MANAGEMENT'S DISCUSSION AND ANALYSIS

February 6, 2024

This ***MD&A*** should be read in conjunction with our ***Annual Financial Statements*** and the accompanying notes thereto for the year ended December 31, 2023, which have been prepared in accordance with ***IFRS***. 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 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.

Finning (***TSX***:FTT) is the largest dealer of ***Caterpillar*** products in the world, serving customers for more than 90 years. We sell, rent, and provide parts and service for Caterpillar equipment and engines and complementary equipment on three continents to customers in various industries, including mining, construction, petroleum, forestry, and a wide range of power systems applications. We aim to consistently deliver solutions that enable customers to achieve the lowest equipment owning and operating costs while maximizing uptime.

A glossary of defined terms is included on page 48. The first time a defined term is used in this MD&A, it is shown in bold italics.

Annual Overview

Years ended December 31 **($ millions, except per share amounts)**	**2023**	2022	% change ***fav*** ***(unfav)***
Revenue	**10,527**	9,279	13%
Net revenue [1]	**9,543**	8,215	16%
Gross profit	**2,576**	2,223	16%
SG&A	**(1,643)**	(1,458)	(13)%
Equity earnings of joint ventures	**9**	3	
Other income	**54**	—	
Other expenses	**(86)**	—	
EBIT	**910**	768	19%
Net income attributable to shareholders of Finning	**523**	503	4%
EPS	**3.55**	3.25	9%
Free cash flow [2]	**66**	(170)	***n/m***
Adjusted EBIT [2][3]	**942**	768	23%
Adjusted EPS [1][3]	**3.91**	3.25	20%
Gross profit as a percentage of net revenue [1]	***27.0%***	*27.1%*	
SG&A as a percentage of net revenue [1]	***(17.2)%***	*(17.7)%*	
EBIT as a percentage of net revenue [1]	***9.5%***	*9.3%*	
Adjusted EBIT as a percentage of net revenue [1][3]	***9.9%***	*9.3%*	
*Adjusted **ROIC** [1][3]*	***20.0%***	*18.7%*	

(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, 14 and 33 - 38 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

- 2023 revenue was $10.5 billion. Net revenue of $9.5 billion was up 16% from 2022, reflecting higher volumes in all lines of business, driven primarily by product support revenue and new equipment sales in Canada and South America.
- 2023 gross profit of $2.6 billion was 16% higher than 2022 and gross profit as a percentage of net revenue was comparable year over year. 2023 SG&A of $1.6 billion was 13% higher than 2022 on 16% net revenue growth. 2023 SG&A as a percentage of net revenue of 17.2% improved 50 basis points from the prior year due to productivity and process improvements and the leverage of fixed costs on higher revenues.
- 2023 EBIT was $910 million and EBIT as a percentage of net revenue was 9.5%. Excluding significant items not considered indicative of operational and financial trends as described on page 5, Adjusted EBIT was $942 million and Adjusted EBIT as a percentage of net revenue was 9.9%, a 23% and 60 basis point improvement, respectively, from 2022. Higher Adjusted EBIT in 2023 was driven by the successful execution of our product support growth strategy and productivity improvements. 2023 Adjusted EBIT as a percentage of net revenue was 10.4% in Canada, 12.1% in South America, and 4.9% in the ***UK*** & Ireland.
- EPS was $3.55 in 2023 compared to $3.25 in 2022. Excluding significant items not considered indicative of operational and financial trends as described on page 5, Adjusted EPS was $3.91 in 2023. 2023 Adjusted EPS increased significantly from 2022 as a result of strong earnings in Canada and South America, partially offset by lower earnings in the UK & Ireland and higher finance costs. EPS and Adjusted EPS in 2023 were at record levels.
- 2023 free cash flow was a cash generation of $66 million compared to a use of cash of $170 million in 2022, reflecting strong collections on product support growth and the delivery of our significant equipment backlog. Free cash flow included a higher spend on inventory and rental equipment with purchase options to support demand. Net debt to Adjusted ***EBITDA*** [(1)(2)] at December 31, 2023 was 1.7 times, up slightly from December 31, 2022.
- Adjusted ROIC at December 31, 2023 was 20.0%, an improvement of 130 basis points from December 31, 2022, driven by higher earnings in our South American and Canadian operations.
- Consolidated equipment backlog [(1)] was $2.0 billion at December 31, 2023, a reduction of 19% compared to December 31, 2022, driven by deliveries outpacing order intake, mainly in the mining sector.

(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 33 - 38 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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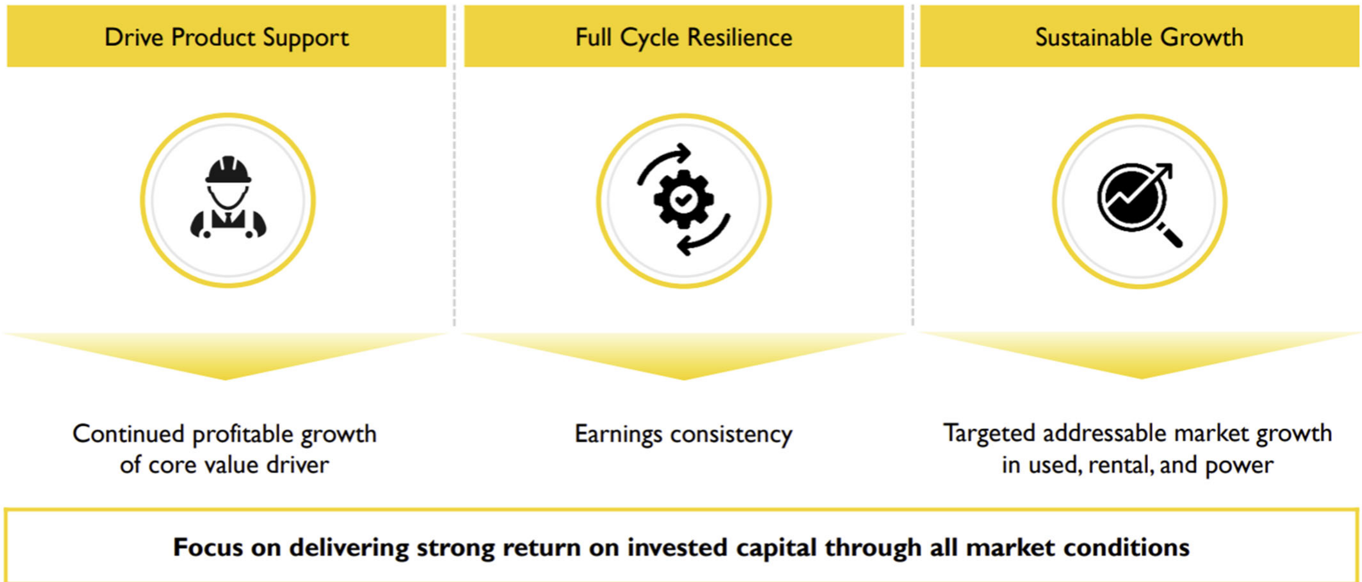
Strategic Priorities

Our refreshed strategy, announced at our 2023 Investor Day, 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, secure, and prosperous place to work, and empowering our people to make decisions that build long-term customer loyalty. Our go-forward 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 refreshed go-forward 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 continued to work towards achieving our ***GHG*** emissions reduction target set in 2021 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 reducing their environmental footprint. This includes lower emissions equipment, renewable power solutions, biofuels, 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.

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 32 - 42 of this MD&A.

<u>2023 significant items:</u>

- 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 quarter, our South American operations incurred a foreign exchange loss of $56 million which exceeds the typical foreign exchange impact in the region.
- 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 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.
- 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 the three months ended December 31, 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.

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

Year ended December 31, 2023 **($ millions, except for per share amounts)**	**Canada**	**South America**	**UK & Ireland**	**Other**	**EBIT** ***Consol***	**EPS** **Consol**
EBIT and EPS	**516**	**337**	**58**	**(1)**	**910**	**3.55**
Significant items:						
Foreign exchange and tax impact of devaluation of ARS	**—**	**56**	**—**	**—**	**56**	**0.36**
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**
Gain on sale of property, plant, and equipment	**—**	**(13)**	**—**	**—**	**(13)**	**(0.06)**
Write-off of intangible assets	**5**	**4**	**3**	**—**	**12**	**0.06**
Adjusted EBIT and Adjusted EPS	**525**	**391**	**63**	**(37)**	**942**	**3.91**

There were no significant items identified by management for adjustment in the year ended December 31, 2022.

Annual 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 and 33 - 38 of this MD&A. KPIs that have been adjusted to take these items into account are referred to as “Adjusted measures”.

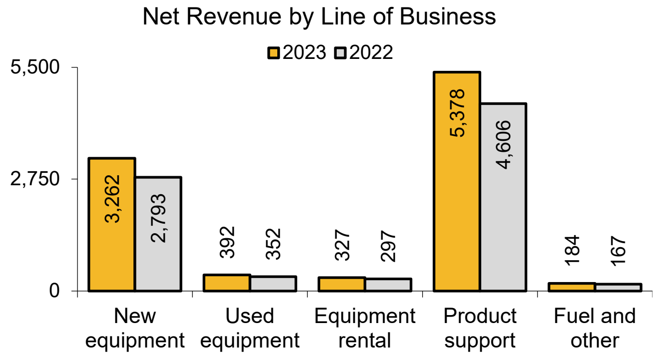
	2023	2022	2021	2020	2019
EBIT ($ millions)	**910**	768	552	392	425
Adjusted EBIT ($ millions)	**942**	768	537	328	457
EBIT as a % of net revenue					
Consolidated	**9.5%**	9.3%	8.2%	6.8%	5.8%
Canada	**10.2%**	10.5%	9.7%	9.7%	7.5%
South America	**10.5%**	11.3%	9.4%	6.3%	5.4%
UK & Ireland	**4.5%**	5.5%	4.7%	1.8%	4.1%
Adjusted EBIT as a % of net revenue					
Consolidated	**9.9%**	9.3%	8.0%	5.7%	6.3%
Canada	**10.4%**	10.5%	9.4%	7.0%	8.0%
South America	**12.1%**	11.3%	9.4%	7.4%	5.9%
UK & Ireland	**4.9%**	5.5%	4.7%	2.2%	4.1%
EPS	**3.55**	3.25	2.26	1.43	1.48
Adjusted EPS	**3.91**	3.25	2.18	1.14	1.65
Invested capital (1) ($ millions)	**4,765**	4,170	3,326	3,067	3,591
ROIC (1) (%)					
Consolidated	**19.3%**	18.7%	16.8%	11.4%	11.2%
Canada	**18.6%**	18.7%	17.5%	14.6%	13.7%
South America	**23.8%**	24.5%	20.3%	11.0%	9.6%
UK & Ireland	**11.3%**	17.0%	14.8%	4.5%	12.1%
Adjusted ROIC (%)					
Consolidated	**20.0%**	18.7%	16.4%	9.6%	12.0%
Canada	**19.0%**	18.7%	16.9%	10.5%	14.4%
South America	**27.6%**	24.5%	20.3%	12.9%	10.5%
UK & Ireland	**12.3%**	17.0%	14.8%	5.5%	12.1%
Invested capital turnover (1) (times)	**2.03**	2.01	2.04	1.68	1.92
Inventory ($ millions)	**2,844**	2,461	1,687	1,477	1,990
Inventory turns (dealership) (1) (times)	**2.45**	2.61	3.09	2.79	2.53
Working capital to net revenue (1)	**28.7%**	27.4%	22.9%	28.3%	27.8%
Free cash flow ($ millions)	**66**	(170)	300	870	42
Net debt to Adjusted EBITDA (times)	**1.7**	1.6	1.1	1.4	2.0

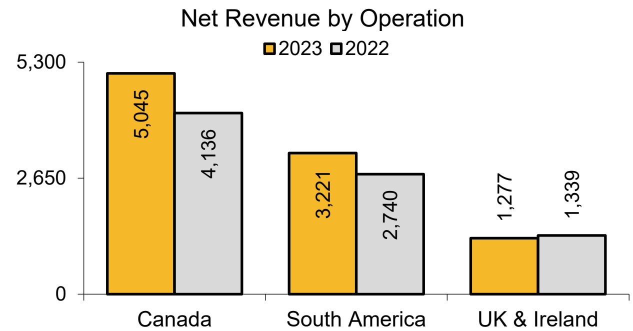
(1) See “Description of Specified Financial Measures and Reconciliations” in this MD&A.

