



# Press Release

## CAE reports third quarter fiscal 2022 results

- Revenue of \$848.7 million vs. \$832.4 million in prior year
- EPS of \$0.08 vs. \$0.18 in prior year
- Adjusted EPS<sup>(1)</sup> of \$0.19 vs. \$0.22 (\$0.19 excluding COVID-19 government support programs<sup>(2)</sup>) in prior year
- Operating income<sup>(3)</sup> of \$65.5 million vs. \$82.9 million in prior year
- Adjusted segment operating income<sup>(4)</sup> of \$112.7 million vs. \$97.2 million (\$86.6 million excluding COVID-19 government support programs<sup>(5)</sup>) in prior year
- Free cash flow<sup>(6)</sup> of \$282.1 million vs. \$224.0 million in prior year
- Orders<sup>(7)</sup> of \$1,377.2 million for \$9.2 billion backlog<sup>(7)</sup> and 1.62x book-to-sales ratio<sup>(7)</sup>
- Civil book-to-sales of 1.93x and training centre utilization<sup>(8)</sup> of 60%
- Defence book-to-sales of 1.39x and 1.05x for the last 12 months

**Montreal, Canada, February 11, 2022 - (NYSE: CAE; TSX: CAE)** - CAE today reported revenue of \$848.7 million for the third quarter of fiscal 2022, compared with \$832.4 million in the third quarter last year. Revenue was 15% higher this quarter, excluding \$93.5 million of revenue in the third quarter last year from a contract to provide the Canadian government with ventilators as part of CAE's COVID-19 humanitarian initiatives. Third quarter net income attributable to equity holders was \$26.2 million (\$0.08 per share) compared to \$48.8 million (\$0.18 per share) last year. Adjusted net income<sup>(9)</sup> in the third quarter of fiscal 2022 was \$60.7 million (\$0.19 per share) compared to \$60.0 million (\$0.22 per share) last year.

Operating income this quarter was \$65.5 million (7.7% of revenue), compared to \$82.9 million (10.0% of revenue) last year. Third quarter adjusted segment operating income was \$112.7 million (13.3% of revenue) compared to \$97.2 million (11.7% of revenue) last year. Adjusted segment operating income excluding COVID-19 government support programs was \$112.7 million (13.3% of revenue) compared to \$86.6 million (10.4% of revenue) last year. All financial information is in Canadian dollars unless otherwise indicated.

### Summary of consolidated results

(amounts in millions, except per share amounts)

	Q3-2022	Q3-2021	Variance %
Revenue	\$ 848.7	\$ 832.4	2%
Operating income	\$ 65.5	\$ 82.9	(21%)
Adjusted segment operating income (SOI)	\$ 112.7	\$ 97.2	16%
As a % of revenue	13.3 %	11.7	
Adjusted SOI excluding COVID-19 government support programs	\$ 112.7	\$ 86.6	30%
As a % of revenue	13.3 %	10.4	
Net income	\$ 28.4	\$ 49.7	(43%)
Net income attributable to equity holders of the Company	\$ 26.2	\$ 48.8	(46%)
Basic and diluted earnings per share (EPS)	\$ 0.08	\$ 0.18	(56%)
Adjusted net income	\$ 60.7	\$ 60.0	1%
Adjusted EPS	\$ 0.19	\$ 0.22	(14%)
Adjusted net income excluding COVID-19 government support programs <sup>(10)</sup>	\$ 60.7	\$ 52.2	16%
Adjusted EPS excluding COVID-19 government support programs	\$ 0.19	\$ 0.19	—%
Order intake	\$ 1,377.2	\$ 710.7	94%
Total backlog	\$ 9,177.2	\$ 7,820.1	17%

"I am very pleased with our performance in the third quarter, having delivered double-digit growth, strong free cash flow, and a near doubling of order intake compared to the third quarter last year -- all of which adds to my conviction in the path to a larger, more resilient, and more profitable CAE in the future," said Marc Parent, CAE's President and Chief Executive Officer. "In a still-challenging global environment, we delivered 15 percent revenue growth, before the contribution of our ventilator humanitarian initiative last year, 16 percent higher adjusted segment operating income, and \$0.19 of adjusted earnings per share. Free cash flow was a healthy \$282.1 million, underscoring the cash generative nature of our business. Most notably, we made excellent progress on the order front with a book-to-sales ratio of 1.62 times, securing nearly \$1.4 billion in orders and concluding the quarter with a \$9.2 billion backlog. In Civil, we booked \$753 million in orders for a 1.93 times book-to-sales ratio, including long-term training agreements with airlines and business aircraft operators, and 19 full-flight simulator sales. In Defence, we booked orders for training and mission support solutions valued at \$593 million for 1.39 times book-to-sales. And in Healthcare, we continued to drive double-digit revenue growth with our reenergized organization and innovative solutions."

On CAE's outlook, Parent added, "we have been adeptly playing offence during this period of disruption and the long-term outlook for CAE has never looked more attractive. We expect pandemic headwinds to be with us for some time, including ongoing supply chain disruptions, employee and customer absenteeism due to infections, operational constraints by local authorities, and intermittent border restrictions. The current COVID-19 surge has extended the timeline to a broad global recovery, but our performance in the quarter confirms that we are on the path to strong cyclical recovery and secular growth when our markets eventually open and emerge from the pandemic."

### **Civil Aviation Training Solutions (Civil)**

Third quarter Civil revenue was \$390.1 million vs. \$412.2 million in the third quarter last year on a 10 percentage point increase in Civil training centre utilization to 60%, and lower full-flight simulators (FFSs)<sup>(11)</sup> deliveries, with seven this quarter compared to 10 in the third quarter last year. The lower number reflects timing differences in the quarterly phasing of FFS deliveries and remains consistent with the outlook for approximately 30 for the year. Civil training services revenue, including CAE's interest in joint ventures, was approximately 10% higher compared to third quarter last year. Operating income was \$57.1 million compared to \$48.4 million in the same quarter last year. Adjusted segment operating income was \$83.4 million (21.4% of revenue) compared to \$62.0 million (15.0% of revenue) in the third quarter last year. Adjusted segment operating income excluding COVID-19 government support programs, of which there was none this quarter, was also \$83.4 million (21.4% of revenue) compared to \$58.4 million (14.2% of revenue) in the same quarter last year.

During the quarter, Civil signed training solutions contracts valued at \$752.5 million, including contracts for 19 FFS sales, bringing FFS sales for the first nine months to 33. Since the end of the quarter, Civil has signed orders for an additional four FFSs, bringing the year-to-date tally to 37. More than 60% of the FFS orders Civil has received so far this fiscal year are from customers in the Americas where air travel recovery and pilot training demand has been much more pronounced. Notable training contracts for the quarter include five-year extensions of commercial aviation training agreements with Avianca and Endeavor Air, a nine-year commercial aviation training agreement with Norwegian, as well as five-year business aviation training agreements with Global Jet Luxembourg, XO Jet and Vista Jet. Civil also announced the expansion of its pilot training capacity in Dubai and will deploy its first Bombardier Global 6500 FFS to the Emirates-CAE Flight Training Centre joint venture.

