

Reconciliations and Calculations

Reconciliation of adjusted segment operating income (loss)

<i>(amounts in millions)</i>	Civil Aviation		Defense and Security		Healthcare		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<i>Three months ended September 30</i>								
Operating income	\$ 88.4	\$ 88.4	\$ 9.3	\$ 12.1	\$ 2.9	\$ 1.6	\$ 100.6	\$ 102.1
Restructuring, integration and acquisition costs	25.9	16.0	12.0	6.3	—	0.3	37.9	22.6
Adjusted segment operating income	\$ 114.3	\$ 104.4	\$ 21.3	\$ 18.4	\$ 2.9	\$ 1.9	\$ 138.5	\$ 124.7

Reconciliation of adjusted net income and adjusted EPS

<i>(amounts in millions, except per share amounts)</i>	Three months ended September 30	
	2023	2022
Net income attributable to equity holders of the Company	\$ 58.4	\$ 44.5
Restructuring, integration and acquisition costs, after tax	29.0	17.0
Adjusted net income	\$ 87.4	\$ 61.5
Average number of shares outstanding (diluted)	319.2	318.4
Adjusted EPS	\$ 0.27	\$ 0.19

Calculation of adjusted effective tax rate

<i>(amounts in millions, except effective tax rates)</i>	Three months ended September 30	
	2023	2022
Earnings before income taxes	\$ 52.6	\$ 60.8
Restructuring, integration and acquisition costs	37.9	22.6
Adjusted earnings before income taxes	\$ 90.5	\$ 83.4
Income tax expense (recovery)	(8.5)	14.5
Tax impact on restructuring, integration and acquisition costs	8.9	5.6
Adjusted income tax expense	\$ 0.4	\$ 20.1
Effective tax rate	(16 %)	24 %
Adjusted effective tax rate	— %	24 %

Reconciliation of free cash flow

<i>(amounts in millions)</i>	Three months ended September 30	
	2023	2022
Cash provided by operating activities*	\$ 113.1	\$ 138.0
Changes in non-cash working capital	67.1	—
Net cash provided by operating activities	\$ 180.2	\$ 138.0
Maintenance capital expenditures	(22.9)	(15.0)
Change in ERP and other assets	(7.6)	(5.5)
Proceeds from the disposal of property, plant and equipment	0.2	0.5
Net payments to equity accounted investees	(12.9)	(9.6)
Dividends received from equity accounted investees	10.5	—
Free cash flow	\$ 147.5	\$ 108.4

* before changes in non-cash working capital

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

<i>(amounts in millions, except net debt-to-EBITDA ratios)</i>	Last twelve months ended	
	September 30	
	2023	2022
Operating income	\$ 563.2	\$ 300.3
Depreciation and amortization	361.0	325.3
EBITDA	\$ 924.2	\$ 625.6
Restructuring, integration and acquisition costs	73.1	127.3
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	\$ 1,007.1	\$ 766.3
Net debt	\$ 3,184.5	\$ 3,194.6
Net debt-to-EBITDA	3.45	5.11
Net debt-to-adjusted EBITDA	3.16	4.17

Reconciliation of capital employed and net debt

<i>(amounts in millions)</i>	As at September 30	As at March 31
	2023	2023
Use of capital:		
Current assets	\$ 2,280.9	\$ 2,235.0
Less: cash and cash equivalents	(181.5)	(217.6)
Current liabilities	(2,424.3)	(2,246.7)
Less: current portion of long-term debt	424.7	214.6
Non-cash working capital	\$ 99.8	\$ (14.7)
Property, plant and equipment	2,445.0	2,387.1
Intangible assets	4,046.7	4,050.8
Other long-term assets	1,792.7	1,763.6
Other long-term liabilities	(483.8)	(565.4)
Capital employed	\$ 7,900.4	\$ 7,621.4
Source of capital:		
Current portion of long-term debt	\$ 424.7	\$ 214.6
Long-term debt	2,941.3	3,035.5
Less: cash and cash equivalents	(181.5)	(217.6)
Net debt	\$ 3,184.5	\$ 3,032.5
Equity attributable to equity holders of the Company	4,632.9	4,507.7
Non-controlling interests	83.0	81.2
Capital employed	\$ 7,900.4	\$ 7,621.4

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 Section 9 of CAE's MD&A for the quarter ended September 30, 2023 (which is incorporated by reference into this press release) available on our website (www.cae.com), SEDAR+ (www.SEDARplus.ca) and EDGAR (www.sec.gov).

