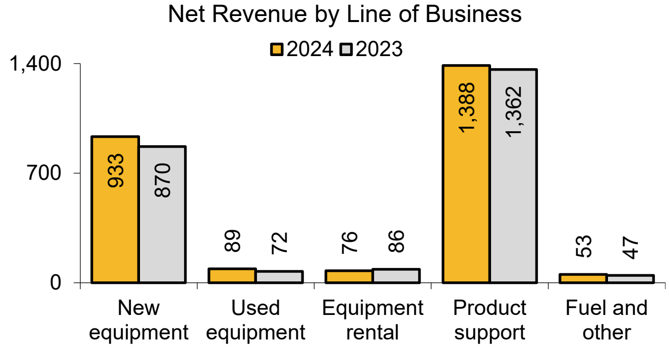
(2) Comparative results for 2023 have been restated for our adoption of the amendments to IAS 1, *Presentation of Financial Statements* effective for the financial year beginning January 1, 2024.

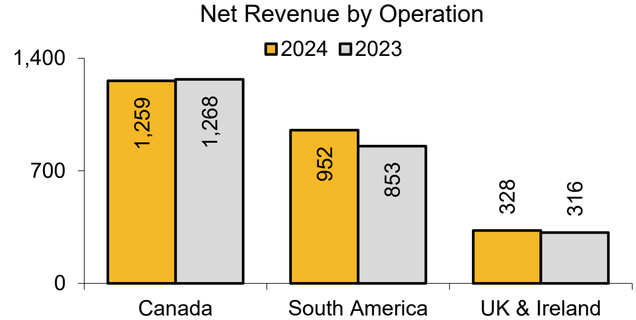
(3) See "Description of Specified Financial Measures and Reconciliations" in this MD&A.

Third Quarter Results

Revenue

Net Revenue by Line of Business and by Operation
3 months ended September 30
($ millions)





Q3 2024 revenue was $2.8 billion. Net revenue of $2.5 billion in Q3 2024 was up 4% from Q3 2023, primarily driven by higher new equipment revenue in South America and Canada and product support revenue in South America.

Q3 2024 new equipment revenue was 7% higher than the same prior year period, led by demand in the mining sectors in Canada and South America. Equipment backlog of $2.3 billion at September 30, 2024 was up from $2.2 billion at June 30, 2024 mainly due to strong order intake in the power systems sector in UK & Ireland.

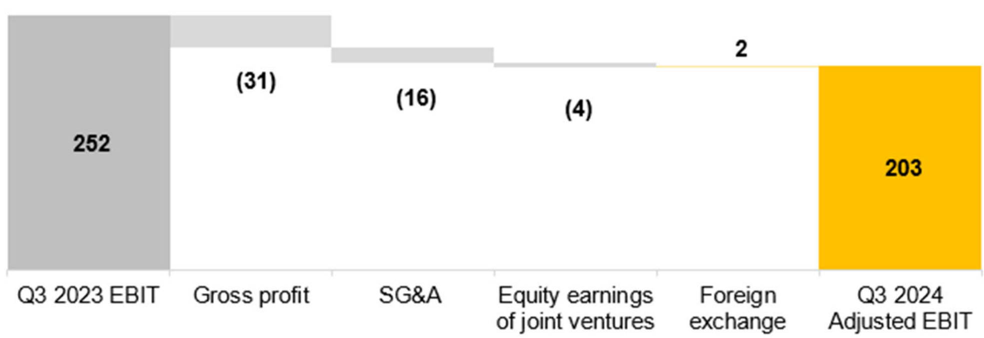
Product support revenue in Q3 2024 was up 2% from the prior year period, mainly driven by all sectors in South America, partially offset by lower product support revenue in mining and construction sectors in Canada.

Q3 2024 used equipment revenue was 24% higher than Q3 2023, up in all regions, primarily in the construction sectors in South America and UK & Ireland.

In addition, the weaker CAD relative to the ***GBP*** and ***USD*** on average in Q3 2024 compared to Q3 2023 had a favourable foreign currency translation impact of approximately $30 million on net revenue in our UK & Ireland and South American operations.

EBIT

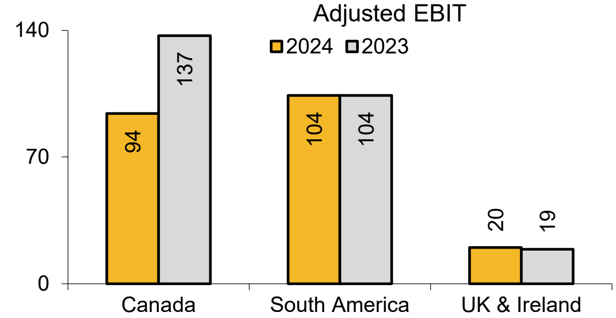
Q3 2024 gross profit of $615 million was down from the same period in the prior year. Overall gross profit as a percentage of net revenue of 24.2% in Q3 2024 was 210 basis points lower than Q3 2023, mainly due to a lower gross profit as a percentage of net revenue in Canada, as well as a higher proportion of new equipment in the revenue mix.



SG&A in Q3 2024 of $426 million was up 9% from the same period in the prior year. Q3 2024 included $14 million for an estimated loss for receivables from Victoria Gold. Also, Q3 2024 SG&A included costs related to acquiring USD through the official exchange market in Argentina. SG&A as a percentage of net revenue in Q3 2024 was 16.8%, up 70 basis points from the prior year period. Excluding the loss for receivables from a customer, Q3 2024 SG&A as a percentage of net revenue would have been comparable to Q3 2023.

Q3 2024 EBIT and EBIT as a percentage of net revenue were $170 million and 6.7%, respectively. Excluding significant items described on page 5, Q3 2024 Adjusted EBIT and Adjusted EBIT as a percentage of net revenue were $203 million and 8.0%, respectively. Q3 2023 EBIT was $252 million and EBIT as a percentage of net revenue was 10.3%. The decrease in Adjusted EBIT as a percentage of net revenue in Q3 2024 from the same prior year period was mainly due to lower profitability in Canada.

Adjusted EBIT by Operation [1]
3 months ended September 30
($ millions)



(1) Excluding Other operations

Finance Costs

Finance costs in Q3 2024 were $44 million, up from $40 million in Q3 2023, in part due to higher average debt levels partially offset by lower interest rates.

Provision for Income Taxes

The effective income tax rate in Q3 2024 was 18.9%. Excluding the significant items described on page 5, the effective income tax rate would have been 20.1% in Q3 2024, lower than 27.1% in Q3 2023, primarily due to unrecognized losses utilized in Argentina.

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

Net Income Attributable to Shareholders of Finning and EPS

Q3 2024 net income attributable to shareholders of Finning was $103 million, down from $156 million in Q3 2023. Q3 2024 EPS of $0.75 and Adjusted EPS of $0.93 were lower than Q3 2023 of $1.07, mainly in Canada.

Year-to-Date Adjusted Measures

Year-to-date 2024 significant items:

- Severance costs related to headcount reductions and consolidation efforts focused on non-revenue generating positions, including selected technology and supply chain roles as well as some financial support functions, as we simplify our business activities in each of our operations.
- Our Canadian operations recorded an estimated loss for receivables from a customer that was placed into receivership following a landslide at its mine.

Year-to-date 2023 significant items:

In Q1 2023, we executed various transactions to simplify and adjust our organizational structure. We wound up two wholly owned subsidiaries, recapitalized and repatriated $170 million of profits from our South American operations, and incurred severance costs in each region as we reduced corporate overhead costs and simplified our operating model. As a result of these activities, our year-to-date 2023 financial results were impacted by significant items that we do not consider indicative of operational and financial trends:

- Net foreign currency translation gain and income tax expense were reclassified to net income on the wind up of foreign subsidiaries;
- Withholding tax payable related to the repatriation of profits; and,
- Severance costs incurred in all of our operations.

The significant items are noted below together with a reconciliation of the Adjusted measures to their most directly comparable GAAP financial measures:

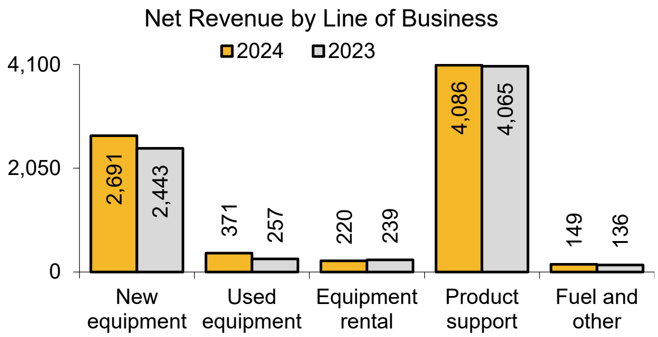
					EBIT	EPS
9 months ended September 30, 2024 ($ millions, except for per share amounts)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consol**	**Consol**
EBIT and EPS	**314**	**278**	**45**	**(37)**	**600**	**2.60**
Significant items:						
Severance costs	**9**	**3**	**4**	**3**	**19**	**0.10**
Estimated loss for a customer receivable	**14**	**—**	**—**	**—**	**14**	**0.08**
Adjusted EBIT and Adjusted EPS	**337**	**281**	**49**	**(34)**	**633**	**2.78**

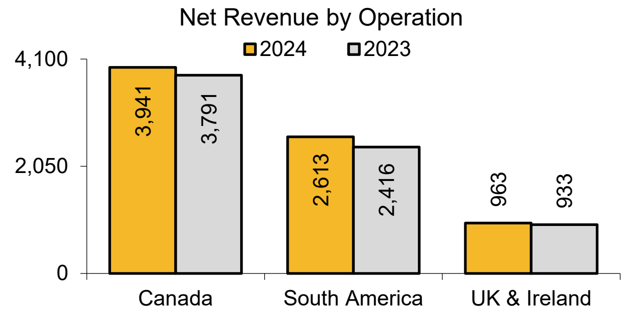
					EBIT	EPS
9 months ended September 30, 2023 ($ millions, except for per share amounts)	Canada	South America	UK & Ireland	Other	Consol	Consol
EBIT and EPS	399	282	52	—	733	2.95
Significant items:						
Gain on wind up of foreign subsidiaries	—	—	—	(41)	(41)	(0.21)
Severance costs	4	7	2	5	18	0.09
Withholding tax on repatriation of profits	—	—	—	—	—	0.12
Adjusted EBIT and Adjusted EPS	403	289	54	(36)	710	2.95

Year-to-Date Results

Revenue

Net Revenue by Line of Business and by Operation
9 months ended September 30
($ millions)





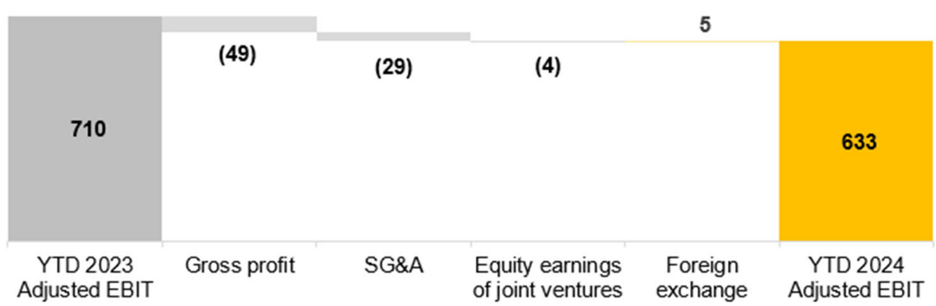
Revenue was $8.3 billion in the nine months ended September 30, 2024. Net revenue of $7.5 billion increased 5% from the same period last year, mainly driven by higher new and used equipment revenue. Product support revenue in the nine months ended September 30, 2024 was comparable to the first nine months of 2023, with higher product support revenue in South America being offset by a decline in Canada and UK & Ireland.

Consolidated equipment backlog of $2.3 billion at September 30, 2024 increased from $2.0 billion at December 31, 2023. Order intake in South America and the UK & Ireland outpaced deliveries in the first nine months of 2024, driven by mining in South America and power systems in the UK & Ireland. In Canada, deliveries outpaced order intake in all sectors.

In addition, the weaker CAD relative to the GBP and USD on average in the first nine months of 2024 compared to 2023 had a favourable foreign currency translation impact of approximately $65 million on net revenue in our UK & Ireland and South American operations.