The Civil book-to-sales ratio was 1.93x for the quarter and 1.20x for the last 12 months. The Civil backlog at the end of the quarter was \$4.6 billion.

On October 28, 2021, CAE announced it entered into an agreement to acquire Sabre's AirCentre airline operations portfolio. Subject to completion, the acquisition will further expand its reach across its broad customer base beyond

pilot training and establish itself as a technology leader in the growing market for industry-leading, digitally-enabled flight and crew operations solutions. The agreement, which is valued at US \$392.5 million excluding post-closing adjustments, includes the Sabre AirCentre product portfolio, related technology and intellectual property as well as the transfer of AirCentre's highly talented workforce. The closing of the transaction is expected in the first quarter of calendar 2022 and is subject to customary conditions and regulatory approvals.

### Summary of Civil Aviation Training Solutions results

(amounts in millions, except SEU, FFSs)

	Q3-2022	Q3-2021	Variance %
Revenue	\$ 390.1	\$ 412.2	(5%)
Operating income	\$ 57.1	\$ 48.4	18%
Adjusted segment operating income (SOI)	\$ 83.4	\$ 62.0	35%
As a % of revenue	% 21.4	% 15.0	
Adjusted SOI excluding COVID-19 government support programs	\$ 83.4	\$ 58.4	43%
As a % of revenue	% 21.4	% 14.2	
Order intake	\$ 752.5	\$ 329.3	129%
Total backlog	\$ 4,606.0	\$ 4,198.1	10%
Simulator equivalent unit (SEU) <sup>(12)</sup>	249	245	2%
FFSs in CAE's network <sup>(11)</sup>	312	320	(3%)
FFS deliveries	7	10	(30%)
Utilization rate	% 60	% 50	20%

### Defence and Security (Defence)

Third quarter Defence revenue was \$426.5 million, up 42% compared to the third quarter last year, which includes \$127.9 million from L3Harris Technologies' Military Training business (L3H MT). Operating income was \$16.5 million compared to \$21.8 million in the same quarter last year. Adjusted segment operating income was \$32.0 million (7.5% of revenue), including \$19.6 million from L3H MT, compared to \$22.3 million (7.5% of revenue) in the third quarter last year. Adjusted segment operating income, excluding COVID-19 government support programs, was also \$32.0 million (7.5% of revenue) compared to \$15.9 million (5.3% of revenue) in the same quarter last year. The organic Defence business (Defence excluding L3H MT) delivered higher sequential revenue and adjusted segment operating income this quarter but remained lower compared to last year. This is a result of COVID-19 impacts on orders and program execution, particularly internationally, sustained since the onset of the pandemic.

Defence booked orders for \$592.6 million, including competitive prime awards, recompetes and contract expansions, across all five domains (Air, Land, Sea, Space and Cyber). In the Air domain, Defence strengthened its international presence with the German Air Force's competitive selection to provide Ab Initio pilot training, replacing the 60-year incumbent. Along with this new live-flight training program, Defence also expanded its relationship with the US Navy's Chief of Naval Air Training (CNATRA) by adding T-45 live-flight training to its instructional services contract. Beyond live-flight training, Defence was awarded a multi-year contract from an Australian customer to provide integrated support and training on a range of strategic platforms. Other contract expansions include four task orders on Defence's Simulator Common Architecture Requirements and Standards (SCARS) single award IDIQ, as the US Air Force accelerates the integration and standardization of approximately 2,400 simulators across 300 locations.

Broadening beyond its core Air, Land and Sea programs, Defence won its first competitive prime contracts in Cyber and Space. Since the end of the quarter, Defence was awarded a contract by Canada's Department of National Defense (DND) to expand cyber intrusion detection capabilities on the Innovation for Defence Excellence and Security (IDEaS) program, and it was awarded its first prime simulation contract in the Space domain. These strategic Cyber and Space prime contracts, along with Defence's first Intelligence Community (IC) competitive prime win in the second quarter, further establish CAE Defence as the world leading platform agnostic, training and simulation pure play ensuring mission readiness by integrating solutions across all five domains.

The Defence book-to-sales ratio was 1.39x for the quarter and 1.05x for the last 12 months (excluding contract options). The Defence backlog, including options and CAE's interest in joint ventures, at the end of the quarter was \$4.6 billion. The Defence pipeline remains strong with some \$6.2 billion of bids and proposals pending customer decisions.

### Summary of Defence and Security results

<i>(amounts in millions)</i>		<b>Q3-2022</b>	Q3-2021	<i>Variance %</i>
Revenue	\$	<b>426.5</b>	\$ 299.3	42%
Operating income	\$	<b>16.5</b>	\$ 21.8	(24%)
Adjusted segment operating income (SOI)	\$	<b>32.0</b>	\$ 22.3	43%
<i>As a % of revenue</i>	%	<b>7.5</b>	% 7.5	
Adjusted SOI excluding COVID-19 government support programs	\$	<b>32.0</b>	\$ 15.9	101%
<i>As a % of revenue</i>	%	<b>7.5</b>	% 5.3	
Order intake	\$	<b>592.6</b>	\$ 260.5	127%
Total backlog	\$	<b>4,571.2</b>	\$ 3,622.0	26%

### Healthcare

Third quarter Healthcare revenue was \$32.1 million, vs. \$120.9 million in the third quarter last year, which included \$93.5 million revenue from a contract to supply the Canadian government with ventilators. Excluding revenue from the ventilator contract last year, revenue would have been 17% higher this quarter. Operating loss was \$8.1 million compared to an income of \$12.7 million in the same quarter last year. Adjusted segment operating loss was \$2.7 million compared to an income of \$12.9 million (10.7% of revenue) in the third quarter last year. Adjusted segment operating loss excluding COVID-19 government support programs was also \$2.7 million, compared to an income of \$12.3 million (10.2% of revenue) in the same quarter last year. Healthcare continued to deliver year over year quarterly revenue growth (excluding ventilators), as it ramps up an expanded and reenergized organization with a clear focus on achieving greater scale.

Healthcare launched an update of the Inventory Manager for CAE LearningSpace Enterprise tool, which expands LearningSpace by offering a single platform to track manage and report on simulation centre assets, and a new e-commerce platform for its skills trainers, elevating the user experience and broadening customer access (<https://medicallskillstrainers.cae.com/>).

During the quarter, Healthcare released CAE Vimedix 3.3, an update to its ultrasound education platform, which provides the ability to easily build assessments or create exercises, includes new instructional content focused on point-of-care ultrasound and emergency medicine and introduces an all-new Virtual Probe feature. Healthcare also introduced 11 new on-demand online digital courses through its collaboration with the British Columbia Institute of Technology, which features a virtual simulation targeting specific medical assessments and treatments.