Annual Results

Revenue

Net Revenue by Line of Business and by Operation
Years ended December 31
($ millions)



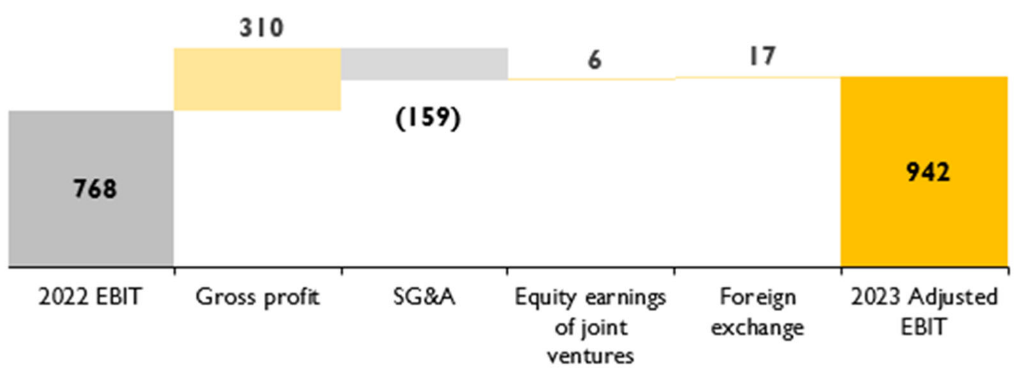


Revenue was $10.5 billion in 2023 compared to $9.3 billion in 2022. Net revenue of $9.5 billion increased 16% from the prior year with an increase in all market sectors, primarily the mining sectors of our Canadian and South American operations.

Product support revenue in 2023 was 17% higher than 2022, up in all operations and all market sectors driven by the successful execution of our product support strategy.

New equipment revenue in 2023 was 17% higher than the prior year, up in all market sectors and primarily driven by our Canadian operations. This was partially offset by lower revenue in the construction sector in UK & Ireland. Equipment backlog at December 31, 2023 of $2.0 billion was down from $2.5 billion at December 31, 2022, with strong deliveries outpacing order intake.

EBIT

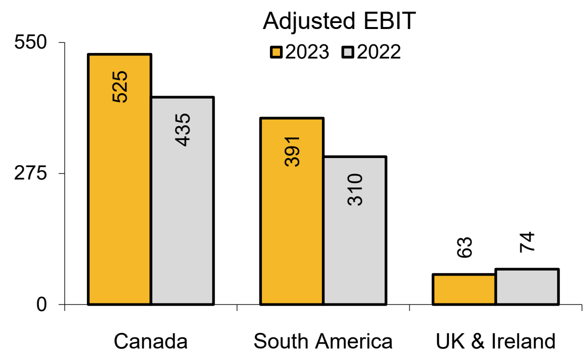


Gross profit in 2023 of $2.6 billion was 16% higher than the prior year, in line with net revenue growth. Overall gross profit as a percentage of net revenue of 27.0% was comparable to 2022.

SG&A in 2023 of $1.6 billion was 13% higher than the prior year primarily due to higher people-related costs, variable costs to support revenue growth, and facility costs. This increase was partially offset by lower ***LTIP*** expense in 2023 compared to 2022. 2023 SG&A as a percentage of net revenue of 17.2% improved 50 basis points from the prior year as our operations realized productivity improvements, mainly in Canada and South America.

EBIT was $910 million and EBIT as a percentage of net revenue was 9.5% in 2023, compared to $768 million and 9.3%, respectively, in 2022. Excluding significant items not considered indicative of financial and operational trends as described on page 5, Adjusted EBIT in 2023 was $942 million and Adjusted EBIT as a percentage of net revenue was 9.9%. Higher Adjusted EBIT was driven by higher earnings in Canada and South America. The increase in Adjusted EBIT as a percentage of net revenue was mainly driven by improved profitability in South America. 2023 Adjusted EBIT as a percentage of net revenue was 10.4% in Canada, 12.1% in South America, and 4.9% in the UK & Ireland.

Adjusted EBIT by Operation [1]
Years ended December 31
($ millions)



(1) Excluding Other operations

Finance Costs

Finance costs for 2023 of $161 million were higher than $95 million in 2022 due to higher interest rates and increased average net debt levels in the current year.

Provision for Income Taxes

The effective income tax rate for 2023 of 30.4% included the impact of various transactions undertaken to simplify and adjust our organizational structure as well as the impact of the significant devaluation of the ARS relative to the USD. Excluding the significant items not considered indicative of financial and operational trends described on page 5, the effective income tax rate for 2023 would have been 26.4% compared to 25.6% for 2022.

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 the relative income from the various jurisdictions in which we carry on business, sources of income, changes in the estimation of tax reserves, outcomes of tax audits, or tax rates and tax legislation.

Net Income Attributable to Shareholders of Finning and EPS

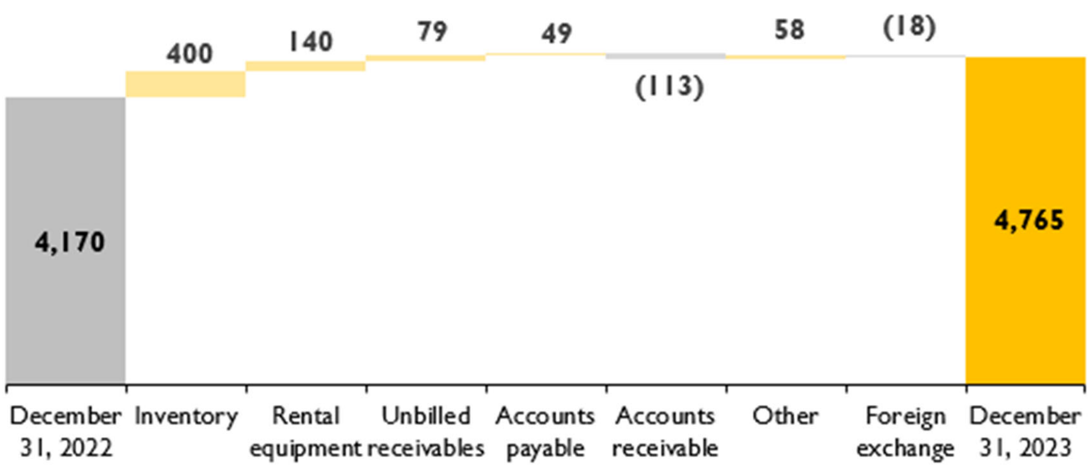
Net income attributable to shareholders of Finning was $523 million and EPS was $3.55 in 2023, compared to $503 million and $3.25, respectively, in 2022. Excluding the significant items not considered indicative of financial and operational trends described on page 5, Adjusted EPS was $3.91 in 2023, 20% higher than 2022 EPS driven by a 16% increase in net revenue and higher operating margins, partially offset by higher finance costs.

Selected Key Performance Measures – Balance Sheet

($ millions, unless otherwise stated)	**December 31, 2023**	December 31, 2022
Invested capital		
Consolidated	**4,765**	4,170
Canada	**2,852**	2,447
South America	**1,381**	1,281
UK & Ireland	**510**	428
South America (USD)	***1,044***	*946*
*UK & Ireland (**GBP**)*	***303***	*262*
Adjusted ROIC		
Consolidated	**20.0%**	18.7%
Canada	**19.0%**	18.7%
South America	**27.6%**	24.5%
UK & Ireland	**12.3%**	17.0%
Invested capital turnover (times)		
Consolidated	**2.03**	2.01
Canada	**1.83**	1.77
South America	**2.27**	2.16
UK & Ireland	**2.51**	3.09
Inventory turns (dealership) (times)	**2.45**	2.61
Working capital to net revenue	**28.7%**	27.4%

Compared to December 31, 2022:

The $595 million increase in consolidated invested capital from December 31, 2022 to December 31, 2023 includes a foreign exchange impact of $18 million in translating the invested capital balances of our South American and UK & Ireland operations. The foreign exchange impact was primarily the result of the 2% stronger CAD relative to the USD partially offset by the 3% weaker CAD relative to the GBP compared to December 31, 2022.



Excluding the impact of foreign exchange, consolidated invested capital increased by $613 million from December 31, 2022 to December 31, 2023 reflecting:

- higher inventory in all regions, especially new and used equipment in Canada and new equipment in South America and UK & Ireland, as well as higher parts and supplies inventory in South America and Canada, driven by higher demand for equipment and product support;
- an increase in rental equipment in Canada, driven by an increase in customer demand for rental equipment with purchase options;
- an increase in unbilled receivables, mainly driven by an increase in demand and activity in South America;
- a decrease in accounts payable due to payments for inventory and other suppliers;
- partially offset by a decrease in accounts receivable in all regions, primarily from strong cash collections in Canada.

On a consolidated basis, Adjusted ROIC of 20.0% at December 31, 2023 improved 130 basis points from Adjusted ROIC at December 31, 2022. Consolidated invested capital turnover of 2.03 at December 31, 2023 was higher than 2.01 at December 31, 2022. The improvements over the same prior year period are the result of higher Adjusted EBIT outpacing the increase in average invested capital levels.

Inventory turns (dealership) at December 31, 2023 were lower than December 31, 2022, down in all regions, mainly due to higher inventory levels to deliver equipment backlog.

Working capital to net revenue was 28.7% at December 31, 2023, up from 27.4% at December 31, 2022 due to higher average working capital balances, including an investment in inventory, which outpaced net revenue growth over the last twelve months.

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.

Year ended December 31, 2023 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consol**	**Net Revenue % [1]**
New equipment	**1,520**	**1,021**	**721**	**—**	**3,262**	**34%**
Used equipment	**261**	**53**	**78**	**—**	**392**	**4%**
Equipment rental	**206**	**77**	**44**	**—**	**327**	**4%**
Product support	**2,875**	**2,069**	**434**	**—**	**5,378**	**56%**
Fuel and other	**183**	**1**	**—**	**—**	**184**	**2%**
Net revenue	**5,045**	**3,221**	**1,277**	**—**	**9,543**	**100%**
Operating costs	**(4,322)**	**(2,706)**	**(1,171)**	**(32)**	**(8,231)**	
Depreciation and amortization	**(207)**	**(124)**	**(43)**	**(5)**	**(379)**	
Equity earnings of joint ventures	**9**	**—**	**—**	**—**	**9**	
Other income	**—**	**13**	**—**	**41**	**54**	
Other expenses	**(9)**	**(67)**	**(5)**	**(5)**	**(86)**	
EBIT	**516**	**337**	**58**	**(1)**	**910**	
Net revenue percentage by operation	**53%**	**34%**	**13%**	**—**	**100%**	
Adjusted EBIT	**525**	**391**	**63**	**(37)**	**942**	
EBIT as a % of net revenue	***10.2%***	***10.5%***	***4.5%***		***9.5%***	
Adjusted EBIT as a % of net revenue	***10.4%***	***12.1%***	***4.9%***		***9.9%***	

Year ended December 31, 2022 ($ millions)	Canada	South America	UK & Ireland	Other	Consol	Net Revenue %
New equipment	1,001	926	866	—	2,793	34%
Used equipment	259	37	56	—	352	4%
Equipment rental	192	60	45	—	297	4%
Product support	2,517	1,717	372	—	4,606	56%
Fuel and other	167	—	—	—	167	2%
Net revenue	4,136	2,740	1,339	—	8,215	100%
Operating costs	(3,513)	(2,333)	(1,224)	(47)	(7,117)	
Depreciation and amortization	(191)	(97)	(41)	(4)	(333)	
Equity earnings of joint ventures	3	—	—	—	3	
EBIT	435	310	74	(51)	768	
Net revenue percentage by operation	51%	33%	16%	—	100%	
EBIT as a % of net revenue	*10.5%*	*11.3%*	*5.5%*		*9.3%*	

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

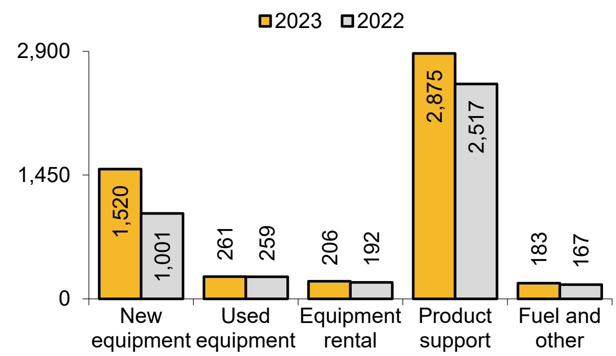
Canada Operations

Our Canadian reporting segment includes ***Finning (Canada)***, ***OEM***, ***4Refuel***, and a 25% interest in ***PLM***. Our Canadian operations sell, service, and rent mainly Caterpillar equipment and engines in British Columbia, Alberta, Saskatchewan, the Yukon Territory, the Northwest Territories, and a portion of Nunavut, and also provide mobile on-site refuelling services in most of the provinces of Canada, as well as in Texas, ***US***. Our Canadian operations' markets include mining (including the oil sands), construction, conventional oil and gas, forestry, and power systems.

