

Reconciliations and Calculations

Reconciliation of adjusted segment operating income

<i>(amounts in millions)</i>	Civil Aviation		Defense and Security		Healthcare		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<i>Three months ended March 31</i>								
Operating income	\$ 149.3	\$ 58.1	\$ 29.0	\$ 25.8	\$ 8.3	\$ 9.4	\$ 186.6	\$ 93.3
Restructuring, integration and acquisition costs	13.6	26.6	1.5	9.2	0.2	0.2	15.3	36.0
Impairments and other gains and losses arising from significant strategic transactions or specific events:								
Cloud computing transition adjustment	—	11.6	—	1.8	—	—	—	13.4
Adjusted segment operating income	\$ 162.9	\$ 96.3	\$ 30.5	\$ 36.8	\$ 8.5	\$ 9.6	\$ 201.9	\$ 142.7

<i>(amounts in millions)</i>	Civil Aviation		Defense and Security		Healthcare		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<i>Years ended March 31</i>								
Operating income	\$ 430.3	\$ 224.1	\$ 35.7	\$ 56.0	\$ 8.0	\$ 4.1	\$ 474.0	\$ 284.2
Restructuring, integration and acquisition costs	52.0	79.0	10.6	61.4	1.7	6.5	64.3	146.9
Impairments and other gains and losses arising from significant strategic transactions or specific events:								
Impairment reversal of non-financial assets following their repurposing and optimization	3.0	—	6.8	—	—	—	9.8	—
Cloud computing transition adjustment	—	11.6	—	1.8	—	—	—	13.4
Adjusted segment operating income	\$ 485.3	\$ 314.7	\$ 53.1	\$ 119.2	\$ 9.7	\$ 10.6	\$ 548.1	\$ 444.5

Reconciliation of adjusted net income and adjusted EPS

	Three months ended		Years ended	
	March 31		March 31	
<i>(amounts in millions, except per share amounts)</i>	2023	2022	2023	2022
Net income attributable to equity holders of the Company	\$ 98.4	\$ 55.1	\$ 222.7	\$ 141.7
Restructuring, integration and acquisition costs, after tax	12.5	27.1	49.4	110.0
Impairments and other gains and losses arising from significant strategic transactions or specific events:				
Impairment reversal of non-financial assets following their repurposing and optimization, after tax	—	—	7.1	—
Cloud computing transition adjustment, after tax	—	9.8	—	9.8
Adjusted net income	\$ 110.9	\$ 92.0	\$ 279.2	\$ 261.5
Average number of shares outstanding (diluted)	318.7	318.5	318.4	312.9
Adjusted EPS	\$ 0.35	\$ 0.29	\$ 0.88	\$ 0.84

Reconciliation of free cash flow

<i>(amounts in millions)</i>	FY2023	FY2022	Q4-2023	Q4-2022
Cash provided by operating activities*	\$ 522.9	\$ 395.7	\$ 158.5	\$ 83.2
Changes in non-cash working capital	(114.5)	22.5	22.1	123.6
Net cash provided by operating activities	\$ 408.4	\$ 418.2	\$ 180.6	\$ 206.8
Maintenance capital expenditures	(62.8)	(55.4)	(14.8)	(16.1)
Change in ERP and other assets	(45.6)	(37.4)	(14.9)	(10.4)
Proceeds from the disposal of property, plant and equipment	5.7	8.4	0.9	0.3
Net (payments to) proceeds from equity accounted investees	(10.9)	(19.4)	(0.4)	0.5
Dividends received from equity accounted investees	40.9	27.1	20.6	6.5
Free cash flow	\$ 335.7	\$ 341.5	\$ 172.0	\$ 187.6

* before changes in non-cash working capital

Reconciliation of EBITDA, adjusted EBITDA, net debt-to-EBITDA and net debt-to-adjusted EBITDA