### Summary of Healthcare results

<i>(amounts in millions)</i>		<b>Q3-2022</b>	Q3-2021	<i>Variance %</i>
Revenue	\$	<b>32.1</b>	\$ 120.9	(73%)
Operating (loss) income	\$	<b>(8.1)</b>	\$ 12.7	(164%)
Adjusted segment operating (loss) income (SOI)	\$	<b>(2.7)</b>	\$ 12.9	(121%)
<i>As a % of revenue</i>	%	<b>—</b>	% 10.7	
Adjusted SOI excluding COVID-19 government support programs	\$	<b>(2.7)</b>	\$ 12.3	(122%)
<i>As a % of revenue</i>	%	<b>—</b>	% 10.2	

## **Additional financial highlights**

CAE incurred restructuring, integration and acquisition costs of \$47.2 million during the third quarter of fiscal 2022, including \$17.4 million related to L3H MT, and \$23.0 million related to the restructuring program in connection with the previously announced measures to best serve the market by optimizing CAE's global asset base and footprint, adapting its global workforce and adjusting its business to correspond with expected levels of demand for certain products and services. The Company continues to expect significant annual recurring cost savings to ramp up to a run rate of approximately \$65 to \$70 million by the start of fiscal year 2023.

Net cash provided by operating activities was \$309.6 million for the quarter, compared to \$234.8 million in the third quarter last year. Free cash flow was \$282.1 million for the quarter compared to \$224.0 million in the third quarter last year. The increase was mainly due to a lower investment in non-cash working capital, partially offset by payments related to the integration and acquisition costs of its recently acquired businesses and severances and other costs associated with the previously announced restructuring program.

Income tax expense this quarter amounted to \$2.6 million, representing an effective tax rate of 8%, compared to an effective tax rate of nil for the third quarter last year. The income tax rate was impacted by restructuring, integration and acquisition costs this quarter, and excluding these costs the income tax rate used to determine adjusted net income of \$60.7 million and adjusted EPS of \$0.19 in Q3FY22 was 20%. In the third quarter of last year, the income tax rate was impacted by restructuring costs and tax audits. Excluding the effect of these elements the rate would have been 16% in the third quarter last year. On this basis, the increase in the tax rate was mainly attributable to the mix of income from various jurisdictions.

Growth and maintenance capital expenditures<sup>(13)</sup> totaled \$76.9 million this quarter.

Net debt<sup>(14)</sup> at the end of the quarter was \$2,310.5 million for a net debt-to-capital ratio<sup>(15)</sup> of 36.5%. This compares to net debt of \$2,481.5 million and a net debt-to-capital ratio of 38.2% at the end of the preceding quarter.

Adjusted return on capital employed (ROCE)<sup>(16)</sup> was 6.1% this quarter compared to 6.6% last quarter and 6.4% in the third quarter last year. Adjusted ROCE excluding COVID-19 government support programs was 5.5% this quarter compared to 5.5% last quarter and 5.0% in the third quarter last year.

CAE's participation in the Government of Canada CEWS program (COVID-19 government support) ceased on June 5, 2021 and accordingly, CAE did not claim any CEWS benefits for wages and salary costs incurred subsequent to June 5, 2021.

## **Management outlook**

Since the start of the pandemic in March 2020, CAE has made several important strategic moves by seizing opportunities arising from market disruption, including raising approximately \$1.6 billion in equity to pursue a pipeline of growth opportunities, and securing (or announcing) nine accretive acquisitions. At the same time as expanding CAE's reach externally, the Company embarked on enterprise level initiatives to substantially lower its cost structure and achieve even greater levels of operational excellence, including consolidating its global asset base and innovating digitally enabled processes. CAE has been carrying out a growth strategy with the intent to emerge from the pandemic a larger, more resilient, and more profitable company than ever before. Specifically, as a waypoint along its journey to cyclical recovery and beyond, the Company is currently targeting to reach a consolidated adjusted segment operating margin of approximately 17% by the time its markets are generally recovered, with steady room for further improvement thereafter. It expects to reach this level of profitability on a significantly larger base of business with a post-pandemic capital structure that will allow the Company to sustain ample flexibility to further invest in its future.

Notwithstanding the ongoing challenges posed by the pandemic, CAE is already delivering stronger financial performance, expanding and optimizing its position, and booking substantial orders. Pandemic-related headwinds are expected to persist for some time, including supply chain disruptions, sporadic staffing shortages due to COVID-19 infections, operational constraints imposed by local authorities, and intermittent border restrictions. The emergence and rapid spread of the Omicron variant is extending the timeline to a broad global recovery but has not changed management's positive view of CAE's potential as its end markets eventually open and emerge from the pandemic.

Expected secular trends are favourable for all three of the Company's core business segments. Greater desire by airlines to entrust CAE with their critical training and digital operational support and crew management needs, higher expected pilot demand (attrition and crisis-induced career shifts) and strong growth in business jet travel demand are enduring positives for the Civil business. The paradigm shift from asymmetric to near-peer threat and recognition of the sharply increased need for digital immersion-based, synthetic solutions in national defence are tailwinds that favour the Defence business. Healthcare is poised to leverage opportunities presented by a growing nursing shortage and rising demand for Public Safety and Security.

The Company believes there is considerable pent-up demand for air travel, and the slope of Civil's recovery to pre-pandemic levels and beyond depends on the timing and rate at which border restrictions and quarantine measures around the world can safely be lifted. Civil's strong training performance in the Americas and increased FFS order activity, provide a compelling blueprint for the potential of a broader global recovery. In fiscal year 2022, the Company expects strong growth in Civil for the year overall.

Given the increasing relevancy of training and simulation, CAE's Defence segment is also on a multi-year path to becoming a larger and more profitable business. Management is currently focused on the successful integration of L3H MT and expects to fully realize the \$35 to \$45 million of cost synergies by fiscal year 2024. Defence is now more closely aligned with its defence customers' utmost priorities and is established as the world's leading platform agnostic, global training and simulation pure play defence business. This is expected to bring increased potential to capture business around the world, accelerated with the expanded capability and customer set the combined entity now possesses. CAE's U.S. Defence business continues to be relatively less impacted by the pandemic, although it also faces a near-term budgetary headwind on new program starts as a result of the congressionally enacted Continuing Resolution (CR). COVID-19 related headwinds are most persistent for the international defence business; however, management views them as temporary, and continues to expect to deliver strong growth for fiscal year 2022 notwithstanding these impacts. It expects this improvement to be driven by a reacceleration of order intake, including for higher-margin product programs, and for its annual Defence book-to-sales ratio to surpass 1x for the first time in the last four years. The Company also expects stronger Defence performance to be driven by the progressive realization of synergies related to the L3H MT integration.

And in Healthcare, the outlook is for continued quarterly year over year growth, as it gains share in the healthcare simulation and training market and focuses on achieving greater scale. The long-term potential is for Healthcare to become a material and profitable business within CAE, and for the current fiscal year, management expects it to deliver top- and bottom-line double-digit growth (excluding ventilators).