2023 Annual Overview

2023 net revenue of $5.0 billion was 22% higher than 2022, up in all lines of business and all market sectors.

Net Revenue by Line of Business
Canadian Operations
Years ended December 31
($ millions)



2023 new equipment revenue was 52% higher than 2022, an increase in all market sectors, primarily in the mining sector. Equipment backlog at December 31, 2023 was lower than December 31, 2022, as strong deliveries outpaced strong order intake. Equipment backlog was lower in the mining and power systems sectors and higher in the construction sector.

Product support revenue in 2023 was up 14% from 2022 driven by higher mining and power systems activity.

Gross profit in 2023 increased from 2022. Gross profit as a percentage of net revenue in 2023 was lower than 2022, reflecting a higher proportion of new equipment revenue in the revenue mix (2023: 30% compared with 2022: 24%).

2023 SG&A was up compared to the prior year mainly due to higher people-related and variable costs to support volume growth. SG&A as a percentage of net revenue improved over the prior year, benefiting from improvements in labour and facility productivity.

2023 EBIT from our Canadian operations was $516 million and EBIT as a percentage of net revenue was 10.2%. Excluding significant items not considered indicative of financial and operational trends as described on page 5, Adjusted EBIT in 2023 was $525 million and Adjusted EBIT as a percentage of net revenue was 10.4%, compared to $435 million and 10.5%, respectively, in 2022.

South America Operations

Our South American operations sell, service, and rent mainly Caterpillar equipment and engines in Chile, Argentina, and Bolivia. Our South American operations' markets include mining, construction, forestry, and power systems.

The weaker CAD relative to the USD on average in 2023 compared to 2022 had a favourable foreign currency translation impact on 2023 net revenue of approximately $110 million and on EBIT of approximately $15 million.

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.

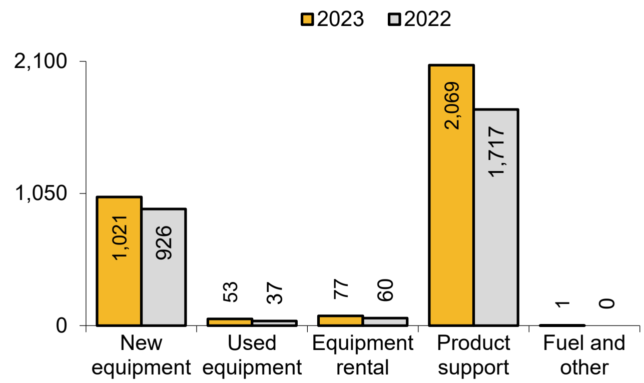
2023 Annual Overview

2023 net revenue was 14% higher than 2022, largely driven by higher revenue in all market sectors, primarily in mining.

Product support revenue in 2023 increased 17% from 2022 in all market sectors, primarily in Chile mining where there continued to be strong demand for component exchanges, equipment overhauls, and fleet maintenance.

New equipment revenue in 2023 was 7% higher than the same prior year period, driven by an increase in deliveries to mining customers as well as higher revenues in the power systems sector. Equipment backlog at December 31, 2023 was lower than December 31, 2022, with deliveries outpacing order intake, primarily in the mining and construction sectors.

Net Revenue by Line of Business
South America Operations
Years ended December 31
($ millions)



Gross profit in 2023 increased from 2022 mainly due to increased volumes. Gross profit as a percentage of net revenue in 2023 was higher than 2022 mainly due to a slightly higher proportion of product support revenue in the revenue mix.

2023 SG&A costs were up from 2022 mainly due to higher variable costs to support volumes, as well as higher people-related and facility costs.

2023 EBIT was $337 million and EBIT as a percentage of net revenue was 10.5%. Excluding significant items not considered indicative of financial and operational trends as described on page 5, Adjusted EBIT in 2023 was $391 million and Adjusted EBIT as a percentage of net revenue was 12.1%, higher than $310 million and 11.3%, respectively, in 2022. 2023 Adjusted EBIT as a percentage of net revenue improved by 80 basis points from 2022 reflecting improved productivity and operating leverage of fixed costs on strong revenue growth.

Other Developments

In Argentina, we have been operating in an environment of high inflation, currency restrictions, and import regulations that has challenged our business over the past few years. We have previously managed and mitigated these risks by adjusting our prices and by managing our ARS exposure to a low level with hedging instruments.

During the election process in Q3 2023, the government froze the exchange rate (pegged at 350 ARS for USD 1) and restricted access to the USD beginning in August 2023. As a result, our ability to manage our ARS exposure was challenged and our ARS exposure increased. In addition, due to volatility and uncertainty in the market with the Presidential election process underway, economic hedges were not available to offset our increasing ARS exposure.

On December 13, 2023, the newly-elected Argentine government devalued the ARS official exchange rate 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, combined with the unavailability of economic hedges, the impact of the significant devaluation of the ARS on our higher ARS exposure resulted in a net foreign exchange loss of $56 million which exceeds the typical foreign exchange impact in the region. This devaluation also resulted in a lower tax recovery primarily relating to the negative impact from the revaluation of deferred tax balances.

UK & Ireland Operations

Our UK & Ireland operations sell, service, and rent mainly Caterpillar equipment and engines in England, Scotland, Wales, Northern Ireland, and the Republic of Ireland. Our UK & Ireland operations' markets include construction, power systems, and quarrying.

The weaker CAD relative to the GBP on average in 2023 compared to 2022 had a favourable foreign currency translation impact on 2023 net revenue of approximately $55 million and did not have a significant impact on EBIT.

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.

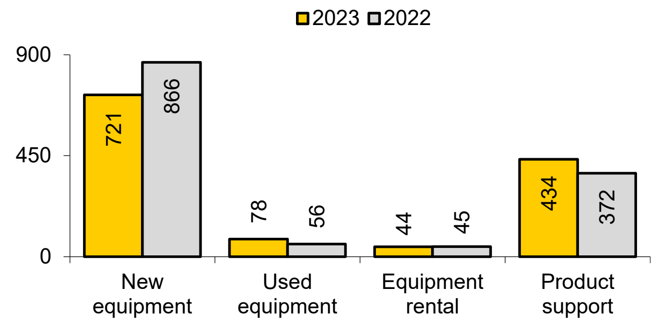
2023 Annual Overview

2023 net revenue was 9% lower than 2022, primarily due to lower new equipment sales partially offset by higher product support revenue.

New equipment revenue decreased 21% from 2022, primarily in the construction sector, as construction sales in 2022 benefited from ***HS2*** deliveries. Equipment backlog at December 31, 2023 was lower than December 31, 2022 due to deliveries outpacing order intake in the construction sector.

2023 product support revenue increased 11% from the prior year, higher in the construction and power systems sectors, reflecting the execution of our product support strategy and including a full year's contribution from the acquisition of ***Hydraquip***.

Net Revenue by Line of Business
UK & Ireland Operations
Years ended December 31
($ millions)



Gross profit in 2023 was up from the prior year, despite a decline in net revenue. Gross profit as a percentage of net revenue was higher than the prior year primarily due to a higher proportion of product support revenue in the revenue mix (2023: 34% compared to 2022: 28%).

SG&A and SG&A as a percentage of net revenue were higher in 2023 compared to 2022. This increase was primarily driven by higher people-related and variable costs due to inflationary increases in the year.

2023 EBIT was $58 million and EBIT as a percentage of net revenue was 4.5%. Excluding significant items not considered indicative of financial and operational trends as described on page 5, Adjusted EBIT in 2023 was $63 million and Adjusted EBIT as a percentage of net revenue was 4.9%, lower than $74 million and 5.5%, respectively, in 2022, driven by the proportion of fixed costs on lower volumes.

Other Operations

Our Other operations includes corporate operating costs.

2023 EBIT was a loss of $1 million. Excluding significant items not considered indicative of operational and financial trends as described on page 5, Adjusted EBIT in 2023 was a loss of $37 million, lower than a loss of $51 million in 2022, primarily due to lower people-related costs, including LTIP expense.

Fourth Quarter Overview

($ millions, except per share amounts)	Q4 2023	Q4 2022	% change fav (unfav)
Revenue	**2,664**	2,653	0%
Net revenue	**2,403**	2,368	1%
Gross profit	**640**	628	2%
SG&A	**(409)**	(416)	2%
Equity earnings of joint ventures	**1**	2	
Other income	**13**	—	
Other expenses	**(68)**	—	
EBIT	**177**	214	(17)%
Net income attributable to shareholders of Finning	**85**	136	(37)%
EPS	**0.59**	0.89	(34)%
Free cash flow	**280**	332	(16)%
Adjusted EBIT	**232**	214	9%
Adjusted EPS	**0.96**	0.89	7%
Gross profit as a % of net revenue	***26.6%***	*26.5%*	
SG&A as a % of net revenue	***(17.0)%***	*(17.6)%*	
EBIT as a % of net revenue	***7.4%***	*9.0%*	
Adjusted EBIT as a % of net revenue	***9.6%***	*9.0%*	
Adjusted ROIC	***20.0%***	*18.7%*	

Fourth Quarter Adjusted Measures

Significant items affecting our reported results for the three months ended December 31, 2023 which we do not consider to be indicative of operational and financial trends, either by nature or amount, are detailed below.

Q4 2023 significant items:

- Foreign exchange loss of $56 million due to the significant devaluation of the ARS relative to the USD.
- Gain of $13 million on the sale of a property in Chile.
- Derecognition of $12 million of previously capitalized costs for software and technology assets.

3 months ended December 31, 2023 ($ millions, except per share amounts)	**Canada**	**South America**	**UK & Ireland**	**Other**	**EBIT Consol**	**EPS Consol**
EBIT and EPS	**117**	**55**	**6**	**(1)**	**177**	**0.59**
Significant items:						
Foreign exchange and tax impact of devaluation of ARS	**—**	**56**	**—**	**—**	**56**	**0.37**
Gain on sale of property, plant, and equipment	**—**	**(13)**	**—**	**—**	**(13)**	**(0.06)**
Write-off of intangible assets	**5**	**4**	**3**	**—**	**12**	**0.06**
Adjusted EBIT and Adjusted EPS	**122**	**102**	**9**	**(1)**	**232**	**0.96**

There were no significant items identified by management for adjustment in the three months ended December 31, 2022.