Consolidated Income Statement

<i>(Unaudited)</i> <i>(amounts in millions of Canadian dollars, except per share amounts)</i>	Three months ended September 30		Six months ended September 30	
	2023	2022	2023	2022
Revenue	\$ 1,088.5	\$ 993.2	\$ 2,142.9	\$ 1,926.5
Cost of sales	785.4	719.6	1,533.9	1,420.0
Gross profit	\$ 303.1	\$ 273.6	\$ 609.0	\$ 506.5
Research and development expenses	34.6	32.2	73.7	72.9
Selling, general and administrative expenses	148.2	128.0	287.9	273.1
Other (gains) and losses	(3.9)	(3.2)	(5.3)	(5.6)
Share of after-tax profit of equity accounted investees	(14.3)	(8.1)	(30.9)	(19.5)
Restructuring, integration and acquisition costs	37.9	22.6	52.9	44.1
Operating income	\$ 100.6	\$ 102.1	\$ 230.7	\$ 141.5
Finance expense – net	48.0	41.3	102.1	77.5
Earnings before income taxes	\$ 52.6	\$ 60.8	\$ 128.6	\$ 64.0
Income tax (recovery) expense	(8.5)	14.5	(0.3)	14.0
Net income	\$ 61.1	\$ 46.3	\$ 128.9	\$ 50.0
Attributable to:				
Equity holders of the Company	\$ 58.4	\$ 44.5	\$ 123.7	\$ 46.2
Non-controlling interests	2.7	1.8	5.2	3.8
Earnings per share attributable to equity holders of the Company				
Basic and diluted	\$ 0.18	\$ 0.14	\$ 0.39	\$ 0.15

Consolidated Statement of Comprehensive Income

<i>(Unaudited)</i> <i>(amounts in millions of Canadian dollars)</i>	Three months ended September 30		Six months ended September 30	
	2023	2022	2023	2022
Net income	\$ 61.1	\$ 46.3	\$ 128.9	\$ 50.0
Items that may be reclassified to net income				
Foreign currency exchange differences on translation of foreign operations	\$ 71.7	\$ 235.6	\$ (26.1)	\$ 291.9
Net loss on hedges of net investment in foreign operations	(29.1)	(99.7)	(1.6)	(143.3)
Reclassification to income of gains on foreign currency exchange differences	—	(2.2)	(0.1)	(2.4)
Net loss on cash flow hedges	(14.3)	(13.8)	(0.9)	(5.5)
Reclassification to income of losses (gains) on cash flow hedges	2.5	(5.1)	3.1	(21.0)
Income taxes	3.3	8.9	(4.0)	12.4
	\$ 34.1	\$ 123.7	\$ (29.6)	\$ 132.1
Items that will never be reclassified to net income				
Remeasurement of defined benefit pension plan obligations	\$ 33.4	\$ (15.2)	\$ 12.0	\$ 46.9
Income taxes	(8.9)	4.0	(3.2)	(12.5)
	\$ 24.5	\$ (11.2)	\$ 8.8	\$ 34.4
Other comprehensive income (loss)	\$ 58.6	\$ 112.5	\$ (20.8)	\$ 166.5
Total comprehensive income	\$ 119.7	\$ 158.8	\$ 108.1	\$ 216.5
Attributable to:				
Equity holders of the Company	\$ 116.0	\$ 154.3	\$ 103.2	\$ 209.2
Non-controlling interests	3.7	4.5	4.9	7.3

Consolidated Statement of Financial Position

<i>(Unaudited)</i> <i>(amounts in millions of Canadian dollars)</i>	September 30 2023	March 31 2023
Assets		
Cash and cash equivalents	\$ 181.5	\$ 217.6
Accounts receivable	656.9	615.7
Contract assets	650.7	693.8
Inventories	655.8	583.4
Prepayments	75.8	64.1
Income taxes recoverable	46.2	48.3
Derivative financial assets	14.0	12.1
Total current assets	\$ 2,280.9	\$ 2,235.0
Property, plant and equipment	2,445.0	2,387.1
Right-of-use assets	443.6	426.9
Intangible assets	4,046.7	4,050.8
Investment in equity accounted investees	554.7	530.7
Employee benefits assets	59.1	51.1
Deferred tax assets	159.1	125.1
Derivative financial assets	6.9	9.2
Other non-current assets	569.3	620.6
Total assets	\$ 10,565.3	\$ 10,436.5
Liabilities and equity		
Accounts payable and accrued liabilities	\$ 997.5	\$ 1,036.7
Provisions	24.4	26.7
Income taxes payable	21.9	21.1
Contract liabilities	932.0	905.7
Current portion of long-term debt	424.7	214.6
Derivative financial liabilities	23.8	41.9
Total current liabilities	\$ 2,424.3	\$ 2,246.7
Provisions	18.1	20.1
Long-term debt	2,941.3	3,035.5
Royalty obligations	110.8	119.4
Employee benefits obligations	89.9	91.9
Deferred tax liabilities	77.6	129.3
Derivative financial liabilities	10.9	6.5
Other non-current liabilities	176.5	198.2
Total liabilities	\$ 5,849.4	\$ 5,847.6
Equity		
Share capital	\$ 2,251.8	\$ 2,243.6
Contributed surplus	55.9	42.1
Accumulated other comprehensive income	137.9	167.2
Retained earnings	2,187.3	2,054.8
Equity attributable to equity holders of the Company	\$ 4,632.9	\$ 4,507.7
Non-controlling interests	83.0	81.2
Total equity	\$ 4,715.9	\$ 4,588.9
Total liabilities and equity	\$ 10,565.3	\$ 10,436.5