	Last twelve months ended	
	March 31	
<i>(amounts in millions, except net debt-to-EBITDA ratios)</i>	2023	2022
Operating income	\$ 474.0	\$ 284.2
Depreciation and amortization	342.2	310.5
EBITDA	\$ 816.2	\$ 594.7
Restructuring, integration and acquisition costs	64.3	146.9
Impairments and other gains and losses arising from significant strategic transactions or specific events:		
Impairment reversal of non-financial assets following their repurposing and optimization	9.8	—
Cloud computing transition adjustment	—	13.4
Adjusted EBITDA	\$ 890.3	\$ 755.0
Net debt	\$ 3,032.5	\$ 2,700.1
Net debt-to-EBITDA	3.72	4.54
Net debt-to-adjusted EBITDA	3.41	3.58

Reconciliation of capital employed and net debt

<i>(amounts in millions)</i>	As at March 31 2023	As at March 31 2022
Use of capital:		
Current assets	\$ 2,235.0	\$ 2,148.6
Less: cash and cash equivalents	(217.6)	(346.1)
Current liabilities	(2,246.7)	(2,091.2)
Less: current portion of long-term debt	214.6	241.8
Non-cash working capital	\$ (14.7)	\$ (46.9)
Property, plant and equipment	2,387.1	2,129.3
Intangible assets	4,050.8	3,796.3
Other long-term assets	1,763.6	1,504.6
Other long-term liabilities	(565.4)	(596.6)
Capital employed	\$ 7,621.4	\$ 6,786.7
Source of capital⁶:		
Current portion of long-term debt	\$ 214.6	\$ 241.8
Long-term debt	3,035.5	2,804.4
Less: cash and cash equivalents	(217.6)	(346.1)
Net debt ⁶	\$ 3,032.5	\$ 2,700.1
Equity attributable to equity holders of the Company	4,507.7	4,009.7
Non-controlling interests	81.2	76.9
Capital employed	\$ 7,621.4	\$ 6,786.7

For non-IFRS and other financial measures monitored by CAE, and a reconciliation of such measures to the most directly comparable measure under IFRS, please refer to Sections 3.7 and 3.9 of CAE's MD&A for the year ended March 31, 2023 (which is incorporated by reference into this press release) available on our website (www.cae.com), SEDAR (www.sedar.com) and EDGAR (www.sec.gov).

Consolidated Income Statement

	Three months ended		Years ended	
	March 31		March 31	
<i>(amounts in millions of Canadian dollars, except per share amounts)</i>	2023	2022	2023	2022
Revenue	\$ 1,256.5	\$ 955.0	\$ 4,203.3	\$ 3,371.3
Cost of sales	894.7	683.4	3,037.0	2,415.8
Gross profit	\$ 361.8	\$ 271.6	\$ 1,166.3	\$ 955.5
Research and development expenses	40.0	34.9	143.1	120.8
Selling, general and administrative expenses	149.7	143.6	560.9	489.1
Other (gains) and losses	(10.5)	(20.9)	(22.8)	(37.0)
Share of after-tax profit of equity accounted investees	(19.3)	(15.3)	(53.2)	(48.5)
Restructuring, integration and acquisition costs	15.3	36.0	64.3	146.9
Operating income	\$ 186.6	\$ 93.3	\$ 474.0	\$ 284.2
Finance expense – net	51.4	32.5	177.7	130.6
Earnings before income taxes	\$ 135.2	\$ 60.8	\$ 296.3	\$ 153.6
Income tax expense	33.3	3.7	64.4	3.6
Net income	\$ 101.9	\$ 57.1	\$ 231.9	\$ 150.0
Attributable to:				
Equity holders of the Company	\$ 98.4	\$ 55.1	\$ 222.7	\$ 141.7
Non-controlling interests	3.5	2.0	9.2	8.3
Earnings per share attributable to equity holders of the Company				
Basic	\$ 0.31	\$ 0.17	\$ 0.70	\$ 0.46
Diluted	\$ 0.31	\$ 0.17	\$ 0.70	\$ 0.45