EBIT

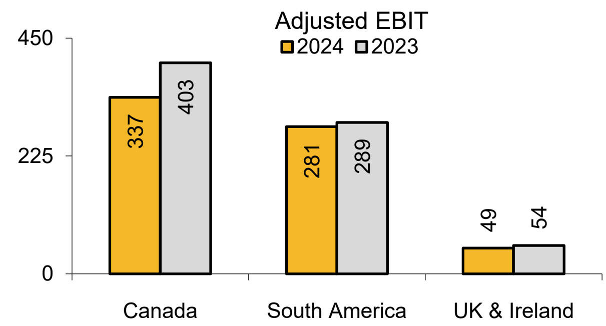
Gross profit in the first nine months of 2024 of $1.8 billion was down 2% from the comparative prior year period. Overall gross profit as a percentage of net revenue of 24.6% was down 180 basis points from the first nine months of 2023, mainly due to lower gross profit as a percentage of net revenue in Canada as well as South America, and a higher proportion of new and used equipment in the revenue mix.



SG&A in the first nine months of 2024 was $1.2 billion, 4% higher than the same prior year period on 5% net revenue growth. 2024 year-to-date SG&A included an estimated loss for receivables from Victoria Gold. Excluding this item, the increase in SG&A was mainly due to $37 million of costs to access USD in Argentina. This increase was partially offset by lower spend from focused cost control. For the first nine months of 2024, SG&A as a percentage of net revenue of 16.4% was comparable to the same prior year period.

EBIT was $600 million and EBIT as a percentage of net revenue was 8.0% in the first nine months of 2024. Excluding significant items not considered indicative of financial and operational trends as described on page 9, Adjusted EBIT for the first nine months of 2024 was $633 million and Adjusted EBIT as a percentage of net revenue was 8.4%.

Adjusted EBIT by Operation (1)
9 months ended September 30
($ millions)



(1) Excluding Other operations

Finance Costs

Finance costs for the nine months ended September 30, 2024 of $127 million were higher than the $117 million in the same period in 2023 primarily due to an increase in average net debt levels.

Provision for Income Taxes

The effective income tax rate for the first nine months of 2024 and 2023 were 22.6% and 29.2%, respectively, and included the impact of significant items not considered indicative of financial and operational trends as described on page 9. Excluding these significant items, the effective income tax rate would have been 22.7% in the first nine months of 2024 and 26.5% in the first nine months of 2023. The lower rate in the first nine months of 2024 was mainly due to unrecognized losses utilized in Argentina.

Net Income Attributable to Shareholders of Finning and EPS

In the first nine months of 2024, net income attributable to shareholders of Finning was $368 million, down from $438 million in the first nine months of 2023. EPS and Adjusted EPS for the nine months ended September 30, 2024 were $2.60 and $2.78, respectively, down from EPS earned in the comparable period in 2023, reflecting lower EBIT in all regions, primarily in Canada.

Selected Key Performance Measures – Balance Sheet

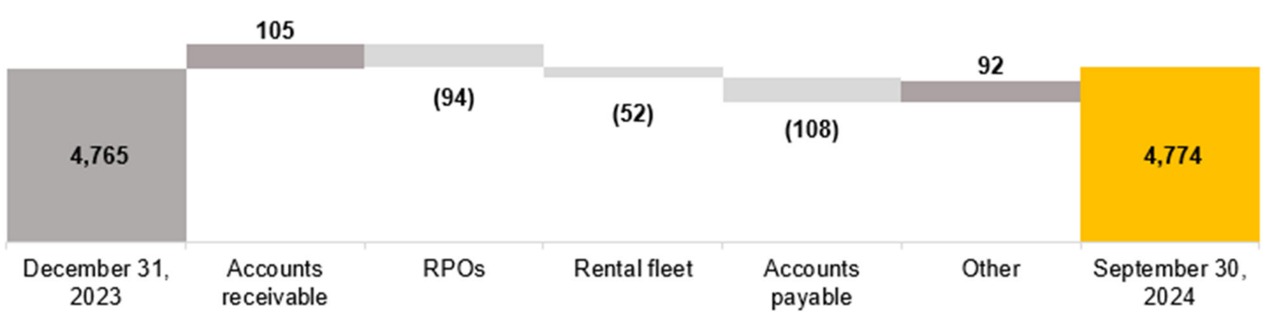
($ millions, unless otherwise stated)	**September 30, 2024**	December 31, 2023
Invested capital		
Consolidated	**4,774**	4,765
Canada	**2,795**	2,852
South America	**1,443**	1,381
UK & Ireland	**541**	510
South America (USD)	***1,069***	*1,044*
UK & Ireland (GBP)	***299***	*303*
Adjusted ROIC		
Consolidated	**17.6%**	20.0%
Canada	**15.5%**	19.0%
South America	**26.5%**	27.6%
UK & Ireland	**11.5%**	12.3%
Invested capital turnover (times)		
Consolidated	**2.02**	2.03
Canada	**1.77**	1.83
South America	**2.37**	2.27
UK & Ireland	**2.55**	2.51
Inventory turns (dealership) (times) (1)	**2.67**	2.47
Working capital to net revenue (2)	**28.9%**	28.4%

(1) Following a detailed review of our remanufacturing business in Canada, we determined that the correct classification of certain costs in SG&A should be cost of sales. Effective Q3 2024, the comparative figures for 2023 and Q1 2024 and Q2 2024 include an immaterial adjustment for a change in classification of certain expenses. For more information on the impact to financial statements, please refer to note 11 of our Interim Financial Statements.

(2) Comparative results for 2023 have been restated for our adoption of the amendments to IAS 1*, Presentation of Financial Statements* effective for the financial year beginning January 1, 2024.

Compared to December 31, 2023:

The $9 million increase in consolidated invested capital from December 31, 2023 to September 30, 2024 includes a foreign exchange impact of $66 million in translating the invested capital balances of our UK & Ireland and South American operations. The foreign exchange impact was the result of the weaker CAD relative to the GBP and USD compared to December 31, 2023.



Excluding the impact of foreign exchange, consolidated invested capital decreased by $57 million from December 31, 2023 to September 30, 2024 reflecting:

- lower rental equipment in all regions, driven by increased rental rollouts and conversions of ***RPO***s to sales, mainly in our Canadian operations; and,
- higher accounts payable in all regions related to inventory purchases, as well as deferral of supplier payments; and,
- partially offset by higher accounts receivable in all regions, driven by an increase in sales activity.

On a consolidated basis, Adjusted ROIC of 17.6% at September 30, 2024 was 240 basis points lower than Adjusted ROIC at December 31, 2023, largely driven by lower Adjusted EBIT in the last twelve months and higher average invested capital levels, mainly in Canada. Consolidated invested capital turnover of 2.02 at September 30, 2024 was down slightly from December 31, 2023, mainly due to higher invested capital levels in Canada outpacing net revenue growth.

Inventory turns (dealership) at September 30, 2024 were higher than December 31, 2023, partially due to faster equipment throughput and RPO conversions. Working capital to net revenue of 28.9% at September 30, 2024 was up slightly from December 31, 2023.

Results by Reportable Segment

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

The table below provides details of net revenue by lines of business and results by operation.

3 months ended September 30, 2024 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consol**	**Net Revenue % [(1)]**
New equipment	**422**	**333**	**178**	**—**	**933**	**37%**
Used equipment	**47**	**21**	**21**	**—**	**89**	**3%**
Equipment rental	**47**	**18**	**11**	**—**	**76**	**3%**
Product support	**690**	**580**	**118**	**—**	**1,388**	**55%**
Fuel and other	**53**	**—**	**—**	**—**	**53**	**2%**
Net revenue	**1,259**	**952**	**328**	**—**	**2,539**	**100%**
Operating costs	**(1,123)**	**(818)**	**(296)**	**(13)**	**(2,250)**	
Depreciation and amortization	**(56)**	**(30)**	**(12)**	**(2)**	**(100)**	
Other expenses	**(9)**	**(3)**	**(4)**	**(3)**	**(19)**	
EBIT	**71**	**101**	**16**	**(18)**	**170**	
Net revenue percentage by operation	**50%**	**37%**	**13%**	**—**	**100%**	
Adjusted EBIT	**94**	**104**	**20**	**(15)**	**203**	
EBIT as a % of net revenue	***5.6%***	***10.6%***	***4.9%***		***6.7%***	
Adjusted EBIT as a % of net revenue	***7.5%***	***10.9%***	***6.3%***		***8.0%***	

3 months ended September 30, 2023 ($ millions)	Canada	South America	UK & Ireland	Other	Consol	Net Revenue %
New equipment	407	288	175	—	870	36%
Used equipment	45	13	14	—	72	3%
Equipment rental	55	19	12	—	86	3%
Product support	714	533	115	—	1,362	56%
Fuel and other	47	—	—	—	47	2%
Net revenue	1,268	853	316	—	2,437	100%
Operating costs	(1,084)	(717)	(287)	(7)	(2,095)	
Depreciation and amortization	(51)	(32)	(10)	(1)	(94)	
Equity earnings of joint ventures	4	—	—	—	4	
EBIT	137	104	19	(8)	252	
Net revenue percentage by operation	52%	35%	13%	—	100%	
EBIT as a % of net revenue	*10.8%*	*12.3%*	*5.9%*		*10.3%*	

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

9 months ended September 30, 2024 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consol**	**Net Revenue %**
New equipment	**1,303**	**870**	**518**	**—**	**2,691**	**36%**
Used equipment	**244**	**49**	**78**	**—**	**371**	**5%**
Equipment rental	**136**	**53**	**31**	**—**	**220**	**3%**
Product support	**2,110**	**1,640**	**336**	**—**	**4,086**	**54%**
Fuel and other	**148**	**1**	**—**	**—**	**149**	**2%**
Net revenue	**3,941**	**2,613**	**963**	**—**	**7,517**	**100%**
Operating costs	**(3,456)**	**(2,239)**	**(882)**	**(29)**	**(6,606)**	
Depreciation and amortization	**(167)**	**(93)**	**(32)**	**(5)**	**(297)**	
Equity earnings of joint ventures	**5**	**—**	**—**	**—**	**5**	
Other expenses	**(9)**	**(3)**	**(4)**	**(3)**	**(19)**	
EBIT	**314**	**278**	**45**	**(37)**	**600**	
Net revenue percentage by operation	**52%**	**35%**	**13%**	**—**	**100%**	
Adjusted EBIT	**337**	**281**	**49**	**(34)**	**633**	
EBIT as a % of net revenue	***8.0%***	***10.6%***	***4.7%***		***8.0%***	
Adjusted EBIT as a % of net revenue	***8.6%***	***10.7%***	***5.1%***		***8.4%***	

9 months ended September 30, 2023 ($ millions)	Canada	South America	UK & Ireland	Other	Consol	Net Revenue %
New equipment	1,146	782	515	—	2,443	34%
Used equipment	177	33	47	—	257	4%
Equipment rental	148	57	34	—	239	3%
Product support	2,184	1,544	337	—	4,065	57%
Fuel and other	136	—	—	—	136	2%
Net revenue	3,791	2,416	933	—	7,140	100%
Operating costs	(3,245)	(2,034)	(847)	(32)	(6,158)	
Depreciation and amortization	(151)	(93)	(32)	(4)	(280)	
Equity earnings of joint ventures	8	—	—	—	8	
Other income	—	—	—	41	41	
Other expenses	(4)	(7)	(2)	(5)	(18)	
EBIT	399	282	52	—	733	
Net revenue percentage by operation	53%	34%	13%	—	100%	
Adjusted EBIT	403	289	54	(36)	710	
EBIT as a % of net revenue	*10.5%*	*11.7%*	*5.5%*		*10.3%*	
Adjusted EBIT as a % of net revenue	*10.6%*	*12.0%*	*5.7%*		*9.9%*	

South America Operations

The weaker CAD relative to the USD on average in Q3 2024 compared to Q3 2023 had a favourable foreign currency translation impact on Q3 2024 net revenue of approximately $15 million and did not have a significant impact at the EBIT level.

All $ figures in this section are in CAD as this is our reporting currency. All variances and ratios in this section are based on the functional currency of our South American operations, which is the USD. These variances and ratios exclude the foreign currency translation impact from the CAD relative to the USD and are therefore considered to be specified financial measures. We believe the variances and ratios in functional currency provide meaningful information about the operational performance of the reporting segment.