Total capital expenditures are expected to exceed \$250 million in fiscal year 2022, primarily in support of sustainable and accretive growth opportunities. The Company usually sees a higher investment in non-cash working capital accounts in the first half of the fiscal year, and as in previous years, management expects a portion of the non-cash working capital investment to reverse in the second half. The Company continues to target a 100% conversion of net income to free cash flow for the year. In addition to restructuring, integration and acquisition costs related to the L3H MT acquisition in Defence, CAE expects to incur total restructuring expenses related to its ongoing cost saving

initiatives of approximately \$50 million in fiscal year 2022. The Company continues to expect to reach a run-rate annual recurring cost savings of approximately \$65 to \$70 million by the start of fiscal year 2023.

Management's expectations are based on the prevailing market conditions, the timing and degree of easing of global COVID-19-related mobility restrictions, and customer receptivity to CAE's training solutions and operational support solutions as well as material assumptions contained in this press release, quarterly MD&A and in CAE's fiscal year 2021 MD&A.

### **Corporate Social Responsibility**

During the quarter, CAE was recognized for its commitment to gender equality with its inclusion in the 2022 Bloomberg LP Gender-Equality Index (GEI) for the fourth consecutive year. CAE continued to champion employee engagement and experience – it was recognized as one of the Top Canadian employers for Young People by Canada's Top 100. CAE's Business Aviation team received the Gold award for Employee Experience in the Crisis and the silver award for Customer Experience in the Crisis – Government & Aviation at the International Customer Experience Awards (ICXA). CAE reinforced its support for veterans with the recent launch of the Insignia Employee Resource Group. As a testament to the close ties with this community, CAE won the HIRE Vets Medallion Award from the U.S Department of Labor.

CAE demonstrated once more its commitment to the health and safety of the community with the temporary reopening of its CAE Montreal Vaccination Centre, thereby reducing pressure on the healthcare system as third-dose vaccinations needed to be accelerated in the province of Quebec. CAE also supported the local community by raising \$1 million for Centraide of Greater Montreal (United Way) through employee contributions, fundraising activities and a corporate donation.

By offering training solutions using simulators, CAE has been a longstanding contributor to the decarbonization of the aerospace industry. It is estimated that, during the Company's fiscal year 2021, more than five million tonnes of CO2e emissions were avoided by training in simulators in CAE's global network rather than on a real aircraft. In September 2020, CAE became the first carbon-neutral Canadian aerospace company.

To learn more about CAE's corporate sustainability roadmap and achievements, the report can be downloaded at <https://www.cae.com/social-responsibility/>.

### **Detailed information**

Readers are strongly advised to view a more detailed discussion of our results by segment in the Management's Discussion and Analysis (MD&A) and CAE's consolidated financial statements which are posted on our website at [www.cae.com/investors](http://www.cae.com/investors).

CAE's consolidated interim financial statements and MD&A for the quarter ended December 31, 2021 have been filed with the Canadian Securities Administrators on SEDAR ([www.sedar.com](http://www.sedar.com)) and are available on our website ([www.cae.com](http://www.cae.com)). They have also been filed with the U.S. Securities and Exchange Commission and are available on their website ([www.sec.gov](http://www.sec.gov)). Holders of CAE's securities may also request a printed copy of the Company's consolidated financial statements and MD&A free of charge by contacting Investor Relations ([investor.relations@cae.com](mailto:investor.relations@cae.com)).

### **Conference call Q3 FY2022**

Marc Parent, CAE President and CEO; Sonya Branco, Executive Vice President, Finance, and CFO; and Andrew Arnovitz, Senior Vice President, Investor Relations and Enterprise Risk Management, will conduct an earnings conference call today at 1:00 p.m. ET. The call is intended for analysts, institutional investors and the media.

Participants can listen to the conference by dialing + 1 877 586 3392 or +1 416 981 9024. The conference call will also be audio webcast live for the public at [www.cae.com](http://www.cae.com).

CAE is a high technology company, at the leading edge of digital immersion, providing solutions to make the world a safer place. Backed by a record of more than 70 years of industry firsts, we continue to reimagine the customer experience and revolutionize training and operational support solutions in civil aviation, defence and security, and healthcare. We are the partner of choice to customers worldwide who operate in complex, high-stakes and largely regulated environments, where successful outcomes are critical. As a testament to our customers' ongoing needs for our solutions, over 60 percent of CAE's revenue is recurring in nature. We have the broadest global presence in our industry, with more than 11,000 employees, 180 sites and training locations in over 35 countries.

### **Caution concerning limitations of summary earnings press release**

This summary earnings press release contains limited information meant to assist the reader in assessing CAE's performance, but it is not a suitable source of information for readers who are unfamiliar with CAE and is not in any way a substitute for the Company's financial statements, notes to the financial statements, and MD&A reports.

### **Caution concerning forward-looking statements**

This press release includes forward-looking statements about our activities, events and developments that we expect to or anticipate may occur in the future including, for example, statements about our vision, strategies, market trends and outlook, future revenues, capital spending, expansions and new initiatives, financial obligations, available liquidities, expected sales, general economic outlook, prospects and trends of an industry, expected annual recurring cost savings from operational excellence programs, estimated addressable markets, statements relating to our acquisition of L3H MT and our proposed acquisition of Sabre's AirCentre airline operations portfolio, CAE's access to capital resource, the expected accretion in various financial metrics, expectations regarding anticipated cost savings and synergies, the strength, complementarity and compatibility of the L3H MT and Sabre acquisitions with our existing business and teams, other anticipated benefits of the L3H MT and Sabre acquisitions and their impact on our future growth, results of operations, performance, business, prospects and opportunities, our business outlook, objectives, development, plans, growth strategies and other strategic priorities, and our leadership position in our markets and other statements that are not historical facts.

Forward-looking statements normally contain words like *believe, expect, anticipate, plan, intend, continue, estimate, may, will, should, strategy, future* and similar expressions. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the *United States Private Securities Litigation Reform Act of 1995*.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties associated with our business which may cause actual results in future periods to differ materially from results indicated in forward-looking statements. While these statements are based on management's expectations and assumptions regarding historical trends, current conditions and expected future developments, as well as other factors that we believe are reasonable and appropriate in the circumstances, readers are cautioned not to place undue reliance on these forward-looking statements as there is a risk that they may not be accurate. The forward-looking statements contained in this press release describe our expectations as of February 11, 2022 and, accordingly, are subject to change after such date. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. The forward-looking information and statements contained in this press release are expressly qualified by this cautionary statement. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this report. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive



inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements. Except as otherwise indicated by CAE, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may occur after February 11, 2022. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Forward-looking statements are presented in this press release for the purpose of assisting investors and others in understanding certain key elements of our expected fiscal 2022 financial results and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