Consolidated Statement of Comprehensive Income

<i>(amounts in millions of Canadian dollars)</i>	Three months ended		Years ended	
	2023	March 31 2022	2023	March 31 2022
Net income	\$ 101.9	\$ 57.1	\$ 231.9	\$ 150.0
Items that may be reclassified to net income				
Foreign currency exchange differences on translation of foreign operations	\$ 20.6	\$ (90.5)	\$ 331.1	\$ (101.4)
Net gain (loss) on hedges of net investment in foreign operations	0.4	21.1	(112.6)	15.8
Reclassification to income of gains on foreign currency exchange differences	(0.2)	(0.4)	(6.4)	(4.7)
Net (loss) gain on cash flow hedges	(3.8)	2.2	(14.0)	(6.0)
Reclassification to income of losses (gains) on cash flow hedges	6.0	5.0	(5.5)	(7.0)
Income taxes	(2.3)	(5.0)	9.9	(2.0)
	\$ 20.7	\$ (67.6)	\$ 202.5	\$ (105.3)
Items that will never be reclassified to net income				
Remeasurement of defined benefit pension plan obligations	\$ 18.5	\$ 110.4	\$ 74.2	\$ 125.6
Net loss on financial assets carried at fair value through OCI	—	(0.1)	—	(0.1)
Income taxes	(4.8)	(29.5)	(19.7)	(33.4)
	\$ 13.7	\$ 80.8	\$ 54.5	\$ 92.1
Other comprehensive income (loss)	\$ 34.4	\$ 13.2	\$ 257.0	\$ (13.2)
Total comprehensive income	\$ 136.3	\$ 70.3	\$ 488.9	\$ 136.8
Attributable to:				
Equity holders of the Company	\$ 132.5	\$ 69.4	\$ 475.6	\$ 129.8
Non-controlling interests	3.8	0.9	13.3	7.0

Consolidated Statement of Financial Position

<i>(amounts in millions of Canadian dollars)</i>	March 31 2023	March 31 2022
Assets		
Cash and cash equivalents	\$ 217.6	\$ 346.1
Accounts receivable	615.7	556.9
Contract assets	693.8	608.3
Inventories	583.4	519.8
Prepayments	64.1	56.7
Income taxes recoverable	48.3	33.2
Derivative financial assets	12.1	27.6
Total current assets	\$ 2,235.0	\$ 2,148.6
Property, plant and equipment	2,387.1	2,129.3
Right-of-use assets	426.9	373.0
Intangible assets	4,050.8	3,796.3
Investment in equity accounted investees	530.7	454.0
Employee benefits assets	51.1	—
Deferred tax assets	125.1	117.4
Derivative financial assets	9.2	10.5
Other non-current assets	620.6	549.7
Total assets	\$ 10,436.5	\$ 9,578.8
Liabilities and equity		
Accounts payable and accrued liabilities	\$ 1,036.7	\$ 975.1
Provisions	26.7	36.7
Income taxes payable	21.1	22.7
Contract liabilities	905.7	788.3
Current portion of long-term debt	214.6	241.8
Derivative financial liabilities	41.9	26.6
Total current liabilities	\$ 2,246.7	\$ 2,091.2
Provisions	20.1	20.6
Long-term debt	3,035.5	2,804.4
Royalty obligations	119.4	126.0
Employee benefits obligations	91.9	109.7
Deferred tax liabilities	129.3	93.7
Derivative financial liabilities	6.5	1.0
Other non-current liabilities	198.2	245.6
Total liabilities	\$ 5,847.6	\$ 5,492.2
Equity		
Share capital	\$ 2,243.6	\$ 2,224.7
Contributed surplus	42.1	38.6
Accumulated other comprehensive income	167.2	(31.2)
Retained earnings	2,054.8	1,777.6
Equity attributable to equity holders of the Company	\$ 4,507.7	\$ 4,009.7
Non-controlling interests	81.2	76.9
Total equity	\$ 4,588.9	\$ 4,086.6
Total liabilities and equity	\$ 10,436.5	\$ 9,578.8