Third Quarter Overview

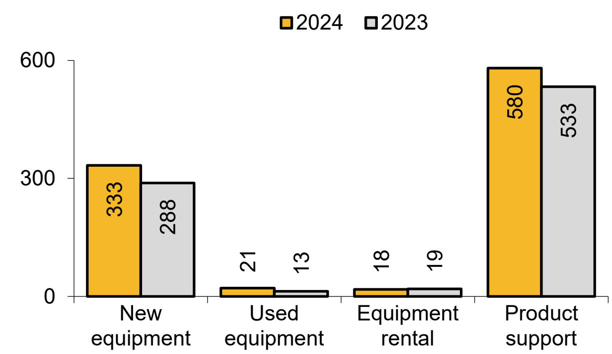
Q3 2024 net revenue was 10% higher than Q3 2023, led by new equipment and product support.

Q3 2024 new equipment revenue was 14% higher than Q3 2023, driven by strong demand from mining customers and mining contractors.

Product support revenue in Q3 2024 was up 7% from Q3 2023, up in all market sectors, primarily due to strong demand from mining contractors in Chile and mining and power systems customers in Argentina. Service revenue was up in all market segments, despite a weaker ***CLP***, and reflects strong technician headcount growth. Excluding the impact of a weaker CLP on service revenue, product support revenue would have been 8% higher compared to Q3 2023.

Used equipment was up 68% on strong demand from construction customers and the execution of our strategy.

Net Revenue by Line of Business
South America Operations
3 months ended September 30
($ millions)



Gross profit in Q3 2024 was up from the same period in the prior year. Gross profit as a percentage of net revenue in Q3 2024 was down from Q3 2023 reflecting a mix shift to new and used equipment as well as a higher mix of mining equipment sales, and lower equipment and rental margins, partially offset by higher product support margins.

Q3 2024 SG&A and SG&A as a percentage of net revenue were up from Q3 2023, primarily due to $11 million of costs owing as a result of re-entering the official exchange market in Argentina.

Q3 2024 EBIT was $101 million and EBIT as a percentage of net revenue was 10.6%. Excluding the severance costs as described on page 5, Adjusted EBIT for Q3 2024 of $104 million was down slightly from the same prior year period. Adjusted EBIT as a percentage of net revenue of 10.9% was down from Q3 2023.

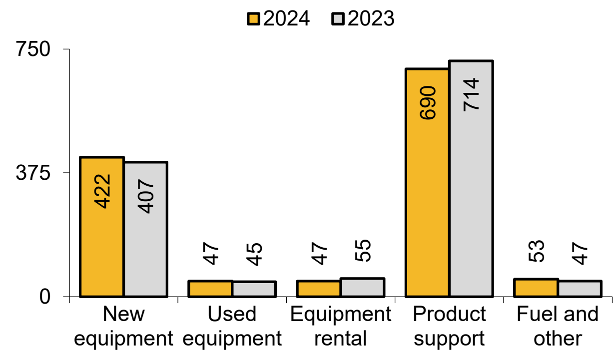
Discussion of our South American operation's year-to-date results is included in the Year-to-Date Results section of this MD&A on pages 10 - 11. The weaker CAD relative to the USD on average in the nine months ended September 30, 2024 compared to 2023 had a favourable foreign currency translation impact on year-to-date 2024 net revenue of approximately $30 million and was not significant at the EBIT level.

Canada Operations

Third Quarter Overview

Q3 2024 net revenue decreased 1% from Q3 2023, mainly due to lower product support revenues and lower rental utilization, partially offset by increased new equipment deliveries.

Net Revenue by Line of Business
Canada Operations
3 months ended September 30
($ millions)



Product support revenue in Q3 2024 was down 3% from Q3 2023, mainly due to lower activity in the mining and construction sectors.

New equipment sales were up 4% in Q3 2024 from Q3 2023 and included significant RPO conversions in the mining sector.

Q3 2024 gross profit and gross profit as a percentage of net revenue were lower than Q3 2023 mainly due to lower gross profit as a percentage of net revenue in all lines of business. New equipment sales had a higher proportion of mining equipment. Used equipment pricing was lower as we managed our inventory levels considering higher inventories in the used market. To manage our equipment inventory health, we took action to improve invested capital by selling $150 million of inventory at low margins. The rental equipment market remained challenged as fleet utilization was below what would be expected in a normalized environment. A lower product support mix and smaller sized equipment rebuild activity also impacted gross profit as a percentage of net revenue.

In June 2024, Victoria Gold experienced a heap leach pad landslide failure at their Eagle Gold mine site in the Yukon Territory. In Q3 2024, this customer was placed in receivership on application by the Yukon government. We recorded an estimated loss for receivables of $14 million from this customer.

Q3 2024 SG&A was up from the prior year period. Excluding the estimated loss for receivables from Victoria Gold, Q3 2024 SG&A was down 2% and SG&A as a percentage of net revenue was comparable to Q3 2023 reflecting a focus on cost containment.

Q3 2024 EBIT was $71 million and EBIT as a percentage of net revenue was 5.6%. Excluding the significant items not considered indicative of financial and operational trends as described on page 5, Adjusted EBIT for Q3 2024 was $94 million and Adjusted EBIT as a percentage of net revenue was 7.5%, down from $137 million and 10.8%, respectively, in Q3 2023.

Other developments

On August 16, 2024, hourly employees of ***OEM*** represented by ***CLAC*** Local 56 voted in support of a new collective agreement. CLAC Local 56 represents approximately 750 hourly employees of OEM in Edmonton, Alberta. The new three-year collective agreement will expire on December 31, 2026.

Discussion of our Canadian operation's year-to-date results is included in the Year-to-Date Results section of this MD&A on pages 10 - 11.

UK & Ireland Operations

The weaker CAD relative to the GBP on average in Q3 2024 compared to Q3 2023 had a favourable foreign currency translation impact on Q3 2024 net revenue of approximately $15 million and did not have a significant impact at the EBIT level.

All $ figures in this section are in CAD as this is our reporting currency. All variances and ratios in this section are based on the functional currency of our UK & Ireland operations, which is the GBP. These variances and ratios exclude the foreign currency translation impact from the CAD relative to the GBP and are therefore considered to be specified financial measures. We believe the variances and ratios in functional currency provide meaningful information about the operational performance of the reporting segment.

Third Quarter Overview

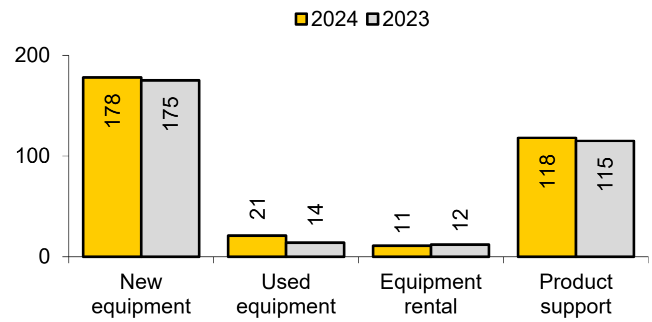
Q3 2024 net revenue was comparable to Q3 2023.

New equipment revenue in Q3 2024 was down from Q3 2023 due to slower demand from certain industrial customers partially offset by higher revenue in the construction sector.

Q3 2024 product support revenue was down slightly from Q3 2023, reflecting lower activity levels relative to a record in Q3 2023, which had strong activity in the power sector.

Used equipment revenue was up 49% from the same prior year period, reflecting the execution of our strategy, mainly from increased volumes in the construction sector.

Net Revenue by Line of Business
UK & Ireland Operations
3 months ended September 30
($ millions)



Gross profit and gross profit as a percentage of net revenue in Q3 2024 were down from Q3 2023, mainly due to lower gross profit as a percentage of net revenue in product support and new equipment.

Q3 2024 SG&A was down 10% and SG&A as a percentage of net revenue was lower than the prior year period reflecting the focus on cost control.

Q3 2024 EBIT was $16 million and EBIT as a percentage of net revenue was 4.9%. Excluding the significant item not considered indicative of financial and operational trends as described on page 5, Adjusted EBIT for Q3 2024 was $20 million and Adjusted EBIT as a percentage of net revenue was 6.3%, higher than Q3 2023 mainly due to the leverage of SG&A on comparable net revenue levels.

Discussion of our UK & Ireland operation's year-to-date results is included in the Year-to-Date Results section of this MD&A on pages 10 - 11. The weaker CAD relative to the GBP on average in the nine months ended September 30, 2024 compared to 2023 had a favourable foreign currency translation impact on year-to-date 2024 net revenue of approximately $35 million and was not significant at the EBIT level.

Other Operations

Our Other operations includes corporate operating costs.

Q3 2024 EBIT was a loss of $18 million. Excluding the significant item not considered indicative of financial and operational trends as described on page 5, Q3 2024 Adjusted EBIT was a loss of $15 million, higher than an EBIT loss of $8 million in the same prior year period, and included higher ***LTIP*** costs.

Discussion of year-to-date results is included in the Year-to-Date Results section of this MD&A on pages 10 - 11.

Market Update and Business Outlook

The discussion of our expectations relating to the market and business outlook in this section is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading “Forward-Looking Information Disclaimer” beginning on page 33 of this MD&A. Actual outcomes and results may vary significantly.

South America Operations

In Chile, our outlook is underpinned by growing global demand for copper, strong copper prices, capital deployment into large-scale brownfield expansions, and customer confidence to invest in brownfield and greenfield projects. We are seeing a broad-based level of quoting, tender, and award activity for mining equipment, product support, and technology solutions. While activity levels and outlook remain positive, we also expect a more challenging environment in attracting and retaining qualified labour.

In the Chilean construction sector, we continue to see demand from large contractors supporting mining operations, and we expect infrastructure construction activity to remain steady. In the power systems sector, activity remains strong in the industrial and data centre markets, driving growing demand for electric power solutions.

In Argentina, steps are being taken by the new government to 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, devaluing the currency, containing public spending, reducing subsidies, and lowering spending on public works are driving continued challenging market and operating conditions. We are actively monitoring the new rules and policies. While we anticipate near-term pockets of strong activity in the oil & gas sector, and the new government programs are helping drive large-scale investment by global miners, we continue to take a low-risk approach in Argentina.

Canada Operations

Our outlook for Western Canada is mixed. We expect continued spending discipline from our large customers as they work to achieve operating cost targets and in some cases fund and integrate acquisitions. 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 more consistent 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.

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

We expect headwinds in the used and rental markets to continue following a period of strong sector activity and limited equipment supply. We saw pricing and utilization in these markets begin to normalize through the quarter but expect the normalization period to last for the next several quarters. While new equipment pricing has remained relatively stable, we expect a high proportion of mining deliveries in Q4 2024.

UK & Ireland Operations

With low ***GDP*** growth projected in the UK to continue, we expect demand in the construction sector to remain soft. We expect a growing contribution from used equipment and power systems as we continue to execute on our strategy. In power systems, quoting activity remains strong, driven by healthy demand for primary and backup power generation, particularly in the data centre market. We expect our product support business in the UK & Ireland to remain resilient.

Sustaining a Higher Level of Return on Invested Capital

To support our strategy and to continue the simplification of our organization and empowerment of our regional teams, we are further reducing our SG&A to ensure resilience and continued demonstration of our improved earnings capacity. Our continued resilience journey includes a reduced number of senior management and an overall reduced proportion of non-revenue generating employee base. The headcount reductions related to the severance costs incurred in the quarter are expected to result in lower annual SG&A in 2025 by approximately $25 million and serve to offset lower near-term margins and reposition the business for future operating leverage. We are also optimizing our UK pension, which is expected to complete in Q4. This improves our UK & Ireland ROIC by approximately 260 basis points and our consolidated ROIC by approximately 30 basis points as well as reduces our ongoing SG&A in the UK.

Since last year, our product support growth rates in Canada and the UK & Ireland have remained lower than expected due to slower infrastructure spending and extended deferral of mining equipment maintenance work in Canada, and lower activity levels in the UK & Ireland given a more challenging growth environment. In South America, we remain optimistic for strong product support growth. As our product support growth rates for the last year have been below our expectations, we are withdrawing our product support growth targets to the end of 2025, as outlined at our 2023 Investor Day. We will continue to focus on maximizing product support growth as a key strategic value driver going forward. We remain committed to improving our invested capital, cost base and inventory velocity targets as well as making progress to achieve our consolidated Adjusted ROIC within our range of 18% – 25% in all market conditions.