### **Material assumptions**

The forward-looking statements set out in this press release are based on certain assumptions including, without limitation: the anticipated negative impacts of the COVID-19 pandemic on our businesses, operating results, cash flows and/or financial condition, including the intended effect of mitigation measures implemented as a result of the COVID-19 pandemic and the timing and degree of easing of global COVID-19-related mobility restrictions, the prevailing market conditions, customer receptivity to CAE's training and operational support solutions, the accuracy of our estimates of addressable markets and market opportunity, the realization of anticipated annual recurring cost savings and other intended benefits from recent restructuring initiatives and operational excellence programs, the stability of foreign exchange rates, the ability to hedge exposures to fluctuations in interest rates and foreign exchange rates, the availability of borrowings to be drawn down under, and the utilization, of one or more of our senior credit agreements, our available liquidity from cash and cash equivalents, undrawn amounts on our revolving credit facilities, the balance available under our receivable purchase program, our cash flows from operations and continued access to debt funding will be sufficient to meet financial requirements in the foreseeable future, access to expected capital resources within anticipated timeframes, no material financial, operational or competitive consequences from changes in regulations affecting our business, our ability to retain and attract new business, the completion of the proposed Sabre acquisition, the integration and the realization of the anticipated benefits and synergies of the proposed Sabre acquisition in the timeframe anticipated, our ability to achieve synergies and maintain market position arising from successful integration plans relating to the L3H MT acquisition, our ability to otherwise complete the integration of the L3H MT business acquired within anticipated time periods and at expected cost levels, our ability to attract and retain key employees in connection with the L3H MT acquisition, management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the L3H MT acquisition and resulting impact on growth and accretion in various financial metrics, the realization of the expected strategic, financial and other benefits of the L3H MT acquisition in the timeframe anticipated, economic and political environments and industry conditions, the accuracy and completeness of public and other disclosure, including financial disclosure, by L3Harris Technologies, absence of significant undisclosed costs or liabilities associated with the L3H MT acquisition. For additional information, including with respect to other assumptions underlying the forward-looking statements made in the press release, refer to the applicable reportable segment in CAE's MD&A for the year ended March 31, 2021. Given the impact of the changing circumstances surrounding the COVID-19 pandemic and the related response from CAE, governments, regulatory authorities, businesses and customers, there is inherently more uncertainty associated with CAE's assumptions. Accordingly, the assumptions outlined in this press release and, consequently, the forward-looking statements based on such assumptions, may turn out to be inaccurate.

### **Material risks**

Important risk factors that could cause actual results or events to differ materially from those expressed in or implied by our forward-looking statements are set out in CAE's MD&A for the year ended March 31, 2021 filed by CAE with the Canadian Securities Administrators (available at [www.sedar.com](http://www.sedar.com)) and with the U.S. Securities and Exchange Commission (available at [www.sec.gov](http://www.sec.gov)). The fiscal year 2021 MD&A is also available at [www.cae.com](http://www.cae.com). Any one or

more of the factors set out in CAE's MD&A may be exacerbated by the growing COVID-19 outbreak and may have a significantly more severe impact on CAE's business, results of operations and financial condition than in the absence of such outbreak. Accordingly, readers are cautioned that any of the disclosed risks could have a material adverse effect on our forward-looking statements. We caution that the disclosed list of risk factors is not exhaustive and other factors could also adversely affect our results.

### **Non-GAAP and other financial measures**

This press release includes non-GAAP and other financial measures. Non-GAAP measures are useful supplemental information but do not have a standardized meaning according to GAAP. These measures should not be confused with, or used as an alternative for, performance measures calculated according to GAAP. Furthermore, these non-GAAP measures should not be compared with similarly titled measures provided or used by other companies. Management believes that providing certain non-GAAP measures provides users with a better understanding of our results and trends and provides additional information on our financial and operating performance.

### **Changes in non-GAAP measures and comparative figures**

In the fourth quarter of fiscal 2021, we changed the designation of the following profitability measures, without changing the composition of these financial measures:

- Operating income (formerly operating profit);
- Adjusted segment operating income (formerly segment operating income before specific items);
- Adjusted EBITDA (formerly EBITDA before specific items);
- Adjusted net income (formerly net income before specific items); and
- Adjusted earnings per share (formerly earnings per share before specific items).

We have also introduced new non-GAAP measures to reflect the impact of COVID-19 government support programs on the above metrics in order to incorporate recently published and evolving guidance by the Canadian Securities Administrators. These measures do not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results.

In addition, we no longer use segment operating income as a non-GAAP measure as it has been replaced with adjusted segment operating income.

Comparative figures have been reclassified to conform to these adopted changes in presentation.

<sup>(1)</sup> Adjusted earnings or loss per share is a non-GAAP measure calculated by excluding restructuring, integration and acquisition costs and impairments and other gains and losses arising from significant strategic transactions or material events, after tax, as well as significant one-time tax items from the diluted earnings per share from continuing operations attributable to equity holders of the Company. The effect per share is obtained by dividing these restructuring, integration and acquisition costs and impairments and other gains and losses, after tax, as well as one-time tax items by the weighted average number of diluted shares. We track it because we believe it provides a better indication of our operating performance on a per share basis and facilitates the comparison across reporting periods.

<sup>(2)</sup> Adjusted earnings or loss per share excluding COVID-19 government support programs further excludes the impacts of government contributions related to COVID-19 support programs that were credited to income, after tax, but does not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results.

(3) Operating income or loss is an additional GAAP measure that shows us how we have performed before the effects of certain financing decisions, tax structures and discontinued operations. We track it because we believe it facilitates the comparison across reporting periods, and with companies and industries that do not have the same capital structure or tax laws.

(4) Adjusted segment operating income or loss is a non-GAAP measure and is the sum of our key indicators of each segment's financial performance. Adjusted segment operating income or loss gives us an indication of the profitability of each segment because it does not include the impact of any items not specifically related to the segment's performance. We calculate adjusted segment operating income by taking operating income and excluding restructuring, integration and acquisition costs and impairments and other gains and losses arising from significant strategic transactions or material events. We track it because we believe it provides a better indication of our operating performance and facilitates the comparison across reporting periods. Additionally, adjusted segment operating income or loss is the profitability measure employed by management for making decisions about allocating resources to segments and assessing segment performance.

(5) Adjusted segment operating income or loss excluding COVID-19 government support programs further excludes the impacts of government contributions related to COVID-19 support programs that were credited to income but does not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results. While management is aware of such further adjusted measure, it is not specifically employed by management as a profitability measure for making decisions about allocating resources to segments and assessing segment performance.

(6) Free cash flow is a non-GAAP measure that shows us how much cash we have available to invest in growth opportunities, repay debt and meet ongoing financial obligations. We use it as an indicator of our financial strength and liquidity. We calculate it by taking the net cash generated by our continuing operating activities, subtracting maintenance capital expenditures, investment in other assets not related to growth and dividends paid and adding proceeds from the disposal of property, plant and equipment, dividends received from equity accounted investees and proceeds, net of payments, from equity accounted investees.

