

## Reconciliations and Calculations

### Reconciliation of adjusted segment operating income

<i>(amounts in millions)</i>	Civil Aviation		Defense and Security		Total	
	2023	2022	2023	2022	2023	2022
<i>Three months ended December 31</i>						
Operating income	\$ 101.0	\$ 117.2	\$ 20.6	\$ 24.9	\$ 121.6	\$ 142.1
Restructuring, integration and acquisition costs	23.2	11.2	0.3	(6.3)	23.5	4.9
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
Adjusted segment operating income	\$ 124.2	\$ 131.4	\$ 20.9	\$ 25.4	\$ 145.1	\$ 156.8

### Reconciliation of adjusted net income and adjusted EPS

<i>(amounts in millions, except per share amounts)</i>	Three months ended December 31	
	2023	2022
Net income attributable to equity holders of the Company	\$ 56.5	\$ 78.1
Net loss (income) from discontinued operations	1.9	(2.1)
Restructuring, integration and acquisition costs, after tax	18.2	4.0
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
Adjusted net income	\$ 76.6	\$ 87.1
Average number of shares outstanding (diluted)	319.1	318.3
Adjusted EPS	\$ 0.24	\$ 0.27

### Calculation of adjusted effective tax rate

<i>(amounts in millions, except effective tax rates)</i>	Three months ended December 31	
	2023	2022
Earnings before income taxes	\$ 69.2	\$ 94.4
Restructuring, integration and acquisition costs	23.5	4.9
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
Adjusted earnings before income taxes	\$ 92.7	\$ 109.1
Income tax expense	\$ 8.2	\$ 16.5
Tax impact on restructuring, integration and acquisition costs	5.3	0.9
Tax impact on impairments and other gains and losses arising from significant strategic transactions or specific events:		
Tax impact on impairment reversal of non-financial assets following their repurposing and optimization	—	2.7
Adjusted income tax expense	\$ 13.5	\$ 20.1
Effective tax rate	12 %	17 %
Adjusted effective tax rate	15 %	18 %

## Reconciliation of free cash flow

<i>(amounts in millions)</i>	Three months ended	
	December 31	
	2023	2022
Cash provided by operating activities*	\$ 148.6	\$ 158.7
Changes in non-cash working capital	72.2	93.7
Net cash provided by operating activities	\$ 220.8	\$ 252.4
Maintenance capital expenditures	(20.7)	(16.1)
Change in ERP and other assets	(10.4)	(10.8)
Proceeds from the disposal of property, plant and equipment	0.1	0.3
Net payments to equity accounted investees	(14.9)	(2.0)
Dividends received from equity accounted investees	13.2	13.9
Impact of discontinued operations	1.9	2.1
Free cash flow	\$ 190.0	\$ 239.8

\* 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	
	December 31	
	2023	2022
Operating income	\$ 525.9	\$ 371.6
Depreciation and amortization	359.7	320.8
EBITDA	\$ 885.6	\$ 692.4
Restructuring, integration and acquisition costs	91.5	83.3
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	\$ 977.1	\$ 798.9
Net debt	\$ 3,085.4	\$ 3,073.0
Net debt-to-EBITDA	3.48	4.44
Net debt-to-adjusted EBITDA	3.16	3.85

## Reconciliation of capital employed and net debt

<i>(amounts in millions)</i>	As at December 31 2023	As at March 31 2023
<b>Use of capital:</b>		
Current assets	\$ 2,410.5	\$ 2,235.0
Less: cash and cash equivalents	(124.5)	(217.6)
Less: assets net of liabilities held for sale	(224.6)	—
Current liabilities	(2,669.5)	(2,246.7)
Less: current portion of long-term debt	592.8	214.6
Non-cash working capital	\$ (15.3)	\$ (14.7)
Assets net of liabilities held for sale	224.6	—
Property, plant and equipment	2,451.1	2,387.1
Intangible assets	3,830.3	4,050.8
Other long-term assets	1,779.7	1,763.6
Other long-term liabilities	(456.7)	(565.4)
Capital employed	\$ 7,813.7	\$ 7,621.4
<b>Source of capital:</b>		
Current portion of long-term debt	\$ 592.8	\$ 214.6
Long-term debt	2,617.1	3,035.5
Less: cash and cash equivalents	(124.5)	(217.6)
Net debt	\$ 3,085.4	\$ 3,032.5
Equity attributable to equity holders of the Company	4,648.8	4,507.7
Non-controlling interests	79.5	81.2
Capital employed	\$ 7,813.7	\$ 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 11 of CAE's MD&A for the quarter ended December 31, 2023 (which is incorporated by reference into this press release) available on our website ([www.cae.com](http://www.cae.com)), SEDAR+ ([www.SEDARplus.ca](http://www.SEDARplus.ca)) and EDGAR ([www.sec.gov](http://www.sec.gov)).