We believe the results this quarter in Canada are largely transitory in nature and will start to improve as we move through the balance of the year and into 2025. We are well positioned to continue to execute on our strategy to maximize product support, continuously improve our cost and capital position to drive full cycle resilience and grow prudently in used, rental and power – all with the objective of achieving a sustainably higher Adjusted ROIC going forward.

Liquidity and Capital Resources

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

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

	3 months ended September 30		9 months ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Operating activities	**383**	37	**570**	(63)
Investing activities	**(37)**	(49)	**(85)**	(176)
Financing activities	**(268)**	88	**(362)**	136
Operating activities	**383**	37	**570**	(63)
Additions to property, plant, and equipment and intangible assets	**(38)**	(50)	**(109)**	(169)
Proceeds on disposal of property, plant, and equipment	**1**	13	**5**	18
Free cash flow	**346**	—	**466**	(214)

The most significant contributors to the changes in cash flows for 2024 over 2023 were as follows (all events described were in the current quarter or year-to-date period, unless otherwise stated):

	Quarter over Quarter	Year-to-date over Year-to-date
Free cash flow	• higher collections mainly in South America and Canada; • lower payments for inventory in Canada and UK & Ireland; • lower net spend on rental equipment; • partially offset by higher payments for inventory in South America	• higher collections primarily in South America and Canada; • lower net spend on rental equipment and capital; • lower payments for inventory in Canada and UK & Ireland; • partially offset by higher payments for inventory in South America
Investing activities (excluding net spend on property, plant, and equipment)	• Q3 2024 was slightly lower than Q3 2023 which included an increase in short-term investments in South America	• $27 million decrease in short-term investments in 2024 compared with a $12 million increase in short-term investments in 2023 in South America
Financing activities	• $116 million repayment of short-term borrowings in Q3 2024 compared with $209 million provided by short-term debt in Q3 2023	• $162 million repayment of short-term borrowings in the first nine months of 2024 compared with $313 million cash provided by short-term debt in the same prior year period; • $85 million higher repayment of long-term debt in the current year period; • partially offset by $79 million higher cash provided by long-term debt in the current year period

Capital Resources and Management

Our cash and cash equivalents balance at September 30, 2024 was $298 million (December 31, 2023: $152 million). In April 2024, we settled USD 50 million of 4.28% notes which were due on April 3, 2024. In February 2024, we issued $425 million of 4.778% senior unsecured notes due February 13, 2029 and in January 2024, we settled USD 100 million of 4.08% notes which were due on January 19, 2024. At September 30, 2024, to complement internally generated funds from operating and investing activities, we had approximately $3.1 billion in unsecured committed and uncommitted credit facilities. Included in this amount is a committed sustainability-linked revolving credit facility totaling $1.3 billion with various Canadian and global financial institutions, which is set to mature in June 2029, and an additional $300 million committed revolving credit facility previously set to mature in October 2024, which has now been extended to October 2025. At September 30, 2024, $608 million was available collectively under these committed revolving credit facilities. We are subject to certain covenants under our committed revolving credit facilities and were in compliance with these covenants at September 30, 2024.

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

Finning is rated [1] by both ***DBRS*** and ***S&P***:

	Long-term debt		Short-term debt	
	Sep 30, 2024	Dec 31, 2023	**Sep 30, 2024**	Dec 31, 2023
DBRS	BBB (high)	BBB (high)	R-2 (high)	R-2 (high)
S&P	BBB+	BBB+	***n/a***	n/a

In April 2024, DBRS affirmed our BBB (high) long-term rating and R-2 (high) commercial paper rating both with stable trends. In May 2024, S&P affirmed our BBB+ rating with stable outlook.

During the nine months ended September 30, 2024, we repurchased 6,127,190 common shares for cancellation for $244 million, at an average cost of $39.87 per share (including a 2% share buyback tax, effective January 1, 2024), through our ***NCIB*** [2]. During the nine months ended September 30, 2023, we repurchased 5,967,044 common shares for cancellation for $227 million, at an average cost of $38.12 per share.

In connection with our NCIB, we implemented an automatic share purchase plan with a designated broker to enable share repurchases for cancellation during selected blackout periods. At September 30, 2024, we recorded an estimated obligation of $19 million for the repurchase of shares from October 1, 2024 to November 13, 2024, under this automatic share purchase plan.

Net Debt to Adjusted EBITDA

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

	Finning long-term target	**Sep 30, 2024**	Dec 31, 2023
Net debt to Adjusted EBITDA (times)	**< 3.0**	**1.7**	1.7

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

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

Accounting Policies and Pronouncements

New Accounting Pronouncements

Effective January 1, 2024, we adopted the amendments to IAS 1, *Presentation of Financial Statements* which resulted in the restatement of the 2023 comparative results for current liabilities and non-current liabilities. No other recent amendments to accounting standards had an impact on our financial statements. For more details on amendments to IFRS that were effective January 1, 2024 as well as future accounting pronouncements and effective dates, please refer to note 1 of our Interim Financial Statements.

Risk Factors and Management

We are exposed to market, credit, liquidity, and other risks in the normal course of our business activities. Our ***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 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 annual MD&A and other key business risks are disclosed in our AIF.

Foreign Exchange Risk

Key exchange rates that impacted our results were as follows:

						3 months ended			**9 months ended**		
Exchange	**September 30**			**December 31**		**September 30 – average**			**September 30 – average**		
rate	**2024**	2023	Change	2023	Change	**2024**	2023	Change	**2024**	2023	Change
USD/CAD	**1.3499**	1.3520	0%	1.3226	(2)%	**1.3641**	1.3414	(2)%	**1.3604**	1.3456	(1)%
GBP/CAD	**1.8080**	1.6510	(10)%	1.6837	(7)%	**1.7735**	1.6978	(4)%	**1.7367**	1.6744	(4)%
USD/CLP	**896.25**	895.60	(0)%	877.12	(2)%	**930.13**	852.83	(9)%	**936.74**	820.62	(14)%
USD/***ARS***	**970.00**	349.95	(177)%	808.45	(20)%	**941.65**	309.62	(204)%	**884.90**	235.11	(276)%

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

Outstanding Share Data

November 6, 2024	
Common shares outstanding	137,696,023
Options outstanding	1,069,433

Controls and Procedures Certification

Disclosure Controls and Procedures

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

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

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

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

Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. There has been no change in the design of our internal controls over financial reporting during the three months ended September 30, 2024 that would materially affect, or is reasonably likely to materially affect, our internal control over financial reporting.

Regular involvement of our internal audit function and quarterly reporting to the Audit Committee assist in providing reasonable assurance that the objectives of the control system are met. While our officers have designed our disclosure controls and procedures and internal control over financial reporting to provide reasonable assurance that the objectives of the control systems are met, they are aware that these controls and procedures may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Description of Specified Financial Measures and Reconciliations

Specified Financial Measures

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

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

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

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

Adjusted EPS

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

A reconciliation between EPS (the most directly comparable GAAP financial measure) and Adjusted EPS can be found on page 26 of this MD&A.

Adjusted EBIT and Adjusted EBITDA

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

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

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

Significant items identified by management that affected our results were as follows:

- Severance costs related to the headcount reductions and consolidation efforts focused on non-revenue generating positions, including selected technology and supply chain roles as well as some financial support functions as we simplify our business activities in each of our operations.
- Our Canadian operations recorded an estimated loss for receivables from Victoria Gold, a mining customer that was placed into receivership following a landslide at its mine.
- On December 13, 2023, the newly-elected Argentine government devalued the ARS official exchange rate by 118% from 366.5 ARS to 800 ARS for USD 1. As a result of prolonged government currency restrictions, including no material access to USD starting in late August 2023, our ARS exposure increased and during this period economic hedges were not available. As a result of the growth in our ARS exposure and the significant devaluation of the ARS in the fourth quarter, our South American operations incurred a foreign exchange loss of $56 million which exceeds the typical foreign exchange impact in the region.
- We began to implement our invested capital improvement plan as outlined at our 2023 Investor Day, which targets selling and optimizing real estate and exiting low-ROIC activities. In Q4 2023:
  - Our South American operations sold a property in Chile and recorded a gain of $13 million on the sale; and,
  - Following an evaluation of the business needs of our operations and related intangible assets, several software and technology assets have been or will be decommissioned, and as a result, we derecognized previously capitalized costs of $12 million.
- In Q1 2023, we executed various transactions to simplify and adjust our organizational structure. We wound up two wholly owned subsidiaries, recapitalized and repatriated $170 million of profits from our South American operations, and incurred severance costs in each region as we reduced corporate overhead costs and simplified our operating model. As a result of these activities, our Q1 2023 financial results were impacted by significant items that we do not consider indicative of operational and financial trends:
  - Net foreign currency translation gain and income tax expense were reclassified to net income on the wind up of foreign subsidiaries;
  - Withholding tax payable related to the repatriation of profits; and,
  - Severance costs incurred in all of our operations.

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

3 months ended			**2024**				2023				2022	2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EBIT	**170**	228	202	177	252	242	239	214	224	190	140	157
Significant items:												
Severance costs	**19**	—	—	—	—	—	18	—	—	—	—	—
Estimated loss for a customer receivable	**14**	—	—	—	—	—	—	—	—	—	—	—
Foreign exchange and tax impact of devaluation of ARS	**—**	—	—	56	—	—	—	—	—	—	—	—
Gain on sale of property, plant, and equipment	**—**	—	—	(13)	—	—	—	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	12	—	—	—	—	—	—	—	—
Gain on wind up of foreign subsidiaries	**—**	—	—	—	—	—	(41)	—	—	—	—	—
Adjusted EBIT	**203**	228	202	232	252	242	216	214	224	190	140	157
Depreciation and amortization	**100**	98	99	99	94	94	92	87	84	81	81	84
Adjusted EBITDA [(1)]	**303**	326	301	331	346	336	308	301	308	271	221	241

[(1)] These are non-GAAP financial measures. See “Description of Specified Financial Measures and Reconciliations” in this MD&A.

The income tax impact of the significant items was as follows:

3 months ended	**2024**			2023				2022	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Significant items:									
Severance costs	**(4)**	—	—	—	—	—	(5)	—	—
Estimated loss for a customer receivable	**(4)**	—	—	—	—	—	—	—	—
Foreign exchange and tax impact of devaluation of ARS	**—**	—	—	(3)	—	—	—	—	—
Gain on sale of property, plant, and equipment	**—**	—	—	4	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	(3)	—	—	—	—	—
Gain on wind up of foreign subsidiaries	**—**	—	—	—	—	—	9	—	—
Withholding tax on repatriation of profits	**—**	—	—	—	—	—	19	—	—
(Recovery of) provision for income taxes on the significant items	**(8)**	—	—	(2)	—	—	23	—	—

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

3 months ended	**2024**			2023				2022	
($)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EPS [1]	**0.75**	1.02	0.84	0.59	1.07	1.00	0.89	0.89	0.97
Significant items:									
Severance costs	**0.10**	—	—	—	—	—	0.09	—	—
Estimated loss for a customer receivable	**0.08**	—	—	—	—	—	—	—	—
Foreign exchange and tax impact of devaluation of ARS	**—**	—	—	0.37	—	—	—	—	—
Gain on sale of property, plant, and equipment	**—**	—	—	(0.06)	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	0.06	—	—	—	—	—
Gain on wind up of foreign subsidiaries	**—**	—	—	—	—	—	(0.21)	—	—
Withholding tax on repatriation of profits	**—**	—	—	—	—	—	0.12	—	—
Adjusted EPS	**0.93**	1.02	0.84	0.96	1.07	1.00	0.89	0.89	0.97

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

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

3 months ended	**2024**			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EBIT	**71**	131	112	117	137	136	126	128	125	102	80	92
Significant items:												
Estimated loss for a customer receivable	**14**	—	—	—	—	—	—	—	—	—	—	—
Severance costs	**9**	—	—	—	—	—	4	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	5	—	—	—	—	—	—	—	—
Adjusted EBIT	**94**	131	112	122	137	136	130	128	125	102	80	92