#### (7) Order Intake and Backlog

Order intake is a non-GAAP measure that represents the expected value of orders we have received:

- For the Civil Aviation Training Solutions segment, we consider an item part of our order intake when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract. Additionally, expected future revenues from customers under short-term and long-term training contracts are included when these customers commit to pay us training fees, or when we reasonably expect the revenue to be generated;
- For the Defence and Security segment, we consider an item part of our order intake when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract. Defence and Security contracts are usually executed over a long-term period but some of them must be renewed each year. For this segment, we only include a contract item in order intake when the customer has authorized the contract item and has received funding for it;
- For the Healthcare segment, order intake is typically converted into revenue within one year, therefore we assume that order intake is equal to revenue.

The book-to-sales ratio is the total orders divided by total revenue in a given period.

Total backlog is a non-GAAP measure that represents expected future revenues and includes obligated backlog, joint venture backlog and unfunded backlog and options:

- Obligated backlog represents the value of our order intake not yet executed and is calculated by adding the order intake of the current period to the balance of the obligated backlog at the end of the previous fiscal year, subtracting the revenue recognized in the current period and adding or subtracting backlog adjustments. If the amount of an order already recognized in a previous fiscal year is modified, the backlog is revised through adjustments;
- Joint venture backlog is obligated backlog that represents the expected value of our share of orders that our joint ventures have received but have not yet executed. Joint venture backlog is determined on the same basis as obligated backlog described above;
- Unfunded backlog represents firm Defence and Security orders we have received but have not yet executed and for which funding authorization has not yet been obtained. Options are included in backlog when there is a high probability of being

exercised, but indefinite-delivery/indefinite-quantity (ID/IQ) contracts are excluded. When an option is exercised, it is considered order intake in that period and it is removed from unfunded backlog and options.

<sup>(8)</sup> Utilization rate is one of the operating measures we use to assess the performance of our Civil simulator training network. While utilization rate does not perfectly correlate to revenue recognized, we track it, together with other measures, because we believe it is an indicator of our operating performance. We calculate it by taking the number of training hours sold on our simulators during the period divided by the practical training capacity available for the same period.

<sup>(9)</sup> Adjusted net income or loss is a non-GAAP measure we use as an alternate view of our operating results. We calculate it by taking our net income attributable to equity holders of the Company from continuing operations and excluding restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or material events, after tax, as well as significant one-time tax items. We track it because we believe it provides a better indication of our operating performance and facilitates the comparison across reporting periods.

<sup>(10)</sup> Adjusted net income or loss excluding COVID-19 government support programs further excludes the impacts of government contributions related to COVID-19 support programs that were credited to income, after tax, but does not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results.

<sup>(11)</sup> A full-flight simulator (FFS) is a full-size replica of a specific make, model and series of an aircraft cockpit, including a motion system. In our count of FFSs in the network, we generally only include FFSs that are of the highest fidelity and do not include any fixed based training devices, or other lower-level devices, as these are typically used in addition to FFSs in the same approved training programs.

<sup>(12)</sup> Simulator equivalent unit (SEU) is an operating measure we use to show the total average number of FFSs available to generate earnings during the period.

<sup>(13)</sup> Maintenance capital expenditure is a non-GAAP measure we use to calculate the investment needed to sustain the current level of economic activity. Growth capital expenditure is a non-GAAP measure we use to calculate the investment needed to increase the current level of economic activity.

<sup>(14)</sup> Net debt is a non-GAAP measure we use to monitor how much debt we have after taking into account cash and cash equivalents. We use it as an indicator of our overall financial position, and calculate it by taking our total long-term debt, including the current portion of long-term debt, and subtracting cash and cash equivalents.

<sup>(15)</sup> Net debt-to-capital is calculated as net debt divided by the sum of total equity plus net debt.

<sup>(16)</sup> Return on capital employed (ROCE) is a non-GAAP measure we use to evaluate the profitability of our invested capital. We calculate this ratio over a rolling four-quarter period by taking net income attributable to equity holders of the Company excluding net finance expense, after tax, divided by the average capital employed.

## Reconciliation of adjusted segment operating income

<i>Three months ended December 31</i>	Civil Aviation		Defence		Healthcare		Total	
	Training Solutions	2020	and Security	2020	2021	2020	2021	2020
Operating income (loss)	\$ 57.1	\$ 48.4	\$ 16.5	\$ 21.8	\$ (8.1)	\$ 12.7	\$ 65.5	\$ 82.9
Restructuring, integration and acquisition costs	26.3	13.6	15.5	0.5	5.4	0.2	47.2	14.3
Adjusted segment operating income (loss) (SOI)	\$ 83.4	\$ 62.0	\$ 32.0	\$ 22.3	\$ (2.7)	\$ 12.9	\$ 112.7	\$ 97.2
COVID-19 government support programs	—	3.6	—	6.4	—	0.6	—	10.6
Adjusted SOI excluding COVID-19 government support programs	\$ 83.4	\$ 58.4	\$ 32.0	\$ 15.9	\$ (2.7)	\$ 12.3	\$ 112.7	\$ 86.6

## Reconciliation of adjusted net income and adjusted earnings per share

<i>(amounts in millions, except per share amounts)</i>	Three months ended	
	December 31	2020
	2021	2020
Net income (loss) attributable to equity holders of the Company	\$ 26.2	\$ 48.8
Restructuring, integration and acquisition costs, after tax	34.5	11.2
Adjusted net income	\$ 60.7	\$ 60.0
COVID-19 government support programs, after tax	\$ —	\$ 7.8
Adjusted net income excluding COVID-19 government support programs	\$ 60.7	\$ 52.2
Average number of shares outstanding (diluted)	318.7	273.0
Adjusted EPS	\$ 0.19	\$ 0.22
Adjusted EPS excluding COVID-19 government support programs	\$ 0.19	\$ 0.19

## Reconciliation of free cash flow

<i>(amounts in millions)</i>	Q3-2022	Q3-2021
Cash provided by operating activities*	\$ 99.2	\$ 125.7
Changes in non-cash working capital	210.4	109.1
Net cash provided by operating activities	\$ 309.6	\$ 234.8
Maintenance capital expenditures	(18.1)	(5.3)
Change in other assets	(10.1)	(9.2)
Proceeds from the disposal of property, plant and equipment	0.2	1.5
Net (payments to) proceeds from equity accounted investees	(19.5)	0.5
Dividends received from equity accounted investees	20.0	1.7
Free cash flow	\$ 282.1	\$ 224.0