# Consolidated Income Statement

<i>(Unaudited)</i>	Three months ended December 31		Nine months ended December 31	
	2023	2022	2023	2022
<i>(amounts in millions of Canadian dollars, except per share amounts)</i>		Reclassified		Reclassified
<b>Continuing operations</b>				
Revenue	\$ 1,094.5	\$ 969.9	\$ 3,156.5	\$ 2,813.2
Cost of sales	791.9	693.0	2,283.5	2,066.5
<b>Gross profit</b>	\$ 302.6	\$ 276.9	\$ 873.0	\$ 746.7
Research and development expenses	38.1	27.1	108.1	91.2
Selling, general and administrative expenses	140.9	124.1	396.9	367.3
Other (gains) and losses	(4.8)	(6.9)	(8.4)	(13.1)
Share of after-tax profit of equity accounted investees	(16.7)	(14.4)	(47.6)	(33.9)
Restructuring, integration and acquisition costs	23.5	4.9	76.4	47.5
<b>Operating income</b>	\$ 121.6	\$ 142.1	\$ 347.6	\$ 287.7
Finance expense – net	52.4	47.7	152.6	123.2
<b>Earnings before income taxes</b>	\$ 69.2	\$ 94.4	\$ 195.0	\$ 164.5
Income tax expense	8.2	16.5	7.8	31.8
<b>Net income from continuing operations</b>	\$ 61.0	\$ 77.9	\$ 187.2	\$ 132.7
Net (loss) income from discontinued operations	(1.9)	2.1	0.8	(2.7)
<b>Net income</b>	\$ 59.1	\$ 80.0	\$ 188.0	\$ 130.0
Attributable to:				
Equity holders of the Company	\$ 56.5	\$ 78.1	\$ 180.2	\$ 124.3
Non-controlling interests	2.6	1.9	7.8	5.7
<b>Earnings per share attributable to equity holders of the Company</b>				
Basic and diluted – continuing operations	\$ 0.18	\$ 0.24	\$ 0.56	\$ 0.40
Basic and diluted – discontinued operations	(0.01)	0.01	—	(0.01)

# Consolidated Statement of Comprehensive Income

<i>(Unaudited)</i> <i>(amounts in millions of Canadian dollars)</i>	Three months ended December 31		Nine months ended December 31	
	2023	2022	2023	2022
<b>Net income from continuing operations</b>	\$ 61.0	\$ 77.9	\$ 187.2	\$ 132.7
<b>Items that may be reclassified to net income</b>		Reclassified		Reclassified
Foreign currency exchange differences on translation of foreign operations	\$ (77.7)	\$ 20.3	\$ (105.3)	\$ 304.7
Net gain (loss) on hedges of net investment in foreign operations	56.2	30.3	54.6	(113.0)
Reclassification to income of gains on foreign currency exchange differences	(0.1)	(3.8)	(0.2)	(6.2)
Net gain (loss) on cash flow hedges	8.3	(4.7)	7.4	(10.2)
Reclassification to income of losses (gains) on cash flow hedges	1.8	9.5	4.9	(11.5)
Income taxes	(5.5)	(0.2)	(9.5)	12.2
	\$ (17.0)	\$ 51.4	\$ (48.1)	\$ 176.0
<b>Items that will never be reclassified to net income</b>				
Remeasurement of defined benefit pension plan obligations	\$ (34.5)	\$ 8.8	\$ (22.5)	\$ 55.7
Income taxes	9.2	(2.4)	6.0	(14.9)
	\$ (25.3)	\$ 6.4	\$ (16.5)	\$ 40.8
<b>Other comprehensive (loss) income from continuing operations</b>	\$ (42.3)	\$ 57.8	\$ (64.6)	\$ 216.8
Net (loss) income from discontinued operations	(1.9)	2.1	0.8	(2.7)
Other comprehensive (loss) income from discontinued operations	(3.2)	(1.7)	(1.7)	5.8
<b>Total comprehensive income</b>	\$ 13.6	\$ 136.1	\$ 121.7	\$ 352.6
Attributable to:				
Equity holders of the Company	\$ 11.7	\$ 133.9	\$ 114.9	\$ 343.1
Non-controlling interests	1.9	2.2	6.8	9.5