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

3 months ended	**2024**			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EBIT	**101**	93	84	55	104	104	74	96	85	64	65	59
Significant items:												
Severance costs	**3**	—	—	—	—	—	7	—	—	—	—	—
Foreign exchange and tax impact of devaluation of ARS	**—**	—	—	56	—	—	—	—	—	—	—	—
Gain on sale of property, plant, and equipment	**—**	—	—	(13)	—	—	—	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	4	—	—	—	—	—	—	—	—
Adjusted EBIT	**104**	93	84	102	104	104	81	96	85	64	65	59

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

3 months ended	**2024**			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EBIT	**16**	15	14	6	19	18	15	16	21	23	14	12
Significant items:												
Severance costs	**4**	—	—	—	—	—	2	—	—	—	—	—
Write-off of intangible assets	**—**	—	—	3	—	—	—	—	—	—	—	—
Adjusted EBIT	**20**	15	14	9	19	18	17	16	21	23	14	12

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

3 months ended	**2024**			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EBIT	**(18)**	(11)	(8)	(1)	(8)	(16)	24	(26)	(7)	1	(19)	(6)
Significant items:												
Severance costs	**3**	—	—	—	—	—	5	—	—	—	—	—
Gain on wind up of foreign subsidiaries	**—**	—	—	—	—	—	(41)	—	—	—	—	—
Adjusted EBIT	**(15)**	(11)	(8)	(1)	(8)	(16)	(12)	(26)	(7)	1	(19)	(6)

Equipment Backlog

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

Free Cash Flow

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

3 months ended	**2024**			2023				2022	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Cash flow provided by (used in) operating activities	**383**	364	(177)	291	37	66	(166)	410	(24)
Additions to property, plant, and equipment and intangible assets	**(38)**	(34)	(37)	(51)	(50)	(40)	(79)	(78)	(33)
Proceeds on disposal of property, plant, and equipment	**1**	—	4	40	13	5	—	—	—
Free cash flow	**346**	330	(210)	280	—	31	(245)	332	(57)

Inventory Turns (Dealership)

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

3 months ended	**2024 (Restated)** [(1)]			2023 (Restated) [(1)]				2022		
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Cost of sales	**2,214**	2,285	1,987	2,042	2,064	2,142	1,775	2,025	1,807	1,761
Cost of sales related to the mobile refuelling operations	**(308)**	(292)	(269)	(278)	(283)	(237)	(253)	(302)	(293)	(300)
Cost of sales related to the dealership [(2)]	**1,906**	1,993	1,718	1,764	1,781	1,905	1,522	1,723	1,514	1,461

	2024			2023				2022		
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Inventory	**2,881**	2,974	3,073	2,844	2,919	2,764	2,710	2,461	2,526	2,228
Inventory related to the mobile refuelling operations	**(8)**	(11)	(9)	(12)	(17)	(14)	(12)	(12)	(12)	(13)
Inventory related to the dealership [(2)]	**2,873**	2,963	3,064	2,832	2,902	2,750	2,698	2,449	2,514	2,215

(1) Following a detailed review of our remanufacturing business in Canada, we determined that the correct classification of certain costs in SG&A should be cost of sales. Effective Q3 2024, the comparative figures for 2023 and Q1 2024 and Q2 2024 include an immaterial adjustment for a change in classification of certain expenses. For more information on the impact to financial statements, please refer to note 11 of our Interim Financial Statements.

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

Invested Capital

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

	2024			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Cash and cash equivalents	**(298)**	(233)	(215)	(152)	(168)	(74)	(129)	(288)	(120)	(170)	(295)	(502)
Short-term debt	**1,103**	1,234	1,322	1,239	1,372	1,142	1,266	1,068	1,087	992	804	374
Long-term debt												
Current	**—**	—	68	199	203	199	253	114	106	110	63	190
Non-current	**1,378**	1,378	1,379	949	955	949	675	815	836	807	909	921
Net debt [1]	**2,183**	2,379	2,554	2,235	2,362	2,216	2,065	1,709	1,909	1,739	1,481	983
Total equity	**2,591**	2,590	2,574	2,530	2,535	2,414	2,480	2,461	2,449	2,337	2,296	2,343
Invested capital	**4,774**	4,969	5,128	4,765	4,897	4,630	4,545	4,170	4,358	4,076	3,777	3,326

(1) These are non-GAAP financial measures. See “Description of Specified Financial Measures and Reconciliations” in this MD&A.

Invested Capital Turnover

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

Net Debt to Adjusted EBITDA Ratio

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

Net Revenue, Gross Profit as a % of Net Revenue, SG&A as a % of Net Revenue, EBIT as a % of Net Revenue, Net Revenue by Line of Business as a % of Net Revenue, and Net Revenue by Operation as a % of Net Revenue

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

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

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

3 months ended			**2024**				2023				2022	2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Total revenue	**2,829**	2,920	2,584	2,664	2,704	2,779	2,380	2,653	2,384	2,289	1,953	1,949
Cost of fuel	**(290)**	(274)	(252)	(261)	(267)	(220)	(236)	(285)	(277)	(285)	(217)	(175)
Net revenue	**2,539**	2,646	2,332	2,403	2,437	2,559	2,144	2,368	2,107	2,004	1,736	1,774

ROIC and Adjusted ROIC

ROIC is defined as EBIT for the last twelve months divided by average invested capital of the last four quarters, expressed as a percentage. We view ROIC as a useful measure for capital allocation decisions that drive profitable growth and attractive returns to shareholders. We also calculate Adjusted ROIC using Adjusted EBIT to exclude significant items that we do not consider to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of our underlying business performance.

Working Capital & Working Capital to Net Revenue Ratio

Working capital is defined as total current assets (excluding cash and cash equivalents) less total current liabilities (excluding short-term debt and current portion of long-term debt). We view working capital as a measure for assessing overall liquidity. The working capital to net revenue ratio is calculated as average working capital of the last four quarters, divided by net revenue for the last twelve months. We use this KPI to assess the efficiency in our use of working capital to generate net revenue. Working capital is calculated as follows:

	2024			2023				2022				2021
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Total current assets	**5,355**	5,431	5,432	4,930	5,217	4,985	4,974	4,781	4,652	4,098	4,030	3,619
Cash and cash equivalents	**(298)**	(233)	(215)	(152)	(168)	(74)	(129)	(288)	(120)	(170)	(295)	(502)
Total current assets in working capital	**5,057**	5,198	5,217	4,778	5,049	4,911	4,845	4,493	4,532	3,928	3,735	3,117
Total current liabilities [(1)]	**3,383**	3,503	3,561	3,516	3,722	3,600	3,788	3,401	3,196	2,789	2,647	2,155
Short-term debt	**(1,103)**	(1,234)	(1,322)	(1,239)	(1,372)	(1,142)	(1,266)	(1,068)	(1,087)	(992)	(804)	(374)
Current portion of long-term debt	**—**	—	(68)	(199)	(203)	(199)	(253)	(114)	(106)	(110)	(63)	(190)
Total current liabilities in working capital [(1)]	**2,280**	2,269	2,171	2,078	2,147	2,259	2,269	2,219	2,003	1,687	1,780	1,591
Working capital [(1)(2)]	**2,777**	2,929	3,046	2,700	2,902	2,652	2,576	2,274	2,529	2,241	1,955	1,526

[(1)] Comparative results for 2023 have been restated for our adoption of the amendments to IAS 1, *Presentation of Financial Statements* effective for the financial year beginning January 1, 2024.

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

Selected Quarterly Information

($ millions, except for share, per share, and option amounts)	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4
Revenue								
Canada	**1,549**	1,698	1,510	1,515	1,535	1,593	1,386	1,452
South America	**952**	894	767	805	853	856	707	840
UK & Ireland	**328**	328	307	344	316	330	287	361
Total revenue	**2,829**	2,920	2,584	2,664	2,704	2,779	2,380	2,653
Net income attributable to shareholders of Finning (1)	**103**	144	121	85	156	148	134	136
Earnings per share (1)								
EPS	**0.75**	1.02	0.84	0.59	1.07	1.00	0.89	0.89
Diluted earnings per share	**0.74**	1.01	0.84	0.59	1.06	1.00	0.89	0.89
Total assets	**7,925**	8,033	8,059	7,557	7,738	7,508	7,512	7,269
Long-term debt								
Current	**—**	—	68	199	203	199	253	114
Non-current	**1,378**	1,378	1,379	949	955	949	675	815
Total long-term debt (2)	**1,378**	1,378	1,447	1,148	1,158	1,148	928	929
Cash dividends paid per common share	**27.5¢**	27.5¢	25.0¢	25.0¢	25.0¢	25.0¢	23.6¢	23.6¢
Common shares outstanding (000's)	**137,961**	140,384	142,407	144,007	145,256	146,704	149,584	151,041
Options outstanding (000's)	**1,094**	1,132	1,150	1,150	1,191	1,240	1,281	1,567

(1) These reported financial measures in Q3 2024, Q4 2023, and Q1 2023 have been impacted by significant items management does not consider indicative of operational and financial trends either by nature of amount. These significant items are summarized on pages 25 - 27 of this MD&A.

(2) In June 2024, we extended the term of our $1.3 billion committed sustainability-linked revolving credit facility, which was set to mature in September 2026, to June 2029.

In April 2024, we settled USD 50 million of 4.28% notes which were due on April 3, 2024.

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

In January 2024, we settled USD 100 million of 4.08% notes which were due January 19, 2024.

In October 2022, we secured an additional $300 million committed revolving credit facility; in September 2024, we extended the term of this facility to fully mature in October 2025 (previously set to mature in October 2024).

In May 2023, we issued $350 million of 4.445% senior unsecured notes due May 16, 2028.

In May 2023, we settled £70 million of 3.40% senior notes which were due May 22, 2023.

Forward-Looking Information Disclaimer

This report contains information about our business outlook, objectives, plans, strategic priorities and other information that is not historical fact. Information is forward-looking when we use what we know and expect today to give information about the future. Forward-looking information may include terminology such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will, and variations of such terminology. All forward-looking information in this MD&A is subject to this disclaimer including the assumptions and material risk factors discussed and referred to below. Forward-looking information in this report also includes, but is not limited to, the following: 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 long-term 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 expectation that we will continue to optimize and variabilize our cost structure; 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 expectation that we will continue to work towards meeting our commitment to reduce our absolute GHG emissions by 40% by 2027 from our 2017 baseline; our expectation that we will continue to provide customers with equipment and solutions to improve safety and enhance performance by combining leading technology with data driven insights, while helping them to reduce their environmental footprint; our expectation that our effective tax rate generally be within the 25%-30% range on an annual basis; our expectation that the impact of foreign exchange due to fluctuations in the value of CAD relative to USD, GBP, CLP, and ARS will continue to affect our results; our ability to execute on our strategic priorities; all information in the section entitled “Market Update and Business Outlook” starting on page 18 of this MD&A, including for our South America operations: in Chile, our outlook based on growing global demand for copper, strong copper prices, capital deployment into large-scale brownfield expansions and customer confidence to invest in brownfield and greenfield projects; our expectation of a broad-based level of quoting, tender and award activity for mining equipment, product support and technology solutions; our expectation of a more challenging environment in attracting and retaining qualified labour; our expectation that infrastructure construction in Chile will remain steady (based on assumptions of continued demand from large contractors supporting mining operations); in the power systems sector, our expectation regarding growing demand for electric power solutions from strong activity in the industrial and data centre markets; in Argentina, our expected continued low-risk approach in Argentina; our expectation that steps are being taken by the new government to 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; our expectation that devaluing the currency, containing public spending, reducing subsidies, and lowering spending on public works will continue to drive challenging market and operating conditions; continued monitoring of new rules and policies; our expectation that there will be near-term pockets of strong activity in the oil & gas sector, and our expectation that new government programs are helping drive large-scale investment by global miners; for our Canada operations: our outlook for Western Canada being mixed; our expectation of continued spending discipline from our large customers (based on assumptions of achieving operating cost targets and in some cases, funding and integrating acquisitions); our expectation that certain oil sands customers will deploy capital to renew, maintain and rebuild aging fleets (based on assumptions of optimized mine plans, scopes of contractor work and maintenance spending; our expectation for more consistent demand for product support, including component remanufacturing and rebuilds; our expectation regarding ongoing commitments from federal and provincial governments, as well as private sector projects, for infrastructure development to support activity in the construction sector; our expectation that these infrastructure development activities will take time to advance; our expectations of growing demand for reliable, efficient, and sustainable electric power solutions across communities in Western Canada creating opportunities for our power systems business; our expectations of headwinds in the used and rental markets to continue (based on assumptions of pricing and utilization starting to normalize and that the normalization period will last for the next several quarters); our expectation of a high proportion of mining deliveries in Q4 2024; our focus on managing our cost and working capital levels and continuing to see additional opportunities to unlock invested capital in the near term; for our UK & Ireland operations: our expectation for demand in the construction sector to remain soft; our expectation of a growing contribution from used equipment and power systems as we continue to execute on our strategy; in power systems, our expectation of continued strong quoting activity (based on assumptions of healthy demand for primary and backup power generation, particularly in the data centre market); our expectation of our product support business to remain resilient; and overall: our plan to further reduce our SG&A to ensure resilience and continued demonstration of our improved earnings capacity; our expectation for a reduced number of senior management and reduced proportion of non-revenue generating employees; our expectation that the headcount reductions related to the severance costs incurred in Q3 2024 will result in lower annual SG&A in 2025 by approximately $25 million and serve to offset lower near-term margins and reposition the business for future operating leverage; our expectation that the optimization of our UK pension will be completed in Q4 and will improve our UK & Ireland ROIC by approximately 260 basis points, our consolidated ROIC by approximately 30 basis points, as well as reduce our ongoing SG&A in the UK; our continued optimism for strong product support growth in South America; our continued focus on maximizing product support growth as a key strategic value driver going forward; our commitment to improving our invested capital, cost base and inventory velocity targets as well as making progress to achieve our consolidated adjusted ROIC within our range of 18% to 25% in all market conditions; our expectation that the results this quarter in Canada are largely transitory in nature and will start to improve as we move through the balance of the year and into 2025; our expectation that we are well positioned to continue to execute on our strategy to maximize product support, continuously improve our cost and capital position to drive full cycle resilience and grow prudently in used, rental and power, all with the objective of achieving a sustainably higher adjusted ROIC going forward; and our expectation that we will have sufficient liquidity to meet operational needs (based on cash on hand, available credit facilities and the discretionary nature of certain cash flows, such as rental and capital expenditures).