\* before changes in non-cash working capital

## Reconciliation of capital employed and net debt

<i>(amounts in millions)</i>	As at December 31 2021	As at March 31 2021
<b>Use of capital:</b>		
Current assets	\$ 2,196.1	\$ 3,378.6
Less: cash and cash equivalents	(463.5)	(926.1)
Current liabilities	(1,861.7)	(2,633.3)
Less: current portion of long-term debt	195.9	216.3
Non-cash working capital	\$ 66.8	\$ 35.5
Property, plant and equipment	2,132.1	1,969.4
Other long-term assets	4,887.0	3,400.4
Other long-term liabilities	(760.9)	(767.1)
<b>Total capital employed</b>	<b>\$ 6,325.0</b>	<b>\$ 4,638.2</b>
<b>Source of capital:</b>		
Current portion of long-term debt	\$ 195.9	\$ 216.3
Long-term debt	2,578.1	2,135.2
Less: cash and cash equivalents	(463.5)	(926.1)
Net debt	\$ 2,310.5	\$ 1,425.4
Equity attributable to equity holders of the Company	3,938.5	3,140.5
Non-controlling interests	76.0	72.3
<b>Source of capital</b>	<b>\$ 6,325.0</b>	<b>\$ 4,638.2</b>

For non-GAAP and other financial measures monitored by CAE, and a reconciliation of such measures to the most directly comparable measure under GAAP, please refer to Section 5 of CAE's MD&A for the quarter ended December 31, 2021 filed with the Canadian Securities Administrators available on our website ([www.cae.com](http://www.cae.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

## Consolidated Income (Loss) Statement

<i>(Unaudited)</i>	<b>Three months ended December 31</b>		<b>Nine months ended December 31</b>	
<i>(amounts in millions of Canadian dollars, except per share amounts)</i>	<b>2021</b>	2020	<b>2021</b>	2020
Revenue	\$ 848.7	\$ 832.4	\$ 2,416.3	\$ 2,087.6
Cost of sales	606.2	603.5	1,732.4	1,559.7
<b>Gross profit</b>	<b>\$ 242.5</b>	<b>\$ 228.9</b>	<b>\$ 683.9</b>	<b>\$ 527.9</b>
Research and development expenses	31.7	36.5	85.9	82.2
Selling, general and administrative expenses	117.5	105.3	345.5	287.4
Other (gains) and losses	(6.3)	(1.5)	(16.1)	92.4
Share of after-tax profit of equity accounted investees	(13.1)	(8.6)	(33.2)	(0.3)
Restructuring, integration and acquisition costs	47.2	14.3	110.9	65.4
<b>Operating income</b>	<b>\$ 65.5</b>	<b>\$ 82.9</b>	<b>\$ 190.9</b>	<b>\$ 0.8</b>
Finance expense – net	34.5	33.3	98.1	103.6
<b>Earnings (loss) before income taxes</b>	<b>\$ 31.0</b>	<b>\$ 49.6</b>	<b>\$ 92.8</b>	<b>\$ (102.8)</b>
Income tax expense (recovery)	2.6	(0.1)	(0.1)	(36.5)
<b>Net income (loss)</b>	<b>\$ 28.4</b>	<b>\$ 49.7</b>	<b>\$ 92.9</b>	<b>\$ (66.3)</b>
Attributable to:				
Equity holders of the Company	\$ 26.2	\$ 48.8	\$ 86.6	\$ (67.0)
Non-controlling interests	2.2	0.9	6.3	0.7
<b>Earnings (loss) per share attributable to equity holders of the Company</b>				
Basic and diluted	\$ 0.08	\$ 0.18	\$ 0.28	\$ (0.25)

## Consolidated Statement of Comprehensive Income (Loss)

<i>(Unaudited)</i>	Three months ended December 31		Nine months ended December 31	
<i>(amounts in millions of Canadian dollars)</i>	2021	2020	2021	2020
<b>Net income (loss)</b>	<b>\$ 28.4</b>	<b>\$ 49.7</b>	<b>\$ 92.9</b>	<b>\$ (66.3)</b>
<b>Items that may be reclassified to net income (loss)</b>				
Foreign currency exchange differences on translation of foreign operations	\$ (22.7)	\$ (79.2)	\$ (10.9)	\$ (198.8)
Net gain (loss) on hedges of net investment in foreign operations	2.2	53.1	(5.3)	125.3
Reclassification to income of foreign currency exchange differences	(1.1)	(3.3)	(4.3)	(19.8)
Net gain (loss) on cash flow hedges	9.5	17.0	(8.2)	60.4
Reclassification to income of gains on cash flow hedges	(12.1)	(6.0)	(12.0)	(18.4)
Income taxes	2.5	(4.5)	3.0	(15.5)
	<b>\$ (21.7)</b>	<b>\$ (22.9)</b>	<b>\$ (37.7)</b>	<b>\$ (66.8)</b>
<b>Items that will never be reclassified to net income (loss)</b>				
Remeasurement of defined benefit pension plan obligations	\$ (20.9)	\$ 7.1	\$ 15.2	\$ (100.8)
Net loss on financial assets carried at fair value through OCI	—	(1.8)	—	(1.8)
Income taxes	5.6	(1.7)	(3.9)	26.8
	<b>\$ (15.3)</b>	<b>\$ 3.6</b>	<b>\$ 11.3</b>	<b>\$ (75.8)</b>
<b>Other comprehensive loss</b>	<b>\$ (37.0)</b>	<b>\$ (19.3)</b>	<b>\$ (26.4)</b>	<b>\$ (142.6)</b>
<b>Total comprehensive (loss) income</b>	<b>\$ (8.6)</b>	<b>\$ 30.4</b>	<b>\$ 66.5</b>	<b>\$ (208.9)</b>
Attributable to:				
Equity holders of the Company	\$ (10.4)	\$ 31.3	\$ 60.4	\$ (205.0)
Non-controlling interests	1.8	(0.9)	6.1	(3.9)



# Consolidated Statement of Financial Position

<i>(Unaudited)</i>	December 31	March 31
<i>(amounts in millions of Canadian dollars)</i>	2021	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 463.5	\$ 926.1
Restricted funds for subscription receipts deposit	—	700.1
Accounts receivable	522.5	518.6
Contract assets	538.4	461.9
Inventories	546.9	647.8
Prepayments	57.3	52.1
Income taxes recoverable	46.2	39.8
Derivative financial assets	21.3	32.2
<b>Total current assets</b>	<b>\$ 2,196.1</b>	<b>\$ 3,378.6</b>
Property, plant and equipment	2,132.1	1,969.4
Right-of-use assets	349.8	308.5
Intangible assets	3,428.9	2,055.8
Investment in equity accounted investees	454.8	422.2
Deferred tax assets	121.7	104.9
Derivative financial assets	6.7	13.2
Other non-current assets	525.1	495.8
<b>Total assets</b>	<b>\$ 9,215.2</b>	<b>\$ 8,748.4</b>
<b>Liabilities and equity</b>		
Accounts payable and accrued liabilities	\$ 890.9	\$ 945.6
Provisions	34.0	52.6
Income taxes payable	16.7	16.2
Contract liabilities	698.7	674.7
Current portion of long-term debt	195.9	216.3
Liabilities for subscription receipts	—	714.1
Derivative financial liabilities	25.5	13.8
<b>Total current liabilities</b>	<b>\$ 1,861.7</b>	<b>\$ 2,633.3</b>
Provisions	25.5	30.9
Long-term debt	2,578.1	2,135.2
Royalty obligations	145.7	141.8
Employee benefits obligations	216.7	222.2
Deferred tax liabilities	78.3	123.5
Derivative financial liabilities	1.4	3.1
Other non-current liabilities	293.3	245.6
<b>Total liabilities</b>	<b>\$ 5,200.7</b>	<b>\$ 5,535.6</b>
<b>Equity</b>		
Share capital	\$ 2,223.9	\$ 1,516.2
Contributed surplus	37.6	22.5
Accumulated other comprehensive income	35.4	58.1
Retained earnings	1,641.6	1,543.7
Equity attributable to equity holders of the Company	<b>\$ 3,938.5</b>	<b>\$ 3,140.5</b>
Non-controlling interests	76.0	72.3
<b>Total equity</b>	<b>\$ 4,014.5</b>	<b>\$ 3,212.8</b>
<b>Total liabilities and equity</b>	<b>\$ 9,215.2</b>	<b>\$ 8,748.4</b>