Quarterly Key Performance Measures

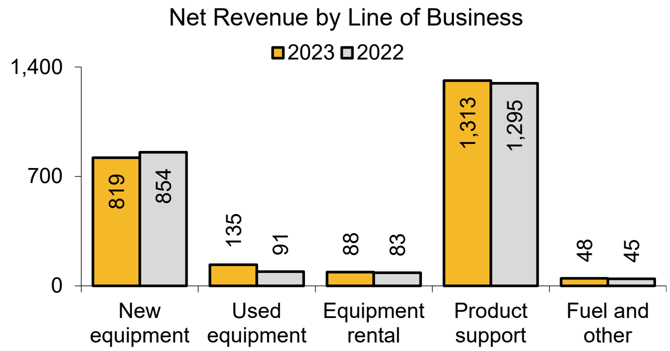
KPIs may be impacted by significant items described on pages 14 and 33 - 38 of this MD&A. KPIs that have been adjusted to take these items into account are referred to as “Adjusted measures”.

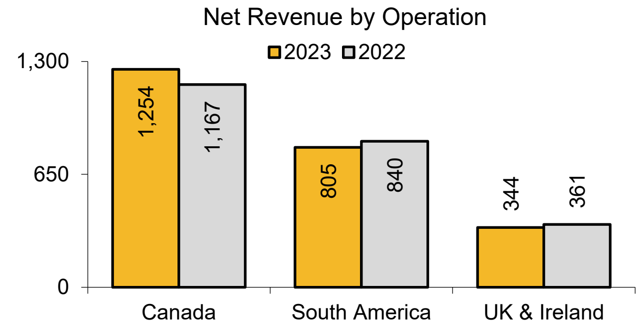
	2023				2022				2021
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
EBIT ($ millions)	**177**	252	242	239	214	224	190	140	157
Adjusted EBIT ($ millions)	**232**	252	242	216	214	224	190	140	157
EBIT as a % of net revenue									
Consolidated	**7.4%**	10.3%	9.4%	11.2%	9.0%	10.7%	9.4%	8.1%	8.9%
Canada	**9.3%**	10.8%	9.9%	11.0%	11.0%	11.7%	10.0%	9.1%	10.1%
South America	**6.7%**	12.3%	12.1%	10.5%	11.4%	12.3%	10.1%	11.4%	10.1%
UK & Ireland	**1.8%**	5.9%	5.5%	5.1%	4.4%	6.2%	6.4%	5.0%	4.3%
Adjusted EBIT as a % of net revenue									
Consolidated	**9.6%**	10.3%	9.4%	10.1%	9.0%	10.7%	9.4%	8.1%	8.9%
Canada	**9.7%**	10.8%	9.9%	11.3%	11.0%	11.7%	10.0%	9.1%	10.1%
South America	**12.6%**	12.3%	12.1%	11.5%	11.4%	12.3%	10.1%	11.4%	10.1%
UK & Ireland	**2.7%**	5.9%	5.5%	5.7%	4.4%	6.2%	6.4%	5.0%	4.3%
EPS	**0.59**	1.07	1.00	0.89	0.89	0.97	0.80	0.59	0.66
Adjusted EPS	**0.96**	1.07	1.00	0.89	0.89	0.97	0.80	0.59	0.66
Invested capital ($ millions)	**4,765**	4,897	4,630	4,545	4,170	4,358	4,076	3,777	3,326
ROIC (%)									
Consolidated	**19.3%**	20.7%	20.8%	20.2%	18.7%	18.3%	17.5%	17.0%	16.8%
Canada	**18.6%**	19.8%	20.1%	19.4%	18.7%	18.2%	17.4%	17.4%	17.5%
South America	**23.8%**	27.1%	25.9%	24.0%	24.5%	22.7%	22.3%	21.7%	20.3%
UK & Ireland	**11.3%**	13.7%	15.5%	17.0%	17.0%	16.6%	16.2%	15.7%	14.8%
Adjusted ROIC									
Consolidated	**20.0%**	20.2%	20.2%	19.7%	18.7%	18.3%	17.5%	17.0%	16.4%
Canada	**19.0%**	19.9%	20.2%	19.6%	18.7%	18.2%	17.4%	17.4%	16.9%
South America	**27.6%**	27.6%	26.4%	24.6%	24.5%	22.7%	22.3%	21.7%	20.3%
UK & Ireland	**12.3%**	14.1%	15.9%	17.4%	17.0%	16.6%	16.2%	15.7%	14.8%
Invested capital turnover (times)	**2.03**	2.08	2.07	2.01	2.01	1.96	2.00	2.03	2.04
Inventory ($ millions)	**2,844**	2,919	2,764	2,710	2,461	2,526	2,228	2,101	1,687
Inventory turns (dealership) (times)	**2.45**	2.58	2.49	2.51	2.61	2.52	2.50	2.66	3.09
Working capital to net revenue	**28.7%**	27.6%	27.5%	28.0%	27.4%	27.1%	25.1%	23.8%	22.9%
Free cash flow ($ millions)	**280**	—	31	(245)	332	(57)	(142)	(303)	148
Net debt to Adjusted EBITDA ratio (times)	**1.7**	1.8	1.8	1.7	1.6	1.8	1.8	1.6	1.1

Fourth Quarter Results

Revenue

Net Revenue by Line of Business and by Operation
3 months ended December 31
($ millions)





Q4 2023 revenue was $2.7 billion. Net revenue of $2.4 billion in the fourth quarter of 2023 was up 1% from Q4 2022, with higher used equipment and product support revenues and lower new equipment sales.

Q4 2023 used equipment revenue was 48% higher than Q4 2022, up in all market sectors mainly in the construction sector in all regions.

Product support revenue was up 1% in Q4 2023 from the same prior year period, with an increase in mining and power systems partially offset by lower product support revenue in the construction sector. In Canada, the completion of several major projects as well as unseasonably warm weather that delayed the start of winter programs and reduced equipment utilization, reduced our product support growth rate.

Q4 2023 new equipment revenue was 4% lower than the same prior year period, with lower equipment sales to construction customers in South America and lower power system project deliveries in the UK & Ireland. Q4 2023 included higher new equipment revenue in all market sectors in Canada compared to the same prior year period.

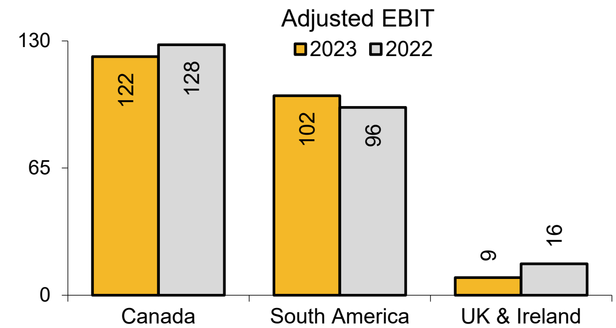
EBIT

Q4 2023 gross profit of $640 million was 2% higher than the same period in the prior year, in line with net revenue growth. Gross profit as a percentage of net revenue was 26.6% in Q4 2023 and was comparable to Q4 2022.

SG&A in Q4 2023 of $409 million was 2% lower than Q4 2022. This decrease was driven by lower LTIP expense, primarily in the Other operations segment, partially offset by higher people-related and variable costs to support revenue growth. SG&A as a percentage of net revenue was 17.0%, a 60 basis-point improvement over the same prior year.

Q4 2023 EBIT was $177 million and EBIT as a percentage of net revenue was 7.4%. Excluding significant items not considered indicative of financial and operational trends as described on page 14, Adjusted EBIT in Q4 2023 was $232 million and Adjusted EBIT as a percentage of net revenue was 9.6%, higher than $214 million and 9.0%, respectively, in Q4 2022.

Adjusted EBIT by Operation (1)
3 months ended December 31
($ millions)



Excluding Other operations

Finance Costs

Finance costs in Q4 2023 were $44 million, up from $33 million in Q4 2022 due to an increase in average net debt levels and higher interest rates.

Provision for Income Taxes

The effective income tax rate in Q4 2023 was 35.8% and included the impact of the significant devaluation of the ARS relative to the USD. Excluding the significant items not considered indicative of financial and operational trends described on page 14, the effective income tax rate for Q4 2023 would have been 26.4% compared to 25.3% in Q4 2022.

Net Income Attributable to Shareholders of Finning and EPS

Q4 2023 net income attributable to shareholders of Finning was $85 million and EPS was $0.59. Excluding the significant items not considered indicative of financial and operational trends described on page 14, Adjusted EPS was $0.96 in Q4 2023 and was 7% higher than EPS in 2022 due to higher earnings in South America and lower LTIP expense partially offset by higher finance costs.

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

3 months ended December 31, 2023 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consol**	**Net Revenue %**
New equipment	**374**	**239**	**206**	**—**	**819**	**34%**
Used equipment	**84**	**20**	**31**	**—**	**135**	**5%**
Equipment rental	**58**	**20**	**10**	**—**	**88**	**4%**
Product support	**691**	**525**	**97**	**—**	**1,313**	**55%**
Fuel and other	**47**	**1**	**—**	**—**	**48**	**2%**
Net revenue	**1,254**	**805**	**344**	**—**	**2,403**	**100%**
Operating costs	**(1,077)**	**(672)**	**(324)**	**—**	**(2,073)**	
Depreciation and amortization	**(56)**	**(31)**	**(11)**	**(1)**	**(99)**	
Equity earnings of joint ventures	**1**	**—**	**—**	**—**	**1**	
Other income	**—**	**13**	**—**	**—**	**13**	
Other expenses	**(5)**	**(60)**	**(3)**	**—**	**(68)**	
EBIT	**117**	**55**	**6**	**(1)**	**177**	
Net revenue percentage by operation	**52%**	**34%**	**14%**	**—**	**100%**	
Adjusted EBIT	**122**	**102**	**9**	**(1)**	**232**	
EBIT as a % of net revenue	***9.3%***	***6.7%***	***1.8%***		***7.4%***	
Adjusted EBIT as a % of net revenue	***9.7%***	***12.6%***	***2.7%***		***9.6%***	

3 months ended December 31, 2022 ($ millions)	Canada	South America	UK & Ireland	Other	Consol	Net Revenue %
New equipment	308	313	233	—	854	36%
Used equipment	62	9	20	—	91	4%
Equipment rental	54	17	12	—	83	3%
Product support	698	501	96	—	1,295	55%
Fuel and other	45	—	—	—	45	2%
Net revenue	1,167	840	361	—	2,368	100%
Operating costs	(991)	(718)	(335)	(25)	(2,069)	
Depreciation and amortization	(50)	(26)	(10)	(1)	(87)	
Equity earnings of joint ventures	2	—	—	—	2	
EBIT	128	96	16	(26)	214	
Net revenue percentage by operation	49%	36%	15%	—	100%	
EBIT as a % of net revenue	*11.0%*	*11.4%*	*4.4%*		*9.0%*	

All variances and ratios in this section are based on the functional currency of each operation (Canada: CAD, South America: USD, UK & Ireland: GBP).

Canada Operations

Q4 2023 net revenue of $1.3 billion was 7% higher than Q4 2022. New equipment sales were up 22%, with strong deliveries across all sectors. Used equipment sales were up 34% from Q4 2022, with strong sales across each of retail and wholesale channels. Product support revenue in Q4 2023 was down 1% as unseasonably warm weather delayed the start of winter programs reducing equipment utilization in the construction and mining sectors. The completion of several major projects has also slowed some construction activities in the near-term. In addition, Q4 2022 product support included revenues related to the autonomy conversion of the 797 fleet of an oil sands operator, which did not repeat in Q4 2023.

Gross profit in Q4 2023 was higher than Q4 2022, mostly driven by higher volumes in new and used equipment sales. Overall gross profit as a percentage of net revenue in Q4 2023 was lower than Q4 2022 mainly due to a higher proportion of new and used equipment sales in the revenue mix (Q4 2023: 37% compared to Q4 2022: 32%).

Q4 2023 SG&A increased from Q4 2022 mainly driven by higher people-related costs and higher variable costs to support volumes. Q4 2023 SG&A as a percentage of net revenue was comparable to Q4 2022.