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

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

Factors that could cause actual results or events to differ materially from those expressed in or implied by this forward-looking information include: the specific factors stated above; the impact and duration of, and our ability to respond to and manage, high inflation, 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; perspectives of investments in the oil and gas and mining projects in Argentina; capital deployment into large-scale brownfield expansions; support and commitment by Canadian federal and provincial governments in infrastructure development; 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 dependence on the continued market acceptance of our products, and the timely supply of parts and equipment; our ability to continue to 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 from businesses that we acquire; our ability to deliver our equipment backlog; our ability to negotiate satisfactory purchase or investment terms and prices, obtain necessary regulatory or other approvals, and secure financing on attractive terms or at all; our ability to manage our growth strategy effectively; our ability to effectively price and manage long-term product support contracts with our customers; our ability to drive continuous cost efficiency; our ability to attract sufficient skilled labour resources as market conditions, business strategy or technologies change; our ability to negotiate and renew collective bargaining agreements with satisfactory terms for our employees and us; the intensity of competitive activity; our ability to maintain a safe and healthy work environment across all regions; our ability to raise the capital needed to implement our business plan; 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 and/or energy transition; stock market volatility; changes in political and economic environments in the regions where we carry on business; our ability to respond to climate change-related risks; the availability of carbon neutral technology or renewable power; the cost of climate change initiatives; the occurrence of one or more natural disasters, pandemic outbreaks, geo-political events, acts of terrorism, social unrest or similar disruptions; the availability of insurance at commercially reasonable rates and whether the amount of insurance coverage will be adequate to cover all liability or loss that we incur; the potential of warranty claims being greater than we anticipate; and the integrity, reliability and availability of, and benefits from, information technology and the data processed by that technology; and our ability to protect our business from cybersecurity threats or incidents.

Forward-looking information is provided in this report to give information about our current expectations and plans and allow investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking information for any other purpose.

Forward-looking information provided in this report is based on a number of assumptions that we believed were reasonable on the day the information was given, including but not limited to: the specific assumptions and expectations stated above; that we will be able to successfully manage our business through volatile commodity prices, high inflation, changing interest rates, and supply chain challenges, and successfully execute our strategies to win customers, achieve full cycle resilience and continue business momentum; that we will be able to continue to source and hire technicians, build capabilities and capacity and successfully and sustainably improve workshop efficiencies; that commodity prices will remain at constructive levels; that our customers will not curtail their activities; that general economic and market conditions will continue to be supportive; that the level of customer confidence and spending, and the demand for, and prices of, our products and services will be maintained; that support and demand for renewable energy will continue to grow; that present supply chain and inflationary challenges will not materially impact large project deliveries in our equipment backlog; our ability to successfully execute our plans and intentions, including our strategic priorities; that we will successfully execute initiatives to reduce our GHG emissions and to support our customers on their individual GHG reduction pathways; our ability to attract and retain skilled staff; market competition will remain at similar levels; the products and technology offered by our competitors will be as expected; identified opportunities for growth will result in revenue; that we have sufficient liquidity to meet operational needs; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; our current good relationships with our customers and our suppliers, service providers and other third parties will be maintained and that such suppliers will deliver quality, competitive products with supply chain continuity; sustainment of oil prices; the timing of completion of major pipelines and the resulting increased activity in the energy sector; that demand for reliable and sustainable electric power solutions in Western Canada will continue to create opportunities for our power systems business; that maximizing product support growth will positively affect our strategic priorities going forward; quoting activity for requests for proposals for equipment and product support is reflective of opportunities; and market recoveries in the regions that we operate.

Some of the assumptions, risks, and other factors that could cause results to differ materially from those expressed in the forward-looking information contained in this report are discussed in our current AIF and in our annual and most recent quarterly MD&A for the financial risks. We caution readers that the risks described in the annual and most recent quarterly MD&A and in the AIF are not the only ones that could impact us. Additional risks and uncertainties not currently known to us or that are currently deemed to be immaterial may also have a material adverse effect on our business, financial condition, or results of operation.

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

Glossary of Defined Terms

AIF	Annual Information Form
Annual Financial Statements	Annual consolidated financial statements
ARS	Argentine peso
Audit Committee	Audit Committee of the Board of Directors of Finning
Board	Board of Directors of Finning
CAD	Canadian dollar
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLAC	Christian Labour Association of Canada
CLP	Chilean peso
Consol	Consolidated
DBRS	Dominion Bond Rating Service
EBIT	Earnings (loss) before finance costs and income tax
EBITDA	Earnings (loss) before finance costs, income tax, depreciation, and amortization
EPS	Basic earnings per share
ERM	Enterprise risk management
fav	Favourable
Finning	Finning International Inc.
GAAP	Generally accepted accounting principles
GAAP financial measures	A financial measure determined in accordance with GAAP
GBP	UK pound sterling
GDP	Gross domestic product
GHG	Greenhouse gas
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Interim Financial Statements	Condensed interim consolidated financial statements
KPI	Key performance indicator
LTIP	Long-term incentive plan (also referred to as share-based payment)
MD&A	Management's Discussion and Analysis
n/a	not applicable
n/m	% change not meaningful
NCIB	Normal course issuer bid
OEM	OEM Remanufacturing Company Inc.
ROIC	Return on invested capital
RPO	Rental equipment with purchase options
S&P	Standard and Poor's
SEDAR+	System for Electronic Document Analysis +
SG&A	Selling, general, and administrative expenses
Specified Financial Measures	As defined in National Instruments 52-112
UK	United Kingdom
unfav	Unfavourable
US	United States of America
USD	US dollar

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian $ millions)	**September 30, 2024**	December 31, 2023 (Restated - Note 1a)	January 1, 2023 (Restated - Note 1a)
ASSETS			
Current assets			
Cash and cash equivalents	**298**	152	288
Accounts receivable	**1,136**	1,012	1,129
Unbilled receivables	**501**	496	422
Inventory (Note 9)	**2,881**	2,844	2,461
Other assets	**539**	426	481
Total current assets	**5,355**	4,930	4,781
Property, plant, and equipment	**1,048**	976	973
Rental equipment	**469**	608	469
Goodwill	**338**	329	325
Intangible assets	**259**	309	333
Net post-employment assets	**125**	109	98
Distribution network	**100**	100	100
Investment in joint ventures	**91**	87	83
Other assets	**140**	109	107
Total assets	**7,925**	7,557	7,269
LIABILITIES			
Current liabilities			
Short-term debt	**1,103**	1,239	1,068
Accounts payable and accruals (Note 1a)	**1,433**	1,299	1,337
Deferred revenue	**565**	507	544
Current portion of long-term debt	**—**	199	114
Other liabilities (Note 1a)	**282**	272	362
Total current liabilities	**3,383**	3,516	3,425
Long-term debt (Note 5)	**1,378**	949	815
Long-term lease liabilities	**260**	235	255
Deferred tax liabilities	**154**	160	153
Other liabilities (Note 1a)	**159**	167	160
Total liabilities	**5,334**	5,027	4,808
EQUITY			
Share capital	**494**	516	536
Accumulated other comprehensive income	**278**	220	273
Retained earnings	**1,805**	1,778	1,634
Equity attributable to shareholders of Finning International Inc.	**2,577**	2,514	2,443
Non-controlling interests	**14**	16	18
Total equity	**2,591**	2,530	2,461
Total liabilities and equity	**7,925**	7,557	7,269

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF NET INCOME

(Canadian $ millions, except per share amounts)	3 months ended September 30 **2024**	3 months ended September 30 2023 (Restated - Note 11)	9 months ended September 30 **2024**	9 months ended September 30 2023 (Restated - Note 11)
Revenue				
New equipment	**933**	870	**2,691**	2,443
Used equipment	**89**	72	**371**	257
Equipment rental	**76**	86	**220**	239
Product support	**1,388**	1,362	**4,086**	4,065
Fuel and other	**343**	314	**965**	859
Total revenue	**2,829**	2,704	**8,333**	7,863
Cost of sales (Note 11)	**(2,214)**	(2,064)	**(6,486)**	(5,981)
Gross profit (Note 11)	**615**	640	**1,847**	1,882
Selling, general, and administrative expenses (Note 11)	**(426)**	(392)	**(1,233)**	(1,180)
Equity earnings of joint ventures	**—**	4	**5**	8
Other income (Note 4)	**—**	—	**—**	41
Other expense (Note 4)	**(19)**	—	**(19)**	(18)
Earnings before finance costs and income taxes	**170**	252	**600**	733
Finance costs (Note 5)	**(44)**	(40)	**(127)**	(117)
Income before provision for income taxes	**126**	212	**473**	616
Provision for income taxes (Note 6)	**(24)**	(57)	**(107)**	(180)
Net income	**102**	155	**366**	436
Net income (loss) attributable to:				
Shareholders of Finning International Inc.	**103**	156	**368**	438
Non-controlling interests	**(1)**	(1)	**(2)**	(2)
Earnings per share (Note 3)				
Basic	**0.75**	1.07	**2.60**	2.95
Diluted	**0.74**	1.06	**2.60**	2.94

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended September 30		9 months ended September 30	
(Canadian $ millions)	**2024**	2023	**2024**	2023
Net income	**102**	155	**366**	436
Other comprehensive income (loss), net of income tax				
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustments	**1**	23	**67**	2
Gain (loss) on net investment hedges	**4**	(10)	**(10)**	(2)
Foreign currency translation adjustments, net of net investment hedges, reclassified to net income (Note 4)	**—**	—	**—**	(41)
Provision for income taxes on foreign currency translation adjustments, reclassified to net income (Note 4)	**—**	—	**—**	9
Impact of foreign currency translation and net investment hedges, net of income tax	**5**	13	**57**	(32)
(Loss) gain on cash flow hedges	**(1)**	9	**5**	4
Gain on cash flow hedges, reclassified to net income	**—**	(1)	**—**	(1)
Recovery of (provision for) income taxes on cash flow hedges	**1**	(2)	**(1)**	(1)
Impact of cash flow hedges, net of income tax	**—**	6	**4**	2
Items that will not be subsequently reclassified to net income:				
Actuarial gain (loss)	**7**	8	**14**	(9)
(Provision for) recovery of income taxes on actuarial gain (loss)	**(1)**	(2)	**(3)**	2
Actuarial gain (loss), net of income tax	**6**	6	**11**	(7)
Total comprehensive income	**113**	180	**438**	399
Total comprehensive income (loss) attributable to:				
Shareholders of Finning International Inc.	**114**	181	**440**	401
Non-controlling interests	**(1)**	(1)	**(2)**	(2)