# Consolidated Statement of Changes in Equity

(Unaudited)

Nine months ended December 31, 2021 (amounts in millions of Canadian dollars, except number of shares)	Attributable to equity holders of the Company								Total equity
	Common shares			Accumulated other		Retained earnings	Total	Non-controlling interests	
	Number of shares	Stated value	Contributed surplus	comprehensive income					
Balances as at March 31, 2021	293,355,463	\$ 1,516.2	\$ 22.5	\$ 58.1	\$ 1,543.7	\$ 3,140.5	\$ 72.3	\$ 3,212.8	
Net income	—	\$ —	\$ —	\$ —	\$ 86.6	\$ 86.6	\$ 6.3	\$ 92.9	
Other comprehensive (loss) income	—	—	—	(37.5)	11.3	(26.2)	(0.2)	(26.4)	
Total comprehensive (loss) income	—	\$ —	\$ —	\$ (37.5)	\$ 97.9	\$ 60.4	\$ 6.1	\$ 66.5	
Issuance of common shares upon conversion of									
subscription receipts	22,400,000	677.2	12.5	—	—	689.7	—	689.7	
Exercise of stock options	1,227,885	30.5	(4.0)	—	—	26.5	—	26.5	
Share-based payments expense	—	—	6.6	—	—	6.6	—	6.6	
Transfer of realized cash flow hedge losses related to business combinations	—	—	—	14.8	—	14.8	—	14.8	
Transactions with non-controlling interests	—	—	—	—	—	—	(2.4)	(2.4)	
<b>Balances as at December 31, 2021</b>	<b>316,983,348</b>	<b>\$ 2,223.9</b>	<b>\$ 37.6</b>	<b>\$ 35.4</b>	<b>\$ 1,641.6</b>	<b>\$ 3,938.5</b>	<b>\$ 76.0</b>	<b>\$ 4,014.5</b>	

Nine months ended December 31, 2020 (amounts in millions of Canadian dollars, except number of shares)	Attributable to equity holders of the Company								Total equity
	Common shares			Accumulated other		Retained earnings	Total	Non-controlling interests	
	Number of shares	Stated value	Contributed surplus	comprehensive income					
Balances as at March 31, 2020	265,619,627	\$ 679.5	\$ 26.9	\$ 193.2	\$ 1,590.1	\$ 2,489.7	\$ 88.6	\$ 2,578.3	
Net (loss) income	—	\$ —	\$ —	\$ —	\$ (67.0)	\$ (67.0)	\$ 0.7	\$ (66.3)	
Other comprehensive loss	—	—	—	(64.0)	(74.0)	(138.0)	(4.6)	(142.6)	
Total comprehensive loss	—	\$ —	\$ —	\$ (64.0)	\$ (141.0)	\$ (205.0)	\$ (3.9)	\$ (208.9)	
Issuance of common shares under an equity offering	16,594,126	478.8	—	—	—	478.8	—	478.8	
Exercise of stock options	547,025	11.1	(1.4)	—	—	9.7	—	9.7	
Share-based payments expense	—	—	8.8	—	—	8.8	—	8.8	
Transactions with non-controlling interests	—	—	—	—	—	—	(5.8)	(5.8)	
<b>Balances as at December 31, 2020</b>	<b>282,760,778</b>	<b>\$ 1,169.4</b>	<b>\$ 34.3</b>	<b>\$ 129.2</b>	<b>\$ 1,449.1</b>	<b>\$ 2,782.0</b>	<b>\$ 78.9</b>	<b>\$ 2,860.9</b>	

# Consolidated Statement of Cash Flows

(Unaudited)

Nine months ended December 31

(amounts in millions of Canadian dollars)

	2021	2020
<b>Operating activities</b>		
Net income (loss)	\$ 92.9	\$ (66.3)
Adjustments for:		
Depreciation and amortization	229.6	241.0
Impairment of non-financial assets	33.7	137.6
Share of after-tax profit of equity accounted investees	(33.2)	(0.3)
Deferred income taxes	(18.1)	(39.5)
Investment tax credits	(21.4)	(22.6)
Share-based payments expense	3.3	2.5
Defined benefit pension plans	10.0	11.8
Other non-current liabilities	(32.8)	(15.0)
Derivative financial assets and liabilities – net	8.1	(27.5)
Other	40.4	44.8
Changes in non-cash working capital	(101.1)	(74.5)
<b>Net cash provided by operating activities</b>	<b>\$ 211.4</b>	<b>\$ 192.0</b>
<b>Investing activities</b>		
Business combinations, net of cash acquired	\$ (1,384.8)	\$ (134.7)
Acquisition of investment in equity accounted investees	(4.3)	—
Additions to property, plant and equipment	(197.5)	(57.1)
Proceeds from disposal of property, plant and equipment	8.1	1.7
Additions to intangible assets	(64.4)	(45.0)
Net (payments to) proceeds from equity accounted investees	(19.9)	1.4
Dividends received from equity accounted investees	20.6	11.7
Other	(2.4)	(5.1)
<b>Net cash used in investing activities</b>	<b>\$ (1,644.6)</b>	<b>\$ (227.1)</b>
<b>Financing activities</b>		
Net repayment of borrowing under revolving credit facilities	\$ —	\$ (705.6)
Proceeds from long-term debt	422.4	23.3
Repayment of long-term debt	(60.9)	(18.4)
Repayment of lease liabilities	(75.5)	(59.9)
Net proceeds from the issuance of common shares	695.5	482.6
Other	(3.0)	(0.7)
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 978.5</b>	<b>\$ (278.7)</b>
<b>Effect of foreign currency exchange differences on cash and cash equivalents</b>	<b>\$ (7.9)</b>	<b>\$ (12.8)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>\$ (462.6)</b>	<b>\$ (326.6)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>926.1</b>	<b>946.5</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 463.5</b>	<b>\$ 619.9</b>

## Contacts

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