Consolidated Statement of Changes in Equity

<i>(amounts in millions of Canadian dollars, except number of shares)</i>	Attributable to equity holders of the Company							
	Common shares Number of shares	Stated value	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total	Non- controlling interests	Total equity
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	—	\$ —	\$ —	\$ —	\$ 141.7	\$ 141.7	\$ 8.3	\$ 150.0
Other comprehensive (loss) income	—	—	—	(104.1)	92.2	(11.9)	(1.3)	(13.2)
Total comprehensive (loss) income	—	\$ —	\$ —	\$ (104.1)	\$ 233.9	\$ 129.8	\$ 7.0	\$ 136.8
Issuance of common shares upon conversion of subscription receipts	22,400,000	677.2	12.5	—	—	689.7	—	689.7
Exercise of stock options	1,268,660	31.3	(4.2)	—	—	27.1	—	27.1
Share-based payments expense	—	—	7.8	—	—	7.8	—	7.8
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)
Balances as at March 31, 2022	317,024,123	\$ 2,224.7	\$ 38.6	\$ (31.2)	\$ 1,777.6	\$ 4,009.7	\$ 76.9	\$ 4,086.6
Net income	—	\$ —	\$ —	\$ —	\$ 222.7	\$ 222.7	\$ 9.2	\$ 231.9
Other comprehensive income	—	—	—	198.4	54.5	252.9	4.1	257.0
Total comprehensive income	—	\$ —	\$ —	\$ 198.4	\$ 277.2	\$ 475.6	\$ 13.3	\$ 488.9
Exercise of stock options	882,167	18.9	(2.6)	—	—	16.3	—	16.3
Share-based payments expense	—	—	6.1	—	—	6.1	—	6.1
Transactions with non-controlling interests	—	—	—	—	—	—	(9.0)	(9.0)
Balances as at March 31, 2023	317,906,290	\$ 2,243.6	\$ 42.1	\$ 167.2	\$ 2,054.8	\$ 4,507.7	\$ 81.2	\$ 4,588.9

Consolidated Statement of Cash Flows

Years ended March 31

(amounts in millions of Canadian dollars)

	2023	2022
Operating activities		
Net income	\$ 231.9	\$ 150.0
Adjustments for:		
Depreciation and amortization	342.2	310.5
Impairment (reversal) of non-financial assets – net	(2.4)	41.8
Share of after-tax profit of equity accounted investees	(53.2)	(48.5)
Deferred income taxes	10.4	(32.4)
Investment tax credits	(5.4)	(27.5)
Share-based payments expense	(10.3)	6.4
Defined benefit pension plans	4.8	13.7
Other non-current liabilities	(15.9)	(65.9)
Derivative financial assets and liabilities – net	(2.5)	11.3
Other	23.3	36.3
Changes in non-cash working capital	(114.5)	22.5
Net cash provided by operating activities	\$ 408.4	\$ 418.2
Investing activities		
Business combinations, net of cash acquired	\$ (6.4)	\$ (1,883.7)
Acquisition of investment in equity accounted investees	—	(4.3)
Property, plant and equipment expenditures	(268.8)	(272.2)
Proceeds from disposal of property, plant and equipment	5.7	8.4
Advance payments for property, plant and equipment	(30.1)	—
Intangible assets expenditures	(126.4)	(90.6)
Net payments to equity accounted investees	(10.9)	(19.4)
Dividends received from equity accounted investees	40.9	27.1
Other	(4.7)	(2.4)
Net cash used in investing activities	\$ (400.7)	\$ (2,237.1)
Financing activities		
Net proceeds from borrowing under revolving credit facilities	\$ 44.5	\$ 344.6
Proceeds from long-term debt	31.2	429.1
Repayment of long-term debt	(161.0)	(132.1)
Repayment of lease liabilities	(83.4)	(89.5)
Net proceeds from the issuance of common shares	16.3	696.1
Other	(0.2)	7.4
Net cash (used in) provided by financing activities	\$ (152.6)	\$ 1,255.6
Effect of foreign currency exchange differences on cash and cash equivalents	\$ 16.4	\$ (16.7)
Net decrease in cash and cash equivalents	\$ (128.5)	\$ (580.0)
Cash and cash equivalents, beginning of year	346.1	926.1
Cash and cash equivalents, end of year	\$ 217.6	\$ 346.1

Contacts

Investor Relations:

Andrew Arnovitz, Senior Vice President, Investor Relations and Enterprise Risk Management, 514-734-5760, andrew.arnovitz@cae.com

Media:

Samantha Golinski, Vice President, Public Affairs and Global Communications, 514-341-2000 ext 7939, samantha.golinski@cae.com