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Shareholders of Finning International Inc.						
(Canadian $ millions)	**Share Capital**	**Contributed Surplus**	**Accumulated Other Comprehensive Income**	**Retained Earnings**	**Total**	**Non-controlling Interests**	**Total**
Balance, January 1, 2023	536	—	273	1,634	2,443	18	2,461
Net income (loss)	—	—	—	438	438	(2)	436
Other comprehensive loss	—	—	(30)	(7)	(37)	—	(37)
Total comprehensive (loss) income	—	—	(30)	431	401	(2)	399
Exercise of share options	4	(1)	—	(3)	—	—	—
Share option expense	—	1	—	—	1	—	1
Hedging gain transferred to statement of financial position	—	—	(5)	—	(5)	—	(5)
Repurchase of common shares (Note 7)	(21)	—	—	(206)	(227)	—	(227)
Decrease in automatic share purchase plan commitment (Note 7)	1	—	—	14	15	—	15
Dividends on common shares	—	—	—	(109)	(109)	—	(109)
Balance, September 30, 2023	520	—	238	1,761	2,519	16	2,535
Balance, January 1, 2024	**516**	**—**	**220**	**1,778**	**2,514**	**16**	**2,530**
Net income (loss)	**—**	**—**	**—**	**368**	**368**	**(2)**	**366**
Other comprehensive income	**—**	**—**	**61**	**11**	**72**	**—**	**72**
Total comprehensive income (loss)	**—**	**—**	**61**	**379**	**440**	**(2)**	**438**
Exercise of share options	**2**	**(2)**	**—**	**—**	**—**	**—**	**—**
Share option expense	**—**	**2**	**—**	**—**	**2**	**—**	**2**
Hedging gain transferred to statement of financial position	**—**	**—**	**(3)**	**—**	**(3)**	**—**	**(3)**
Repurchase of common shares (Note 7)	**(22)**	**—**	**—**	**(222)**	**(244)**	**—**	**(244)**
Increase in automatic share purchase plan commitment (Note 7)	**(2)**	**—**	**—**	**(17)**	**(19)**	**—**	**(19)**
Dividends on common shares	**—**	**—**	**—**	**(113)**	**(113)**	**—**	**(113)**
Balance, September 30, 2024	**494**	**—**	**278**	**1,805**	**2,577**	**14**	**2,591**

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Canadian $ millions)	3 months ended September 30 **2024**	3 months ended September 30 2023	9 months ended September 30 **2024**	9 months ended September 30 2023
OPERATING ACTIVITIES				
Net income	**102**	155	**366**	436
Adjusting for:				
Depreciation and amortization	**100**	94	**297**	280
Gain on disposal of property, plant, and equipment	**(1)**	(8)	**(2)**	(10)
Impairment of long-lived assets	**1**	—	**1**	—
Equity earnings of joint ventures	**—**	(4)	**(5)**	(8)
Share-based payment expense	**8**	7	**22**	26
Provision for income taxes	**24**	57	**107**	180
Finance costs	**44**	40	**127**	117
Net benefit cost of defined benefit pension plans and other post-employment benefit plans	**5**	4	**13**	12
Gain on wind up of foreign subsidiaries (Note 4)	**—**	—	**—**	(41)
Changes in operating assets and liabilities (Note 10)	**150**	(194)	**(122)**	(612)
Additions to rental fleet	**(42)**	(38)	**(93)**	(130)
Additions to rental equipment with purchase options	**(38)**	(25)	**(117)**	(71)
Proceeds on disposal of rental fleet	**13**	11	**71**	39
Proceeds on disposal of rental equipment with purchase options	**103**	24	**184**	51
Interest paid	**(45)**	(40)	**(127)**	(118)
Income tax paid	**(41)**	(46)	**(152)**	(214)
Cash flow provided by (used in) operating activities	**383**	37	**570**	(63)
INVESTING ACTIVITIES				
Additions to property, plant, and equipment and intangible assets	**(38)**	(50)	**(109)**	(169)
Proceeds on disposal of property, plant, and equipment	**1**	13	**5**	18
Consideration paid for business acquisitions, net of cash acquired	**—**	—	**(8)**	(13)
(Increase) decrease in short-term and long-term investments	**—**	(12)	**27**	(12)
Cash flow used in investing activities	**(37)**	(49)	**(85)**	(176)
FINANCING ACTIVITIES				
(Decrease) increase in short-term debt (Note 10)	**(116)**	209	**(162)**	313
Issuance of long-term debt, net of issue costs (Notes 5 and 10)	**4**	—	**427**	348
Repayment of long-term debt (Note 10)	**—**	—	**(207)**	(122)
Decrease in lease liabilities (Note 10)	**(22)**	(20)	**(66)**	(64)
Credit facility fee	**—**	—	**(2)**	—
Repurchase of common shares	**(96)**	(65)	**(239)**	(230)
Dividends paid	**(38)**	(36)	**(113)**	(109)
Cash flow (used in) provided by financing activities	**(268)**	88	**(362)**	136
Effect of currency translation on cash balances	**(13)**	18	**23**	(17)
Increase (decrease) in cash and cash equivalents	**65**	94	**146**	(120)
Cash and cash equivalents, beginning of period	**233**	74	**152**	288
Cash and cash equivalents, end of period (Note 10)	**298**	168	**298**	168

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

1. Material Accounting Policy Information, Key Assumptions, and Significant Judgments

These unaudited condensed interim consolidated financial statements (Interim Financial Statements) of Finning International Inc. and its subsidiaries (together, Finning or the Company) have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting,* as issued by the International Accounting Standards Board (IASB). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) have been omitted or condensed, and therefore these Interim Financial Statements should be read in conjunction with the December 31, 2023 audited annual consolidated financial statements and the notes to such financial statements.

These Interim Financial Statements are based on the IFRS issued and effective for the current year. The Interim Financial Statements were authorized for issuance by the Company's Board of Directors (Board) on November 12, 2024. The Company has applied the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the changes in accounting policies disclosed below:

a) Amendments to Standards

The Company has adopted the following amendments to IFRS:

- Amendments to IAS 1, *Presentation of Financial Statements* (effective January 1, 2024):
    - Clarify the classification of liabilities as current or non-current based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer or accelerate settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty.

      Management determined the amendment impacted the presentation of certain of the Company's share-based payment arrangements. Deferred Share Units (DSUs) are cash-settled share-based payment arrangements. DSUs are issued to certain executives and Board members, vest at the time of issuance, and are redeemable by December of the year following the year in which cessation of employment or service on the Board occurs. The Company does not have the ability to defer settlement of its vested DSUs for a period of twelve months after cessation of employment or service on the Board. As a result, the Company reclassified its vested DSU liabilities as current liabilities. These amendments were applied retrospectively.

      The impact of the amendments to IAS 1 are shown in the table below. In addition, to align with this presentation, the Company also reclassified the current portion of its share-based payment liability from accounts payable and accruals to other current liabilities (current).

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

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

    - Clarify that only covenants with which an entity must comply on or before the reporting date will affect the classification of a liability as current or non-current. In addition, the amendments require a company to disclose information in the notes to the financial statements when liabilities are classified as non-current when the right to defer settlement of those liabilities is subject to complying with covenants within twelve months after the reporting date. No changes were required to the Company's classification upon adoption of these amendments.

- Amendments to IAS 7, *Statement of Cash Flows* and IFRS 7, *Financial Instruments: Disclosures* (effective January 1, 2024) add disclosure requirements that require companies to provide qualitative and quantitative information about supplier finance arrangements that will assist users of financial statements to assess the effects of the company's supplier finance arrangements on its liabilities and cash flows. Management will continue to assess the impact on the disclosures of all supplier finance arrangements in scope of these amendments for the Company's December 31, 2024 annual financial statements.

- Amendments to IFRS 16, *Leases* (effective January 1, 2024) explain how an entity accounts for a sale and leaseback after the transaction date. The amendments clarify how a seller-lessee should subsequently measure lease liabilities and when it is appropriate to record a gain or loss on these transactions. The amendments apply to all sale and leaseback transactions entered since the effective date of IFRS 16 (January 1, 2019). Adoption of these amendments did not have a material impact on the Company's financial statements.

b) Future Accounting Pronouncements

The Company has not applied the following amendments to IFRS and new standard that have been issued but are not yet effective:

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

  Management is currently assessing the impact of these amendments.
- Amendments to IFRS 9, *Financial Instruments* (effective January 1, 2026) clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognize any resulting gain or loss in profit or loss. Management is currently assessing the impact of these amendments on the Company's financial statements.
- IFRS 18, *Presentation and Disclosure in the Financial Statements* (effective for periods on or after January 1, 2027) replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 carries forward many requirements from IAS 1 but introduces significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management-defined performance measures, and less aggregation of items into large, single numbers. IFRS 18 promotes a more structured income statement, including a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (operating, investing, and financing) based on the Company's main business activities. Management is currently assessing the impacts of the new standard but expects the adoption of IFRS 18 will have a material impact on the Company's financial statements.

2. SEGMENTED INFORMATION

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

3 months ended September 30, 2024 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Total**
Revenue					
New equipment	**422**	**333**	**178**	**—**	**933**
Used equipment	**47**	**21**	**21**	**—**	**89**
Equipment rental	**47**	**18**	**11**	**—**	**76**
Product support	**690**	**580**	**118**	**—**	**1,388**
Fuel and other	**343**	**—**	**—**	**—**	**343**
Total revenue	**1,549**	**952**	**328**	**—**	**2,829**
Cost of fuel	**(290)**	**—**	**—**	**—**	**(290)**
Net revenue	**1,259**	**952**	**328**	**—**	**2,539**
Operating costs (1)	**(1,123)**	**(818)**	**(296)**	**(13)**	**(2,250)**
Depreciation and amortization	**(56)**	**(30)**	**(12)**	**(2)**	**(100)**
Other expense	**(9)**	**(3)**	**(4)**	**(3)**	**(19)**
Earnings (loss) before finance costs and income taxes	**71**	**101**	**16**	**(18)**	**170**
Finance costs					**(44)**
Provision for income taxes					**(24)**
Net income					**102**
Invested capital (2)	**2,795**	**1,443**	**541**	**(5)**	**4,774**
Gross capital expenditures (3)(4)	**27**	**22**	**4**	**4**	**57**
Gross rental equipment spend (4)	**70**	**9**	**2**	**—**	**81**

3 months ended September 30, 2023 ($ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	407	288	175	—	870
Used equipment	45	13	14	—	72
Equipment rental	55	19	12	—	86
Product support	714	533	115	—	1,362
Fuel and other	314	—	—	—	314
Total revenue	1,535	853	316	—	2,704
Cost of fuel	(267)	—	—	—	(267)
Net revenue	1,268	853	316	—	2,437
Operating costs (1)	(1,084)	(717)	(287)	(7)	(2,095)
Depreciation and amortization	(51)	(32)	(10)	(1)	(94)
Equity earnings of joint ventures	4	—	—	—	4
Earnings (loss) before finance costs and income taxes	137	104	19	(8)	252
Finance costs					(40)
Provision for income taxes					(57)
Net income					155
Invested capital (2)	2,826	1,479	558	34	4,897
Gross capital expenditures (3)(4)	22	30	2	4	58
Gross rental equipment spend (4)	47	8	8	—	63

(1) Operating costs are calculated as cost of sales less cost of fuel plus selling, general, and administrative expenses less depreciation and amortization.
(2) Invested capital is calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term debt and long-term debt, net of cash and cash equivalents.
(3) Capital includes property, plant, and equipment and intangible assets.
(4) Includes leases and borrowing costs capitalized and excludes additions through business acquisitions.