Consolidated Statement of Changes in Equity

(Unaudited)

Six months ended September 30, 2023
(amounts in millions of Canadian dollars,
except number of shares)

	Attributable to equity holders of the Company							Total equity
	Common shares	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Non-controlling interests			
	Number of shares	Stated value			Total			
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
Net income	—	\$ —	\$ —	\$ —	\$ 123.7	\$ 123.7	\$ 5.2	\$ 128.9
Other comprehensive (loss) income	—	—	—	(29.3)	8.8	(20.5)	(0.3)	(20.8)
Total comprehensive (loss) income	—	\$ —	\$ —	\$ (29.3)	\$ 132.5	\$ 103.2	\$ 4.9	\$ 108.1
Exercise of stock options	364,268	8.2	(1.3)	—	—	6.9	—	6.9
Equity-settled share-based payments expense	—	—	15.1	—	—	15.1	—	15.1
Transactions with non-controlling interests	—	—	—	—	—	—	(3.1)	(3.1)
Balances as at September 30, 2023	318,270,558	\$ 2,251.8	\$ 55.9	\$ 137.9	\$ 2,187.3	\$ 4,632.9	\$ 83.0	\$ 4,715.9

	Attributable to equity holders of the Company							Total equity
	Common shares	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Non-controlling interests			
	Number of shares	Stated value			Total			
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	—	\$ —	\$ —	\$ —	\$ 46.2	\$ 46.2	\$ 3.8	\$ 50.0
Other comprehensive income	—	—	—	128.6	34.4	163.0	3.5	166.5
Total comprehensive income	—	\$ —	\$ —	\$ 128.6	\$ 80.6	\$ 209.2	\$ 7.3	\$ 216.5
Exercise of stock options	828,352	17.8	(2.5)	—	—	15.3	—	15.3
Equity-settled share-based payments expense	—	—	4.1	—	—	4.1	—	4.1
Transactions with non-controlling interests	—	—	—	—	—	—	(5.0)	(5.0)
Balances as at September 30, 2022	317,852,475	\$ 2,242.5	\$ 40.2	\$ 97.4	\$ 1,858.2	\$ 4,238.3	\$ 79.2	\$ 4,317.5

Consolidated Statement of Cash Flows

(Unaudited)

Six months ended September 30

(amounts in millions of Canadian dollars)

	2023	2022
Operating activities		
Net income	\$ 128.9	\$ 50.0
Adjustments for:		
Depreciation and amortization	183.4	164.5
Share of after-tax profit of equity accounted investees	(30.9)	(19.5)
Deferred income taxes	(39.2)	(3.4)
Investment tax credits	(2.3)	(5.2)
Equity-settled share-based payments expense	15.1	4.1
Defined benefit pension plans	1.1	7.4
Other non-current liabilities	(4.8)	(11.0)
Derivative financial assets and liabilities – net	(18.2)	27.6
Other	10.4	(8.8)
Changes in non-cash working capital	(112.6)	(230.3)
Net cash provided by (used in) operating activities	\$ 130.9	\$ (24.6)
Investing activities		
Business combinations, net of cash acquired	\$ —	\$ (6.4)
Property, plant and equipment expenditures	(152.5)	(142.5)
Proceeds from disposal of property, plant and equipment	3.6	4.5
Intangible assets expenditures	(72.3)	(60.3)
Net payments to equity accounted investees	(25.6)	(8.5)
Dividends received from equity accounted investees	17.1	6.4
Other	(1.3)	(5.0)
Net cash used in investing activities	\$ (231.0)	\$ (211.8)
Financing activities		
Net (repayment of) proceeds from borrowing under revolving credit facilities	\$ (279.5)	\$ 138.3
Proceeds from long-term debt	417.5	14.9
Repayment of long-term debt	(33.5)	(47.9)
Repayment of lease liabilities	(44.7)	(31.7)
Net proceeds from the issuance of common shares	6.9	15.3
Other	—	(0.1)
Net cash provided by financing activities	\$ 66.7	\$ 88.8
Effect of foreign currency exchange differences on cash and cash equivalents	\$ (2.7)	\$ 4.7
Net decrease in cash and cash equivalents	\$ (36.1)	\$ (142.9)
Cash and cash equivalents, beginning of period	217.6	346.1
Cash and cash equivalents, end of period	\$ 181.5	\$ 203.2

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