Q4 2023 EBIT was $117 million and EBIT as a percentage of net revenue was 9.3%. Excluding significant items not considered indicative of financial and operational trends described on page 14, Adjusted EBIT in Q4 2023 was $122 million and Adjusted EBIT as a percentage of net revenue was 9.7%, lower than $128 million and 11.0%, respectively, in Q4 2022. This decrease was driven by lower gross profit as a percentage of net revenue, relating to the higher proportion of new and used equipment sales in the revenue mix.

South America Operations

The marginally weaker CAD relative to the USD on average in Q4 2023 compared to Q4 2022 did not have a significant foreign currency translation impact at the net revenue or EBIT level.

Q4 2023 net revenue was down 4% from Q4 2022. New equipment revenue in Q4 2023 was 24% lower than the prior year quarter, reflecting challenging market conditions in Argentina and lower sales to mining contractors in Chile. Product support revenue in Q4 2023 was up 5% from Q4 2022, led by mining.

Gross profit in Q4 2023 increased from Q4 2022, despite lower net revenue. Gross profit as a percentage of net revenue increased in the current period reflecting a higher proportion of product support revenue in the revenue mix (Q4 2023: 65% compared to Q4 2022: 60%), as well as higher new equipment gross profit margins.

Q4 2023 SG&A costs were up from Q4 2022 primarily driven by a higher people-related and variable costs to support growth in product support and facility costs.

Q4 2023 EBIT was $55 million and EBIT as a percentage of net revenue was 6.7%. Excluding significant items not considered indicative of financial and operational trends described on pages 12 and 14, Adjusted EBIT in Q4 2023 was $102 million and Adjusted EBIT as a percentage of net revenue was 12.6%, higher than $96 million and 11.4%, respectively, in Q4 2022, primarily due to a shift in revenue mix to product support.

UK & Ireland Operations

The weaker CAD relative to the GBP on average in Q4 2023 compared to Q4 2022 had a favourable foreign currency translation impact on Q4 2023 net revenue of approximately $20 million and was not significant at the EBIT level.

Fourth quarter 2023 net revenue was 10% lower than the same period in 2022, a decrease in most lines of business. New equipment revenue in Q4 2023 was 16% lower than Q4 2022, as Q4 2022 benefitted from higher power systems project deliveries and HS2 deliveries. Q4 2023 product support revenue was down 6% from the same prior year period, primarily driven by slower activity in the construction sector. Net revenue from used equipment sales in Q4 2023 increased 48% from Q4 2022 reflecting the execution of our strategy.

Q4 2023 gross profit and gross profit as a percentage of net revenue were lower than the same prior year period. The decrease in Q4 2023 gross profit as a percentage of net revenue was mainly due to lower new and used equipment margins partially offset by a slightly higher proportion of product support in the revenue mix. SG&A in Q4 2023 was down slightly from Q4 2022.

Q4 2023 EBIT was $6 million and EBIT as a percentage of net revenue was 1.8%. Excluding significant items not considered indicative of financial and operational trends described on page 14, Adjusted EBIT in Q4 2023 was $9 million and Adjusted EBIT as a percentage of net revenue was 2.7%, lower than $16 million and 4.4%, respectively, in Q4 2022. The proportion of fixed costs in SG&A on lower volumes as well as persistently high inflation contributed to lower Adjusted EBIT as a percentage of net revenue.

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 45 of this MD&A. Actual outcomes and results may vary significantly.

Canada Operations

Our outlook for Western Canada is positive. While the completion of major pipelines has slowed some construction activities in the near-term, it creates additional capacity to move heavy oil and liquefied natural gas to end markets, and we expect to see increased activity in the energy sector and production growth going forward. Our mining and energy customers are expected to increase spending levels, including investment to renew, maintain, and rebuild aging fleets. In the oil sands, based on customer commitments and discussions, we anticipate strong demand for product support, including component remanufacturing and rebuilds.

We expect ongoing commitments from federal and provincial governments to infrastructure development to support activity in the construction sector. In addition, growing demand for reliable, efficient, and sustainable electric power solutions across communities in Western Canada creates opportunities for our power systems business.

South America Operations

In Chile, our strong outlook is underpinned by growing global demand for copper, the recent approvals of large-scale brownfield expansions, and increasing customer confidence to invest in brownfield and greenfield projects. Mining activity is expected to remain strong, driving demand for equipment, product support, and technology solutions.

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

In Argentina, steps are being taken by the new government to rapidly address the fiscal imbalances in the country with the goal of ultimately stabilizing inflation and opening the economy for free import and export of goods in the long-term. However, the near-term steps of significantly devaluing the currency, containing public spending, reducing subsidies, and lowering spending on public works are driving continued challenging market and operating conditions. Starting in January 2024, currency restrictions have been significantly reduced for new imports, and economic hedging alternatives are once again available. In early February, we began a series of transactions to reduce our ARS cash balance to zero, the cost of this program is being covered with support from our key suppliers. While our currency access, exposure, and risk of losses are much lower today than in Q4 2023, new government rules and policies as well as economic conditions are subject to change, and we require ongoing support from key suppliers to return to profitability. We are actively monitoring the new rules and policies and continue to evolve our operating model, taking a low-risk approach in 2024.

UK & Ireland Operations

With the HS2 project deliveries completed and low ***GDP*** growth projected in the UK in 2024, we expect demand for new construction equipment 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, we expect continued healthy demand for primary and backup power generation, including in the data centre market and short-term capacity power for utilities and other applications.

We expect our product support business in the UK & Ireland to remain resilient, driven by steady machine utilization, rebuilds, and growth in Customer Value Agreements.

Execution Focus and Building on Strong 2023 Results

We are committed to growing our business in 2024 while building more resilience into our operating model and progressing towards the Investor Day targets. We are working to increase our invested capital velocity, with the goal to unlock over $450 million of capital by 2025 from Q2 2023. We expect our 2024 net capital expenditures and net rental fleet additions to be in the $290 million to $340 million range, reflecting the overall steady growth environment we expect in 2024.

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 December 31		Years ended December 31	
($ millions)	**2023**	2022	**2023**	2022
Operating activities	**291**	410	**228**	1
Investing activities	**(53)**	(79)	**(229)**	(268)
Financing activities	**(207)**	(160)	**(71)**	(13)
Operating activities	**291**	410	**228**	1
Additions to property, plant, and equipment and intangible assets	**(51)**	(78)	**(220)**	(171)
Proceeds on disposal of property, plant, and equipment	**40**	—	**58**	—
Free cash flow	**280**	332	**66**	(170)

The most significant contributors to the changes in cash flows for 2023 over 2022 were as follows (all events described were in the current quarter or annual period, unless otherwise stated):

	Quarter over Quarter	Year over Year
Free cash flow	• higher spend on inventory in Canada and other supplier payments in Canada and South America; • $73 million higher net spend on rental equipment, mainly on rental equipment with purchase options in Canada; partially offset by, • higher collections in all regions, primarily in Canada; and, • $67 million lower net spend on property, plant, and equipment	• higher collections from increased revenues in Canada and South America; partially offset by, • higher spend on inventory to support increased demand in Canada and South America; • higher payroll and other supplier payments in Canada and South America; • $120 million higher net spend on rental equipment, mainly on rental equipment with purchase options in Canada; as well as, • higher payments for income tax and interest
Investing activities (excluding net spend on property, plant, and equipment)	• $42 million increase in short-term investments in South America in Q4 2023	• $101 million net cash consideration paid in 2022 to acquire Hydraquip and other smaller businesses in Canada and the UK & Ireland; partially offset by, • $54 million increase in short-term investments in 2023 in South America
Financing activities	• $92 million higher repayment of short-term borrowings; partially offset by, • $29 million lower repurchases of common shares under our ***NCIB***; and, • $15 million repayment of long-term borrowings in Q4 2022	• $424 million lower cash provided by short-term borrowings; • $57 million higher repurchases of common shares under our NCIB; partially offset by, • $348 million cash provided by long-term borrowings; and, • $81 million lower repayment of long-term borrowings

Capital Resources and Management

Our cash and cash equivalents balance at December 31, 2023 was $152 million (December 31, 2022: $288 million). In May 2023, we issued $350 million of 4.445% senior unsecured notes due May 16, 2028 and we settled £70 million of 3.40% senior notes which were due on May 22, 2023. At December 31, 2023, to complement internally generated funds from operating and investing activities, we had approximately $2.7 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 September 2026 and an additional $300 million committed revolving credit facility which is set to mature in October 2024. At December 31, 2023, approximately $455 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 December 31, 2023.

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**	
December 31	**2023**	2022	**2023**	2022
DBRS	BBB (high)	BBB (high)	R-2 (high)	R-2 (high)
S&P	BBB+	BBB+	***n/a***	n/a

In April 2023, DBRS affirmed our BBB (high) long-term rating and R-2 (high) commercial paper rating both with stable trends. In May 2023, S&P affirmed our BBB+ long-term rating with stable outlook. In February 2024, our long-term rating was confirmed at BBB (high) and BBB+ by DBRS and S&P, respectively.

During the year ended December 31, 2023, we repurchased 7,216,763 common shares for cancellation for $272 million, at an average cost of $37.75 per share, through our NCIB [2]. During the year ended December 31, 2022, we repurchased 6,941,039 common shares for cancellation for $219 million, at an average cost of $31.51 per share.

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. 2023 net debt to Adjusted EBITDA was up slightly from 2022 and higher than expected due to increased working capital.

	Finning long-term target	**Dec 31, 2023**	Dec 31, 2022
Net debt to Adjusted EBITDA (times)	**< 3.0**	**1.7**	1.6

(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.

Contractual Obligations

Payments on contractual obligations in each of the next five years are shown in the table below. The amounts presented represent the future undiscounted principal and interest cash flows, and therefore, do not necessarily equal the carrying amount on the consolidated statement of financial position.

($ millions)	2024	2025	2026	2027	2028	Thereafter	Total
Short-term debt	1,239	—	—	—	—	—	1,239
Long-term debt	244	41	221	294	366	257	1,423
Lease liabilities	82	64	46	35	28	93	348
Total contractual obligations	1,565	105	267	329	394	350	3,010

The above table does not include obligations to fund pension benefits. We make regular contributions to our registered defined benefit pension plans in Canada and the UK in order to fund the pension obligations as required. Funding levels are monitored regularly and reset with new actuarial funding valuations at least every three years. In 2023, we contributed $6 million towards the defined benefit pension plans. Based on the most recently completed valuations, we expect to contribute approximately $2 million to the defined benefit pension plans during the year ended December 31, 2024.

Capital and Rental Expenditures

Our net spend on capital expenditures and rental fleet additions during the year ended December 31, 2024 is expected to be in the range of $290 million to $340 million. These are planned but not legally committed expenditures and include strategic capital investments in our Canadian facility network, our digital capabilities, and rental fleet additions.

Employee Share Purchase Plans

We have employee share purchase plans for our Canadian and South American employees. Under the terms of these plans, eligible employees may purchase common shares of Finning in the open market at the then current market price. We pay a portion of the purchase price to a maximum of 2% of employee earnings. At December 31, 2023, 77%, 79% and 3% of eligible employees in our Corporate, Canadian, and South American operations, respectively, were contributing to these plans.

We also have an All Employee Share Purchase Ownership Plan for our employees in Finning UK & Ireland. Under the terms of this plan, we provide one common share, purchased in the open market, for every three shares purchased by Finning (UK) employees and for every one share purchased by Finning (Ireland) employees. Finning (UK) employees may contribute from £10 to £150 of their salary per month. At December 31, 2023, 40% of eligible employees in Finning (UK) were contributing to this plan. Finning (Ireland) employees may contribute from €10 to €70 of their salary per month. At December 31, 2023, 15% of eligible employees in Finning (Ireland) were contributing to this plan.

We may cancel these plans at any time.

Accounting and Estimates

We employ professionally qualified accountants throughout our finance group globally and all of our operating unit financial officers report directly to our ***CFO***. Senior financial representatives are assigned to all significant projects that impact financial accounting and reporting. Policies are in place to ensure completeness and accuracy of reported transactions. Key transaction controls are in place, and there is a segregation of duties between transaction initiation, processing, and cash receipt or disbursement. Accounting, measurement, valuation, and reporting of accounts, which involve estimates and/or valuations, are reviewed quarterly by the CFO, the Senior Vice President, Corporate Controller, and the ***Audit Committee***. Significant accounting and financial topics and issues are presented to and discussed with the Audit Committee.