# Consolidated Statement of Financial Position

<i>(Unaudited)</i>	<b>December 31</b>	March 31
<i>(amounts in millions of Canadian dollars)</i>	<b>2023</b>	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 124.5	\$ 217.6
Accounts receivable	566.4	615.7
Contract assets	641.2	693.8
Inventories	601.0	583.4
Prepayments	69.6	64.1
Income taxes recoverable	56.7	48.3
Derivative financial assets	21.0	12.1
Assets of discontinued operations classified as held for sale	330.1	—
<b>Total current assets</b>	<b>\$ 2,410.5</b>	<b>\$ 2,235.0</b>
Property, plant and equipment	2,451.1	2,387.1
Right-of-use assets	458.4	426.9
Intangible assets	3,830.3	4,050.8
Investment in equity accounted investees	556.4	530.7
Employee benefits assets	32.6	51.1
Deferred tax assets	150.9	125.1
Derivative financial assets	15.5	9.2
Other non-current assets	565.9	620.6
<b>Total assets</b>	<b>\$ 10,471.6</b>	<b>\$ 10,436.5</b>
<b>Liabilities and equity</b>		
Accounts payable and accrued liabilities	\$ 999.5	\$ 1,036.7
Provisions	19.1	26.7
Income taxes payable	21.2	21.1
Contract liabilities	906.9	905.7
Current portion of long-term debt	592.8	214.6
Derivative financial liabilities	24.5	41.9
Liabilities of discontinued operations classified as held for sale	105.5	—
<b>Total current liabilities</b>	<b>\$ 2,669.5</b>	<b>\$ 2,246.7</b>
Provisions	18.4	20.1
Long-term debt	2,617.1	3,035.5
Royalty obligations	79.0	119.4
Employee benefits obligations	100.2	91.9
Deferred tax liabilities	75.0	129.3
Derivative financial liabilities	2.4	6.5
Other non-current liabilities	181.7	198.2
<b>Total liabilities</b>	<b>\$ 5,743.3</b>	<b>\$ 5,847.6</b>
<b>Equity</b>		
Share capital	\$ 2,252.6	\$ 2,243.6
Contributed surplus	59.3	42.1
Accumulated other comprehensive income	118.4	167.2
Retained earnings	2,218.5	2,054.8
Equity attributable to equity holders of the Company	\$ 4,648.8	\$ 4,507.7
Non-controlling interests	79.5	81.2
<b>Total equity</b>	<b>\$ 4,728.3</b>	<b>\$ 4,588.9</b>
<b>Total liabilities and equity</b>	<b>\$ 10,471.6</b>	<b>\$ 10,436.5</b>

# Consolidated Statement of Changes in Equity

(Unaudited)

Nine months ended December 31, 2023

(amounts in millions of Canadian dollars, except number of shares)