The Company's revenue, results, and other segment information was as follows:

9 months ended September 30, 2024 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Total**
Revenue					
New equipment	**1,303**	**870**	**518**	**—**	**2,691**
Used equipment	**244**	**49**	**78**	**—**	**371**
Equipment rental	**136**	**53**	**31**	**—**	**220**
Product support	**2,110**	**1,640**	**336**	**—**	**4,086**
Fuel and other	**964**	**1**	**—**	**—**	**965**
Total revenue	**4,757**	**2,613**	**963**	**—**	**8,333**
Cost of fuel	**(816)**	**—**	**—**	**—**	**(816)**
Net revenue	**3,941**	**2,613**	**963**	**—**	**7,517**
Operating costs [(1)]	**(3,456)**	**(2,239)**	**(882)**	**(29)**	**(6,606)**
Depreciation and amortization	**(167)**	**(93)**	**(32)**	**(5)**	**(297)**
Equity earnings of joint ventures	**5**	**—**	**—**	**—**	**5**
Other expenses	**(9)**	**(3)**	**(4)**	**(3)**	**(19)**
Earnings (loss) before finance costs and income taxes	**314**	**278**	**45**	**(37)**	**600**
Finance costs					**(127)**
Provision for income taxes					**(107)**
Net income					**366**
Invested capital [(2)]	**2,795**	**1,443**	**541**	**(5)**	**4,774**
Gross capital expenditures [(3)(4)]	**88**	**73**	**19**	**11**	**191**
Gross rental equipment spend [(4)]	**178**	**23**	**10**	**—**	**211**

9 months ended September 30, 2023 ($ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	1,146	782	515	—	2,443
Used equipment	177	33	47	—	257
Equipment rental	148	57	34	—	239
Product support	2,184	1,544	337	—	4,065
Fuel and other	859	—	—	—	859
Total revenue	4,514	2,416	933	—	7,863
Cost of fuel	(723)	—	—	—	(723)
Net revenue	3,791	2,416	933	—	7,140
Operating costs [(1)]	(3,245)	(2,034)	(847)	(32)	(6,158)
Depreciation and amortization	(151)	(93)	(32)	(4)	(280)
Equity earnings of joint ventures	8	—	—	—	8
Other income	—	—	—	41	41
Other expense	(4)	(7)	(2)	(5)	(18)
Earnings before finance costs and income taxes	399	282	52	—	733
Finance costs					(117)
Provision for income taxes					(180)
Net income					436
Invested capital [(2)]	2,826	1,479	558	34	4,897
Gross capital expenditures [(3)(4)]	95	85	8	17	205
Gross rental equipment spend [(4)]	140	47	18	—	205

(1) Operating costs are calculated as cost of sales less cost of fuel plus selling, general, and administrative expenses less depreciation and amortization.

(2) Invested capital is calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term debt and long-term debt, net of cash and cash equivalents.

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

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

3. Earnings Per Share

3 months ended	**September 30, 2024**		September 30, 2023	
($ millions, except share and per share amounts)	**Basic**	**Diluted**	Basic	Diluted
Net income attributable to shareholders of Finning	**103**	**103**	156	156
Weighted average shares outstanding (WASO)	**138,993,980**	**138,993,980**	145,889,392	145,889,392
Effect of dilutive share options		**187,808**		287,025
WASO with assumed conversions		**139,181,788**		146,176,417
Earnings per share	**0.75**	**0.74**	1.07	1.06

9 months ended	**September 30, 2024**		September 30, 2023	
($ millions, except share and per share amounts)	**Basic**	**Diluted**	Basic	Diluted
Net income attributable to shareholders of Finning	**368**	**368**	438	438
WASO	**141,435,918**	**141,435,918**	148,386,631	148,386,631
Effect of dilutive share options		**206,931**		279,251
WASO with assumed conversions		**141,642,849**		148,665,882
Earnings per share	**2.60**	**2.60**	2.95	2.94

Share options granted to employees that were anti-dilutive were excluded from the weighted average number of shares for the purpose of calculating diluted earnings per share. Anti-dilutive share options were not significant for the three and nine months ended September 30, 2024 and 2023.

4. Other Income and Other Expense

	3 months ended September 30		**9 months ended September 30**	
($ millions)	**2024**	2023	**2024**	2023
Gain on wind up of foreign subsidiaries	**—**	—	**—**	41
Other income	**—**	—	**—**	41

	3 months ended September 30		**9 months ended September 30**	
($ millions)	**2024**	2023	**2024**	2023
Severance costs	**(19)**	—	**(19)**	(18)
Other expense	**(19)**	—	**(19)**	(18)

2024

In the three months ended September 30, 2024, the Company recorded severance costs related to restructuring activities as it works to simplify business activities in each of its operations.

2023

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

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

5. Debt and Finance Costs

In September 2024, the Company extended its $300 million committed revolving credit facility, which was set to fully mature in October 2024, to October 2025.

In June 2024, the Company extended its $1.3 billion committed sustainability-linked revolving credit facility, which was set to fully mature in September 2026, to June 2029.

In April 2024, the Company repaid its 4.28%, USD 50 million note due April 3, 2024.

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

The components of finance costs were as follows:

($ millions)	3 months ended September 30		9 months ended September 30	
	2024	2023	**2024**	2023
Interest on short-term debt	**22**	23	**68**	66
Interest on long-term debt	**16**	13	**45**	34
Interest on debt	**38**	36	**113**	100
Interest on lease liabilities	**4**	3	**11**	9
Other finance related expenses	**2**	1	**3**	8
Finance costs	**44**	40	**127**	117

6. Income Taxes

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

Pillar Two income taxes

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

In June 2024, Pillar Two legislation was enacted in Canada, the jurisdiction where Finning's ultimate parent resides, effective January 1, 2024. Applying Pillar Two legislation to the Company for the three and nine months ended September 30, 2024 resulted in a current tax expense related to Pillar Two income taxes of $1 million and $4 million, respectively.

7. Share Capital

During the nine months ended September 30, 2024, the Company repurchased 6,127,190 Finning common shares for cancellation for $244 million, at an average cost of $39.87 per share (including a 2% share buyback tax effective January 1, 2024), through the Company's normal course issuer bid. During the nine months ended September 30, 2023, the Company repurchased 5,967,044 common shares for cancellation for $227 million, at an average cost of $38.12 per share.

In connection with the normal course issuer bid, the Company implemented an automatic share purchase plan (ASPP) with a designated broker to enable share repurchases for cancellation during selected blackout periods. At September 30, 2024, an estimated obligation of $19 million was recorded for the repurchase of shares from October 1, 2024 to November 13, 2024 under this ASPP. At September 30, 2023, an estimated obligation of $6 million was recorded for the repurchase of shares under the ASPP.

8. Share-Based Payments

The Company has a number of share-based compensation plans in the form of share options and other share-based payment plans noted below.

Share Options

Details of the share option plan were as follows:

	September 30, 2024		September 30, 2023	
9 months ended	**Options**	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Share options outstanding, beginning of period	**1,149,866**	**$ 30.06**	1,567,168	$ 27.63
Granted	**226,034**	**$ 42.61**	278,878	$ 35.63
Exercised	**(261,691)**	**$ 29.41**	(585,638)	$ 26.07
Forfeited	**(20,365)**	**$ 37.84**	(69,371)	$ 28.95
Share options outstanding, end of period	**1,093,844**	**$ 32.66**	1,191,037	$ 30.20
Share options exercisable, end of period	**610,303**	**$ 28.07**	601,397	$ 25.89

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

	3 months ended September 30		9 months ended September 30	
	2024	2023	**2024**	2023
Dividend yield	**3.05%**	n/a [1]	**3.09%**	3.17%
Expected volatility [2]	**34.25%**	n/a	**34.12%**	33.91%
Risk-free interest rate	**2.98%**	n/a	**3.63%**	3.29%
Expected life (in years)	**4.91**	n/a	**4.97**	5.02
Grant date fair value of share options	**$ 9.89**	n/a	**$ 11.16**	$ 9.05
Share price	**$ 39.07**	n/a	**$ 42.61**	$ 35.63

(1) n/a – not applicable
(2) Expected volatility is based on historical share price volatility of Finning shares listed on the Toronto Stock Exchange.

Other Share-Based Payment Plans

The Company has other share-based payment plans in the form of deferred share units, performance share units, and restricted share units that use notional common share units. Grants under these plans were as follows:

	3 months ended September 30		9 months ended September 30	
(Share units granted)	**2024**	2023	**2024**	2023
Executive Deferred Share Unit Plan	**—**	—	**—**	6,025
Directors' Deferred Share Unit Plan A	**10,850**	11,682	**35,697**	37,312
Performance Share Unit Plan [3]	**1,296**	—	**240,931**	307,822
Restricted Share Unit Plan	**777**	—	**186,163**	193,235

(3) Based on 100% vesting.

9. Inventory

($ millions)	**September 30, 2024**	December 31, 2023	January 1, 2023
On-hand equipment	**1,252**	1,266	919
Parts and supplies	**1,148**	1,110	1,030
Internal service work in progress	**481**	468	512
Total inventory	**2,881**	2,844	2,461

10. Supplemental Cash Flow Information

The components of cash and cash equivalents were as follows:

September 30 **($ millions)**	**2024**	2023
Cash	**280**	155
Cash equivalents	**18**	13
Cash and cash equivalents	**298**	168

The changes in operating assets and liabilities were as follows:

	3 months ended September 30		**9 months ended September 30**	
($ millions)	**2024**	2023 (Restated - Note 1a)	**2024**	2023 (Restated - Note 1a)
Accounts receivable	**67**	84	**(109)**	(19)
Unbilled receivables	**(8)**	(11)	**4**	(46)
Inventory	**86**	(139)	**—**	(460)
Other assets	**(12)**	(21)	**(122)**	(47)
Accounts payable and accruals	**61**	75	**103**	89
Other liabilities	**(44)**	(182)	**2**	(129)
Changes in operating assets and liabilities	**150**	(194)	**(122)**	(612)

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

($ millions)	**Short-term debt**	**Long-term debt**	**Lease liabilities**	**Total**
Balance, January 1, 2024	**1,239**	**1,148**	**309**	**2,696**
Cash flows (used in) provided by				
Financing activities	**(162)**	**220**	**(66)**	**(8)**
Operating activities	**—**	**—**	**(11)**	**(11)**
Total cash movements	**(162)**	**220**	**(77)**	**(19)**
Non-cash changes				
Additions	**—**	**—**	**91**	**91**
Remeasurement of liability and disposals	**—**	**—**	**3**	**3**
Interest expense	**—**	**—**	**11**	**11**
Foreign exchange rate changes	**26**	**10**	**3**	**39**
Total non-cash movements	**26**	**10**	**108**	**144**
Balance, September 30, 2024	**1,103**	**1,378**	**340**	**2,821**

($ millions)	Short-term debt	Long-term debt	Lease liabilities	Total
Balance, January 1, 2023	1,068	929	331	2,328
Cash flows provided by (used in)				
Financing activities	313	226	(64)	475
Operating activities	—	—	(9)	(9)
Total cash movements	313	226	(73)	466
Non-cash changes				
Additions	—	—	42	42
Remeasurement of liability and disposals	—	—	5	5
Interest expense	—	—	9	9
Foreign exchange rate changes	(9)	3	—	(6)
Total non-cash movements	(9)	3	56	50
Balance, September 30, 2023	1,372	1,158	314	2,844

11. RESTATEMENT

Following a detailed review of Finning's remanufacturing business in Canada, management determined that the correct classification of certain costs in selling, general, and administrative expenses should be cost of sales. Effective Q3 2024, the comparative figures for 2023 and Q1 2024 and Q2 2024 include an immaterial adjustment for a change in classification of certain expenses. The impact of these reclassifications on each respective line item for the 2023 comparative period is as follows:

3 months ended September 30, 2023 ($ millions)	Previously reported	Adjustment	Restated
Cost of sales	(2,044)	(20)	(2,064)
Gross profit	660	(20)	640
Selling, general, and administrative expenses	(412)	20	(392)
Earnings before finance costs and income taxes	252	—	252
Net income	155	—	155

9 months ended September 30, 2023 ($ millions)	Previously reported	Adjustment	Restated
Cost of sales	(5,927)	(54)	(5,981)
Gross profit	1,936	(54)	1,882
Selling, general, and administrative expenses	(1,234)	54	(1,180)
Earnings before finance costs and income taxes	733	—	733
Net income	436	—	436

This change in presentation does not affect the Company's consolidated statement of financial position, cash flow, or earnings per share.