Management's discussion and analysis of our financial condition and results of operations is based on our Annual Financial Statements, which have been prepared in accordance with IFRS. Our significant accounting policies are included in the notes to the Annual Financial Statements for the year ended December 31, 2023. Certain policies require management to make judgments, estimates, and assumptions in respect of the application of accounting policies and the reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingent assets and liabilities. These policies may require particularly subjective and complex judgments to be made as they relate to matters that are inherently uncertain and because there is a likelihood that materially different amounts could be reported under different conditions or using different assumptions. We have discussed the development, selection, and application of our key accounting policies, and the critical accounting estimates and assumptions involved, with the Audit Committee.

The areas of estimation uncertainty and significant judgments involved in preparing our Annual Financial Statements for the year ended December 31, 2023 were:

- determination of the functional currency of each Finning subsidiary;
- estimation of revenues and costs associated with long-term product support contracts and complex power and energy systems;
- determination of when control transfers to customers for revenue contracts;
- determination of whether a significant economic incentive exists for sales of assets with repurchase commitments;
- identification of performance obligations in revenue contracts with customers where long-term contracts are sold bundled together with the sale of equipment;
- estimation of allowance for doubtful accounts;
- estimation of fair value of derivative financial instruments;
- inputs to the models to measure the fair value of certain share-based payments;
- estimation of provisions for slow-moving and obsolete inventory;
- estimation of provisions for income tax;
- estimation of useful lives and residual values of property, plant, and equipment and rental equipment;
- estimation of useful lives of intangible assets;
- determination of lease terms;
- identification of the ***CGU*** to which assets should be allocated for impairment testing;
- estimation of recoverable values for goodwill and other indefinite-lived intangible assets;
- estimation of provisions for warranty; and,
- assumptions in the actuarial valuation models to measure post-employment benefits.

For additional information on the above judgments, estimates, and assumptions made, please refer to the notes to the Annual Financial Statements for the year ended December 31, 2023.

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

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

Determination of When Control Transfers to Customers for Revenue Contracts

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

Revenue Recognition for Sales of Equipment with Repurchase Commitments

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

Identifying Performance Obligations in Revenue Contracts

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

Allowance for Doubtful Accounts

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

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

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

Provisions for Slow-Moving and Obsolete Inventory

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

Provisions for Income Tax

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

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

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

Goodwill and Intangible Assets with Indefinite Lives

The recoverable value of each CGU or group of CGUs is estimated using a discounted cash flow model. The process of determining these recoverable values requires estimates and assumptions including, but not limited to, future cash flows, growth projections, associated economic risk assumptions and estimates of key operating metrics and drivers, and ***WACC*** rates. Cash flow projections are based on financial budgets approved by our ***Board***. Projected cash flows are discounted using WACC rates. These estimates are subject to change due to uncertain competitive and economic market conditions or changes in business strategies.

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

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

Related Party Transactions

Related party transactions incurred in the normal course of business between us and our subsidiaries have been eliminated on consolidation and are not considered material for disclosure. Information on our wholly owned subsidiaries and the main countries in which they operate is contained in Note 2 of the Annual Financial Statements. Compensation of key management personnel is disclosed in Note 25 of the Annual Financial Statements.

New Accounting Pronouncements

The adoption of recent amendments to accounting standards had no impact on our financial statements. Future accounting pronouncements and effective dates are included in Note 2 of our Annual 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 MD&A and other key business risks are disclosed in our AIF. For more information on our financial instruments, including accounting policies, description of financial risks, and relevant financial risk sensitivities, please refer to Note 8 of the Annual Financial Statements.

Commodity Prices

We are affected by fluctuations in the prices of commodities, such as copper, gold, and other metals, metallurgical coal, natural gas, oil, and lumber. We provide equipment and parts and service to customers in resource and construction industries. In the resource sector, fluctuations in commodity prices and changes in the long-term outlook for commodities impact customer decisions regarding capital expenditures and production levels, which determine demand for equipment, parts and service. In the construction sector, publicly funded infrastructure spending is indirectly impacted by fluctuations in commodity prices, particularly in regions with resource-based economies. In Canada, our customers, mostly in the oil sands in Northern Alberta, are exposed to the price of oil. In South America, our customers are primarily exposed to the price of copper and, to a much lesser extent, the prices of gold, other metals, and natural gas. In the UK & Ireland, our resource sector customers operate in offshore oil & gas. Significant fluctuations in these commodity prices could have a material impact on our financial results.

In periods of significantly lower commodity prices, demand is reduced as development of new projects is slowed or stopped and production from existing projects can be curtailed, leading to less demand for equipment. However, product support growth has been, and is expected to continue to be, important in mitigating the effects of downturns in the business cycle. Alternatively, if commodity prices rapidly increase, customer demand for our products and services could increase and apply pressure on our ability to supply the products or skilled technicians on a timely and cost-efficient basis. To assist in mitigating the impacts of fluctuations in demand for our products and services, we work closely with Caterpillar to achieve an adequate and timely supply of product and have implemented human resources recruiting and workforce management strategies to achieve adequate staffing levels.

Financial Instruments Risk

We are exposed to risks through our operations that arise from the use of financial instruments, which include credit risk and liquidity risk. Under the normal course of operations, we have mitigation strategies to minimize these risks. In the current economic climate, we have heightened exposure to these risks.

Credit Risk

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

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

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

We are exposed to risk on supplier claims receivable, primarily from Caterpillar with whom we have had an ongoing relationship since 1933.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our approach to managing liquidity is to ensure, as far as possible, that we will have sufficient liquid financial resources to fund operations and meet commitments and obligations. We maintain bilateral and syndicated credit facilities, continuously monitor actual and forecast cash flows, and manage maturity profiles of financial liabilities. Based on the availability of credit facilities, our business operating plans, and the discretionary nature of some cash outflows, such as rental and capital expenditures, we believe we continue to have sufficient liquidity to meet operational needs.

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

In Argentina, we have experienced government currency restrictions in the past that have impacted our ability to meet our USD financial obligations as they fall due. We have been and continue to work with our key suppliers to manage payment terms and are evaluating the new rules and policies of the newly-elected government. While our access to USD in Argentina has improved since Q4 2023, new government rules and policies as well as economic conditions are subject to change, and may impact our ability to manage our liquidity risk.

Market Risk and Hedging

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

We utilize foreign currency debt, derivative financial instruments, and short-term investments in order to manage our foreign currency and interest rate exposures. We use derivative financial instruments only in connection with managing related risk positions and do not use them for trading or speculative purposes. All such transactions are carried out within the guidelines set by us and approved by the Audit Committee. For more information on our accounting policy on financial instruments, please refer to Note 8 of the Annual Financial Statements.

<u>Foreign Exchange Risk</u>

We are geographically diversified, with significant investments in several different countries. We transact business in multiple currencies, the most significant of which are the CAD, USD, GBP, ***CLP***, and ARS. The functional currency of our South American operations is USD and the functional currency of our UK & Ireland operations is primarily GBP (Finning Ireland's functional currency is the Euro). As a result, we have foreign currency exposure with respect to items denominated in foreign currencies. Our main types of foreign exchange risk are translation and transaction exposure.

Translation Exposure

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

Assets and liabilities of our South American and UK & Ireland operations are translated into CAD using the exchange rates in effect at the consolidated statement of financial position dates. Any translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income. To the extent practical, it is our objective to manage this exposure by hedging a portion of our foreign investments with loans denominated in foreign currencies. The 2% stronger CAD relative to the USD partially offset by the 3% weaker CAD relative to the GBP at December 31, 2023 compared to December 31, 2022 resulted in a foreign currency translation loss of $21 million recorded in 2023. This was partially offset by an $8 million foreign exchange gain on net investment hedges.

Transaction Exposure

Many of our operations purchase, sell, rent, and lease assets and incur costs in currencies other than their functional currency. This mismatch of currencies creates transactional exposure, which may affect our profitability as exchange rates fluctuate. For example, our Canadian operating results are exposed to volatility in USD/CAD rates between the timing of equipment and parts purchases that are made in USD and the ultimate sale to customers made in CAD. A portion of this exposure is hedged through the use of forward exchange contracts as well as managed through pricing practices. We apply hedge accounting to hedges of certain inventory purchases in our Canadian operations.

The results of our operations are impacted by the translation of foreign-denominated transactions; the results of our Canadian operations are most impacted by USD based revenue and costs, and the results of our South American operations are most impacted by CLP and ARS based revenues and costs.

We are also exposed to foreign currency risks related to the future cash flows on our foreign-denominated financial assets and financial liabilities and foreign-denominated net asset or net liability positions on our consolidated statement of financial position, primarily the USD/CAD in Canada and USD/CLP and USD/ARS in South America. We enter into forward exchange contracts, short-term investments, and short-term borrowings to manage some mismatches in foreign currency cash flows but do not fully hedge balance sheet exposure, so this may result in unrealized foreign exchange gains or losses until the financial assets and financial liabilities are settled. Government currency restrictions that remain in place in Argentina may continue to impact our ARS exposure and cost to hedge.

The CAD has historically been positively correlated to certain commodity prices. In a scenario of declining commodity prices, our resource industry customers may curtail capital expenditures and decrease production which can result in reduced demand for equipment, parts, and services. In this scenario, a weaker CAD to USD positively impacts our financial results when USD based revenues and earnings are translated into CAD reported revenues and earnings, although lags may occur.

The results of our South American operations are affected by changes in the USD/CLP and USD/ARS relationships. Historically, the CLP has been positively correlated to the price of copper. As the price of copper declines, the value of the CLP versus the USD declines as well. In such an environment, our revenue may be impacted as mining customers curtail their equipment and product support spend. Also in this environment, our SG&A in South America, which is largely denominated in local currency, is lower when translated into USD, partly offsetting the impact on revenue. The reverse holds true in an environment where the copper price strengthens, although generally there is a lag between the increase in SG&A and the improvement in revenue. These impacts are partially offset by our hedging programs.

Our competitive position may also be impacted as relative currency movements affect the business practices and/or pricing strategies of our competitors.

Key exchange rates that impacted our results were as follows:

Exchange rate	**December 31**			**3 months ended December 31 – average**			**12 months ended December 31 – average**		
	2023	2022	Change	**2023**	2022	Change	**2023**	2022	Change
USD/CAD	**1.3226**	1.3544	2%	**1.3624**	1.3578	(0)%	**1.3497**	1.3013	(4)%
GBP/CAD	**1.6837**	1.6322	(3)%	**1.6913**	1.5950	(6)%	**1.6784**	1.6076	(4)%
USD/CLP	**877.12**	855.86	(2)%	**894.77**	913.66	2%	**837.57**	870.73	4%
USD/ARS	**808.45**	177.16	(356)%	**394.06**	161.84	(143)%	**260.80**	127.71	(104)%

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.

Interest Rate Risk

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

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

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

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

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

Share-Based Payment Risk

Share-based payment plans are an integral part of our employee compensation program and can be in the form of our common shares or cash payments that reflect the value of our shares and the extent we are able to achieve or exceed specified performance levels. Share-based payment plans are accounted for at fair value, and the expense associated with these plans can therefore vary as our share price, share price volatility, performance, and employee exercise behaviour change. For further details on our share-based payment plans, please refer to Note 11 of the Annual Financial Statements.

Contingencies and Guarantees

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

We began to export an agricultural animal feed product from Argentina in the third quarter of 2012 in response to the Argentine government's efforts to balance imports and exports and to manage access to foreign currency. These exports enabled us to import goods into Argentina to satisfy customer demand, while meeting the government's requirements. We have not exported agricultural animal feed product since the third quarter of 2013. The Argentina Customs Authority has made a number of claims against us associated with the export of this agricultural animal feed product over this period and has also issued an order that could result in up to a one-year suspension of imports into Argentina by a portion of the business. The essence of these claims is related to the tariff classification of this product and therefore the export duty payable. We are appealing these claims and the order, believe they are without merit, and are confident in our position. Mitigation measures are also available to us in the unlikely event our appeal of the potential imports suspension order is not successful. These pending matters may take a number of years to resolve. No progress was made on these appeals in 2023. In response to an application by the Canadian government, in April 2021, in September 2022, and in September 2023 in a final vote, the member states of the ***WCO*** voted by a significant margin in favour of the tariff classification used by our Argentina operations. These results have been filed or are being filed in the appeals of the Argentina Customs Authority claims. The final record of the WCO's decision is expected to be available in March 2024. We are confident the Courts in Argentina will follow the decision of the WCO. Should the ultimate resolution of these matters differ from our assessment and, in the case of the potential suspension of imports into Argentina by a portion of the business, the mitigation measures not be effective, this could have a material negative impact on our financial position.

In certain circumstances we enter into contracts with rights of return, at the customer's discretion, for the repurchase or trade-in of equipment sold to customers for an amount which is generally based on a discount from the estimated future fair value of that equipment. At December 31, 2023, the total estimated value of these contracts outstanding was $91 million (2022: $113 million) coming due at periods ranging from 2024 to 2033. Our experience to date has been that the estimated fair value of the equipment at the exercise date of the contract is generally greater than the repurchase price or trade-in amount, however, there can be no assurance that this experience will continue in the future. The total amount recognized as a provision against these contracts at December 31, 2023 was $1 million (2022: $2 million).

For further information on our commitments, contingencies, guarantees, and indemnifications, refer to Notes 26 and 27 of the Annual Financial Statements.

Outstanding Share Data

January 31, 2024	
Common shares outstanding	144,007,263
Options outstanding	1,149,866

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 year ended December 31, 2023 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.

Evaluation of Effectiveness

As required by National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings* issued by the Canadian securities regulatory authorities, an evaluation of the design and testing of the effectiveness of the operation of the Company's disclosure controls and procedures and internal control over financial reporting was conducted as of December 31, 2023, by and under the supervision of management. In making the assessment of the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting, we used the criteria set forth by the ***COSO*** in *Internal Control – Integrated Framework (2013 edition)*. The evaluation included documentation review, enquiries, testing, and other procedures considered by us to be appropriate in the circumstances.

Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures and internal control over financial reporting were effective as of December 31, 2023.

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 36 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:

- In Q4 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 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.
- Finning qualified for and recorded a benefit from Q2 2020 to Q1 2021 related to ***CEWS***, which was introduced by the Government of Canada in response to the ***COVID-19*** pandemic for eligible entities that met specific criteria.
- In December 2020, the shareholders of ***Energyst***, which included Finning, decided to restructure the company. A plan was put in place to sell any remaining assets and wind up Energyst, with net proceeds from the sale to be distributed to Energyst's shareholders. In Q1 2021, we recorded a return on our investment in Energyst.
- In 2019, the Company recorded severance costs related to workforce reductions and restructuring costs related to planned facility closures in Canada and South America as well as acquisition costs related to the purchase of 4Refuel. In addition, the ARS experienced a significant devaluation relative to the USD in the third quarter of 2019 losing approximately 35% of its value (annual devaluation of approximately 60%). This devaluation resulted in higher tax expense due to the revaluation of deferred taxes in September 2019.

A reconciliation from EBIT to Adjusted EBIT and Adjusted EBITDA for our consolidated operations for the last twelve quarters and years ended December 31, 2020 and 2019 is as follows:

												3 months ended	Years ended	
				2023				2022				2021	2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
EBIT	**177**	252	242	239	214	224	190	140	157	150	137	108	392	425
Significant items:														
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)	—	—	—	—	—	—	—	—	—	—
Severance costs	**—**	—	—	18	—	—	—	—	—	—	—	—	42	20
CEWS support	**—**	—	—	—	—	—	—	—	—	—	—	(10)	(115)	—
Return on Energyst investment	**—**	—	—	—	—	—	—	—	—	—	—	(5)	—	—
Facility closures, restructuring costs, and impairment losses	**—**	—	—	—	—	—	—	—	—	—	—	—	9	8
Acquisition costs related to 4Refuel	**—**	—	—	—	—	—	—	—	—	—	—	—	—	4
Adjusted EBIT	**232**	252	242	216	214	224	190	140	157	150	137	93	328	457
Depreciation and amortization	**99**	94	94	92	87	84	81	81	84	80	78	77	308	293
Adjusted EBITDA [(1)]	**331**	346	336	308	301	308	271	221	241	230	215	170	636	750

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

The impact on provision for (recovery of) income taxes of significant items for the last twelve quarters and years ended December 31, 2020 and 2019 was as follows:

											3 months ended		Years ended	
				2023				2022				2021	2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
Significant items:														
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	—	—	—	—	—	—	—	—	—	—
Severance costs	**—**	—	—	(5)	—	—	—	—	—	—	—	—	(10)	(6)
Withholding tax on repatriation of profits	**—**	—	—	19	—	—	—	—	—	—	—	—	—	—
CEWS support	**—**	—	—	—	—	—	—	—	—	—	—	2	30	—
Facility closures, restructuring costs, and impairment losses	**—**	—	—	—	—	—	—	—	—	—	—	—	(2)	(3)
Tax impact - devaluation of ARS	**—**	—	—	—	—	—	—	—	—	—	—	—	—	4
(Recovery of) provision for taxes on the significant items	**(2)**	—	—	23	—	—	—	—	—	—	—	2	18	(5)

A reconciliation from EPS to Adjusted EPS for our consolidated operations for the last twelve quarters and years ended December 31, 2020 and 2019 is as follows:

											3 months ended		Years ended	
				2023				2022				2021	2020	2019
($)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
EPS [1]	**0.59**	1.07	1.00	0.89	0.89	0.97	0.80	0.59	0.66	0.61	0.56	0.43	1.43	1.48
Significant items:														
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)	—	—	—	—	—	—	—	—	—	—
Severance costs	**—**	—	—	0.09	—	—	—	—	—	—	—	—	0.20	0.09
Withholding tax on repatriation of profits	**—**	—	—	0.12	—	—	—	—	—	—	—	—	—	—
CEWS support	**—**	—	—	—	—	—	—	—	—	—	—	(0.05)	(0.53)	—
Return on Energyst investment	**—**	—	—	—	—	—	—	—	—	—	—	(0.03)	—	—
Facility closures, restructuring costs, and impairment losses	**—**	—	—	—	—	—	—	—	—	—	—	—	0.04	0.03
Acquisition costs related to 4Refuel	**—**	—	—	—	—	—	—	—	—	—	—	—	—	0.03
Tax impact - devaluation of ARS	**—**	—	—	—	—	—	—	—	—	—	—	—	—	0.02
Adjusted EPS	**0.96**	1.07	1.00	0.89	0.89	0.97	0.80	0.59	0.66	0.61	0.56	0.35	1.14	1.65

(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 for the last twelve quarters and years ended December 31, 2020 and 2019 is as follows:

											3 months ended		Years ended	
				2023				2022				2021	2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
EBIT	**117**	137	136	126	128	125	102	80	92	84	82	69	288	296
Significant items:														
Write-off of intangible assets	**5**	—	—	—	—	—	—	—	—	—	—	—	0	—
Severance costs	**—**	—	—	4	—	—	—	—	—	—	—	—	20	10
CEWS support	**—**	—	—	—	—	—	—	—	—	—	—	(10)	(108)	—
Facility closures, restructuring costs, and impairment losses	**—**	—	—	—	—	—	—	—	—	—	—	—	5	7
Adjusted EBIT	**122**	137	136	130	128	125	102	80	92	84	82	59	205	313

A reconciliation from EBIT to Adjusted EBIT for our South American operations for the last twelve quarters and years ended December 31, 2020 and 2019 is as follows:

											3 months ended		Years ended	
				2023				2022				2021	2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
EBIT	**55**	104	104	74	96	85	64	65	59	58	51	41	121	120
Significant items:														
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**	—	—	—	—	—	—	—	—	—	—	—	—	—
Severance costs	**—**	—	—	7	—	—	—	—	—	—	—	—	17	10
Facility closures, restructuring costs, and impairment losses	**—**	—	—	—	—	—	—	—	—	—	—	—	4	1
Adjusted EBIT	**102**	104	104	81	96	85	64	65	59	58	51	41	142	131

A reconciliation from EBIT to Adjusted EBIT for our UK & Ireland operations for the last twelve quarters and years ended December 31, 2020 and 2019 is as follows:

												3 months ended	Years ended	
				2023				2022				2021	2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
EBIT	**6**	19	18	15	16	21	23	14	12	17	17	7	16	46
Significant items:														
Write-off of intangible assets	**3**	—	—	—	—	—	—	—	—	—	—	—	—	—
Severance costs	**—**	—	—	2	—	—	—	—	—	—	—	—	4	—
Adjusted EBIT	**9**	19	18	17	16	21	23	14	12	17	17	7	20	46

A reconciliation from EBIT to Adjusted EBIT for our Other operations for the last twelve quarters and years ended December 31, 2020 and 2019 is as follows:

												3 months ended	Years ended	
				2023				2022				2021	2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
EBIT	**(1)**	(8)	(16)	24	(26)	(7)	1	(19)	(6)	(9)	(13)	(9)	(33)	(37)
Significant items:														
Gain on wind up of foreign subsidiaries	**—**	—	—	(41)	—	—	—	—	—	—	—	—	—	—
Severance costs	**—**	—	—	5	—	—	—	—	—	—	—	—	1	—
Return on Energyst investment	**—**	—	—	—	—	—	—	—	—	—	—	(5)	—	—
CEWS support	**—**	—	—	—	—	—	—	—	—	—	—	—	(7)	—
Acquisition costs related to 4Refuel	**—**	—	—	—	—	—	—	—	—	—	—	—	—	4
Adjusted EBIT	**(1)**	(8)	(16)	(12)	(26)	(7)	1	(19)	(6)	(9)	(13)	(14)	(39)	(33)

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:

													Years ended	
												3 months ended		
				2023				2022				2021	2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
Cash flow provided by (used in) operating activities	**291**	37	66	(166)	410	(24)	(112)	(273)	193	212	8	12	962	191
Additions to property, plant, and equipment and intangible assets	**(51)**	(50)	(40)	(79)	(78)	(33)	(30)	(30)	(45)	(38)	(17)	(33)	(115)	(154)
Proceeds on disposal of property, plant, and equipment	**40**	13	5	—	—	—	—	—	—	2	5	1	23	5
Free cash flow	**280**	—	31	(245)	332	(57)	(142)	(303)	148	176	(4)	(20)	870	42

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				**2023**				2022				2021	2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
Cost of sales	**2,024**	2,044	2,125	1,758	2,025	1,807	1,761	1,463	1,465	1,443	1,396	1,189	1,248	1,483
Cost of sales related to the mobile refuelling operations	**(278)**	(283)	(237)	(253)	(302)	(293)	(300)	(231)	(190)	(170)	(153)	(140)	(129)	(168)
Cost of sales related to the dealership [(1)]	**1,746**	1,761	1,888	1,505	1,723	1,514	1,461	1,232	1,275	1,273	1,243	1,049	1,119	1,315

				2023				2022				2021	2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
Inventory	**2,844**	2,919	2,764	2,710	2,461	2,526	2,228	2,101	1,687	1,627	1,643	1,593	1,477	1,990
Inventory related to the mobile refuelling operations	**(12)**	(17)	(14)	(12)	(12)	(12)	(13)	(11)	(9)	(6)	(3)	(3)	(3)	(3)
Inventory related to the dealership [(1)]	**2,832**	2,902	2,750	2,698	2,449	2,514	2,215	2,090	1,678	1,621	1,640	1,590	1,474	1,987

[(1)] 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:

	2023				2022				2021				2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
Cash and cash equivalents	**(152)**	(168)	(74)	(129)	(288)	(120)	(170)	(295)	(502)	(518)	(378)	(469)	(539)	(268)
Short-term debt	**1,239**	1,372	1,142	1,266	1,068	1,087	992	804	374	419	114	103	92	226
Long-term debt														
Current	**199**	203	199	253	114	106	110	63	190	191	386	326	201	200
Non-current	**949**	955	949	675	815	836	807	909	921	923	903	973	1,107	1,318
Net debt [1]	**2,235**	2,362	2,216	2,065	1,709	1,909	1,739	1,481	983	1,015	1,025	933	861	1,476
Total equity	**2,530**	2,535	2,414	2,480	2,461	2,449	2,337	2,296	2,343	2,320	2,252	2,244	2,206	2,115
Invested capital	**4,765**	4,897	4,630	4,545	4,170	4,358	4,076	3,777	3,326	3,335	3,277	3,177	3,067	3,591

(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	Years ended	
				2023				2022				2021	2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
Total revenue	**2,664**	2,704	2,779	2,380	2,653	2,384	2,289	1,953	1,949	1,904	1,845	1,596	6,196	7,817
Cost of fuel	**(261)**	(267)	(220)	(236)	(285)	(277)	(285)	(217)	(175)	(156)	(140)	(127)	(428)	(527)
Net revenue	**2,403**	2,437	2,559	2,144	2,368	2,107	2,004	1,736	1,774	1,748	1,705	1,469	5,768	7,290

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:

	2023				2022				2021				2020	2019
($ millions)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31
Total current assets	**4,930**	5,217	4,985	4,974	4,781	4,652	4,098	4,030	3,619	3,620	3,416	3,319	3,214	3,659
Cash and cash equivalents	**(152)**	(168)	(74)	(129)	(288)	(120)	(170)	(295)	(502)	(518)	(378)	(469)	(539)	(268)
Total current assets in working capital	**4,778**	5,049	4,911	4,845	4,493	4,532	3,928	3,735	3,117	3,102	3,038	2,850	2,675	3,391
Total current liabilities	**3,485**	3,690	3,569	3,763	3,401	3,196	2,789	2,647	2,155	2,156	1,942	1,817	1,623	2,026
Short-term debt	**(1,239)**	(1,372)	(1,142)	(1,266)	(1,068)	(1,087)	(992)	(804)	(374)	(419)	(114)	(103)	(92)	(226)
Current portion of long-term debt	**(199)**	(203)	(199)	(253)	(114)	(106)	(110)	(63)	(190)	(191)	(386)	(326)	(201)	(200)
Total current liabilities in working capital	**2,047**	2,115	2,228	2,244	2,219	2,003	1,687	1,780	1,591	1,546	1,442	1,388	1,330	1,600
Working capital [(1)]	**2,731**	2,934	2,683	2,601	2,274	2,529	2,241	1,955	1,526	1,556	1,596	1,462	1,345	1,791

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

Selected Annual Information

($ millions, except for per share amounts)	2023	2022	2021
Revenue from operations			
Canada	**6,029**	5,200	3,969
South America	**3,221**	2,740	2,214
UK & Ireland [1]	**1,277**	1,339	1,111
Total revenue	**10,527**	9,279	7,294
Net income attributable to shareholders of Finning [1][2]	**523**	503	364
Earnings per share [1][2]			
EPS	**3.55**	3.25	2.26
Diluted earnings per share	**3.54**	3.25	2.25
Total assets [1]	**7,557**	7,269	5,971
Long-term debt			
Current	**199**	114	190
Non-current	**949**	815	921
Total long-term debt [3]	**1,148**	929	1,111
Cash dividends declared per common share	**98.6¢**	93.3¢	86.0¢

(1) In March 2022, we acquired Hydraquip in our UK & Ireland reportable segment. The results of operations and financial position of this acquired business have been included in the figures since the date of acquisition.

(2) These reported financial measures in 2023 and 2021 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 33 - 38 of this MD&A.

(3) In October 2022, we secured an additional $300 million committed revolving credit facility which was previously set to mature in October 2023 and has been extended to October 2024.

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

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

In the three months ended December 31, 2022, we settled $15 million notional value of our 2.626% $200 million note due August 14, 2026, on the secondary market.

In April 2022, we settled our 4.18% USD $50 million note which was due April 3, 2022.

In January 2022, we settled our 3.98% USD $100 million note which was due January 19, 2022.

In September 2021, we secured sustainability-linked terms for our $1.3 billion committed revolving credit facility. We also extended the term of the credit facility from a maturity date of December 2024 to September 2026.

In September 2021, we settled our 2.84%, $200 million note which was due on September 29, 2021.

Selected Quarterly Information

($ millions, except for share, per share, and option amounts)				2023				2022
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue								
Canada	**1,515**	1,535	1,593	1,386	1,452	1,349	1,298	1,101
South America	**805**	853	856	707	840	692	637	571
UK & Ireland [1]	**344**	316	330	287	361	343	354	281
Total revenue	**2,664**	2,704	2,779	2,380	2,653	2,384	2,289	1,953
Net income attributable to shareholders of Finning [1][2]	**85**	156	148	134	136	149	126	92
Earnings per share [1][2]								
EPS	**0.59**	1.07	1.00	0.89	0.89	0.97	0.80	0.59
Diluted earnings per share	**0.59**	1.06	1.00	0.89	0.89	0.97	0.80	0.59
Total assets [1]	**7,557**	7,738	7,508	7,512	7,269	7,024	6,470	6,402
Long-term debt								
Current	**199**	203	199	253	114	106	110	63
Non-current	**949**	955	949	675	815	836	807	909
Total long-term debt [3]	**1,148**	1,158	1,148	928	929	942	917	972
Cash dividends paid per common share	**25.0¢**	25.0¢	25.0¢	23.6¢	23.6¢	23.6¢	23.6¢	22.5¢
Common shares outstanding (000's)	**144,007**	145,256	146,704	149,584	151,041	153,248	154,272	156,249
Options outstanding (000's)	**1,150**	1,191	1,240	1,281	1,567	1,796	1,789	1,545

(1) In March 2022, we acquired Hydraquip in our UK & Ireland reportable segment. The results of operations and financial position of this acquired business have been included in the figures since the date of acquisition.

(2) These reported financial measures in Q4 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 33 - 38 of this MD&A.

(3) In October 2022, we secured an additional $300 million committed revolving credit facility which was previously set to mature in October 2023 and has been extended to October 2024.

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

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

In the three months ended December 31, 2022, we settled $15 million notional value of our 2.626% $200 million note due August 14, 2026, on the secondary market.

In April 2022, we settled our 4.18% USD $50 million note which was due April 3, 2022.

In January 2022, we settled our 3.98% USD $100 million note which was due January 19, 2022.

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 refreshed 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 reducing 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; the expected transition to cleaner sources of energy; all information in the section entitled “Market Update and Business Outlook” starting on page 20 of this MD&A, including for our Canada operations: our outlook for Western Canada being positive; our expectation for increased activity in the energy sector and production growth going forward (based on assumptions of additional capacity created by the completion of major pipelines); our expectations for mining and energy customers increasing their spending levels including investment to renew, maintain, and rebuild aging fleets; in the oil sands, our expectation for strong demand for product support, including component remanufacturing and rebuilds; our expectation of ongoing commitment from federal and provincial governments to infrastructure development to support activity in the construction sector; our expectations for growing demand for reliable, efficient, and sustainable electric power solutions across communities in Western Canada, and that growing demand creates opportunities for our power systems business; for our South America operations: in Chile, our strong outlook based on growing global demand for copper, recent approvals of large-scale brownfield expansions and increasing customer confidence to invest in brownfield and greenfield projects; our expectation of mining activity remaining strong, driving demand for equipment, product support, and technology solutions, our expectation that infrastructure construction in Chile will remain stable (based on assumptions of continued healthy demand from large contractors supporting mining operations); in the power systems sector, our expectation for activity remaining strong in the industrial and data centre markets, and that we are well positioned to benefit from growing demand for electric power solutions; in Argentina, our expected low-risk approach in Argentina in 2024; our expectation that steps are being taken by the new government to rapidly address the fiscal imbalances in the country with the goal of ultimately stabilizing inflation and opening the economy for free import and export of goods in the long-term; our expectation that near-term steps taken by the Argentina government of significantly devaluing the currency, containing public spending, reducing subsidies, and lowering spending on public works are driving continued challenging market and operating conditions; our expectation that we will reduce our ARS cash balance to zero; for our UK & Ireland operations: our expectation that demand for new construction equipment 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 healthy demand for primary and backup power generation, including in the data centre market and short-term capacity power for utilities and other applications; our expectation of our product support business to remain resilient, driven by steady machine utilization, rebuilds, and growth in Customer Value Agreements; and overall: our expectation of growing our business in 2024 and building more resilience into our operating model; our expectations and progress towards the Investor Day targets; our goal to increase our invested capital velocity, with the goal to unlock over $450 million of capital by 2025 from Q2 2023; our expectation for our 2024 net capital expenditures and net rental fleet additions to be in the $290 million to $340 million range; 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); our expectation that we will contribute approximately $2 million to the defined benefit pension plans in Canada during the year ended December 31, 2024; our expectations that product support growth is important in mitigating the effects of downturns in the business cycle; and the belief that the claims and order issued by the

Argentina Customs Authority are without merit, that the WCO (as defined below) decision will be upheld again, and that there are mitigation measures available to us.

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, increasing 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 renewed investments in the oil and gas and mining projects in Argentina; government approvals of 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, including Caterpillar 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 in a recovering market; 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 stated above; that we will be able to successfully manage our business through volatile commodity prices, high inflation, increasing interest rates, and supply chain challenges, and successfully execute our strategies to win customers, achieve full cycle resilience (based on assumptions that steps to reduce corporate overhead, drive productivity and optimize working capital while supporting strong business growth will be successful and sustainable) and continue business momentum (based on assumptions 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 strong; 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 as outlined at our 2023 Investor Day; 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 Caterpillar, our customers and our suppliers, service providers and other third parties will be maintained and that Caterpillar and such other suppliers will deliver quality, competitive products with supply chain continuity; sustainment of strengthened oil prices and the Alberta government will not re-impose production curtailments; completion of major pipelines and the resulting increased activity in the energy sector; that demand for sustainable electric power solutions in Western Canada will continue to grow; quoting activity for requests for proposals for equipment and product support is reflective of opportunities; and strong 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

4Refuel	4Refuel Canada and 4Refuel US
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
Caterpillar	Caterpillar Inc.
CEO	Chief Executive Officer
CEWS	Canadian Emergency Wage Subsidy
CFO	Chief Financial Officer
CGU	Cash-generating unit
CLP	Chilean peso
Consol	Consolidated
COSO	Commission of Sponsoring Organizations of the Treadway Commission
COVID-19	Novel Coronavirus
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
Energyst	Energyst B.V.
EPS	Basic earnings per share
ERM	Enterprise risk management
fav	Favourable
Finning	Finning International Inc.
Finning (Canada)	A division of Finning, with dealer territories in British Columbia, Alberta, Saskatchewan, the Yukon Territory, the Northwest Territories, and a portion of Nunavut
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
HS2	High Speed 2, a planned high-speed railway in the UK the first phase of which is planned to connect London to Birmingham
Hydraquip	Hydraquip Hose Ltd. & Hydraulics and Hoses Direct Ltd.
IFRS	International Financial Reporting Standards
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	not meaningful
NCIB	Normal course issuer bid
OEM	OEM Remanufacturing Company Inc.
PLM	PipeLine Machinery International
ROIC	Return on invested capital
S&P	Standard and Poor's
SEDAR+	System for Electronic Document Analysis +
SG&A	Selling, general, and administrative costs
Specified Financial Measures	As defined in National Instruments 52-112
TSX	Toronto Stock Exchange
UK	United Kingdom
unfav	Unfavourable
US	United States of America
USD	US dollar
WACC	Weighted average cost of capital
WCO	World Customs Organization, an independent intergovernmental body that maintains the international Harmonized System goods nomenclature used in international trade