	Attributable to equity holders of the Company							
	Common shares			Accumulated other			Non-controlling interests	Total equity
	Number of shares	Stated value	Contributed surplus	comprehensive income	Retained earnings	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	—	\$ —	\$ —	\$ —	\$ 180.2	\$ 180.2	\$ 7.8	\$ 188.0
Other comprehensive loss	—	—	—	(48.8)	(16.5)	(65.3)	(1.0)	(66.3)
Total comprehensive (loss) income	—	\$ —	\$ —	\$ (48.8)	\$ 163.7	\$ 114.9	\$ 6.8	\$ 121.7
Exercise of stock options	396,018	9.0	(1.4)	—	—	7.6	—	7.6
Equity-settled share-based payments expense	—	—	18.6	—	—	18.6	—	18.6
Transactions with non-controlling interests	—	—	—	—	—	—	(8.5)	(8.5)
<b>Balances as at December 31, 2023</b>	<b>318,302,308</b>	<b>\$ 2,252.6</b>	<b>\$ 59.3</b>	<b>\$ 118.4</b>	<b>\$ 2,218.5</b>	<b>\$ 4,648.8</b>	<b>\$ 79.5</b>	<b>\$ 4,728.3</b>

Nine months ended December 31, 2022

(amounts in millions of Canadian dollars, except number of shares)

	Attributable to equity holders of the Company							
	Common shares			Accumulated other			Non-controlling interests	Total equity
	Number of shares	Stated value	Contributed surplus	comprehensive income	Retained earnings	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	—	\$ —	\$ —	\$ —	\$ 124.3	\$ 124.3	\$ 5.7	\$ 130.0
Other comprehensive income	—	—	—	178.0	40.8	218.8	3.8	222.6
Total comprehensive income	—	\$ —	\$ —	\$ 178.0	\$ 165.1	\$ 343.1	\$ 9.5	\$ 352.6
Exercise of stock options	835,392	18.0	(2.5)	—	—	15.5	—	15.5
Equity-settled share-based payments expense	—	—	5.1	—	—	5.1	—	5.1
Transactions with non-controlling interests	—	—	—	—	—	—	(5.0)	(5.0)
<b>Balances as at December 31, 2022</b>	<b>317,859,515</b>	<b>\$ 2,242.7</b>	<b>\$ 41.2</b>	<b>\$ 146.8</b>	<b>\$ 1,942.7</b>	<b>\$ 4,373.4</b>	<b>\$ 81.4</b>	<b>\$ 4,454.8</b>

# Consolidated Statement of Cash Flows

(Unaudited)

Nine months ended December 31

(amounts in millions of Canadian dollars)

	2023	2022
<b>Operating activities</b>		
Net income	\$ 188.0	\$ 130.0
Adjustments for:		
Depreciation and amortization	278.6	252.8
Share of after-tax profit of equity accounted investees	(47.6)	(33.9)
Deferred income taxes	(39.8)	(0.3)
Investment tax credits	(9.2)	0.4
Equity-settled share-based payments expense	18.6	5.1
Defined benefit pension plans	4.5	6.2
Other non-current liabilities	(7.3)	(13.5)
Derivative financial assets and liabilities – net	(17.5)	20.0
Other	23.8	(2.4)
Changes in non-cash working capital	(40.4)	(136.6)
<b>Net cash provided by operating activities</b>	<b>\$ 351.7</b>	<b>\$ 227.8</b>
<b>Investing activities</b>		
Business combinations, net of cash acquired	\$ —	\$ (6.4)
Property, plant and equipment expenditures	(238.1)	(205.9)
Proceeds from disposal of property, plant and equipment	3.7	4.8
Advance payments for property, plant and equipment	—	(30.1)
Intangible assets expenditures	(105.8)	(89.9)
Net payments to equity accounted investees	(40.5)	(10.5)
Dividends received from equity accounted investees	30.3	20.3
Other	(7.2)	(5.0)
<b>Net cash used in investing activities</b>	<b>\$ (357.6)</b>	<b>\$ (322.7)</b>
<b>Financing activities</b>		
Net (repayment of) proceeds from borrowing under revolving credit facilities	\$ (407.8)	\$ 8.6
Proceeds from long-term debt	426.1	22.1
Repayment of long-term debt	(41.1)	(55.7)
Repayment of lease liabilities	(57.0)	(62.1)
Net proceeds from the issuance of common shares	7.6	15.5
Other	—	(1.8)
<b>Net cash used in financing activities</b>	<b>\$ (72.2)</b>	<b>\$ (73.4)</b>
<b>Effect of foreign currency exchange differences on cash and cash equivalents</b>	<b>\$ (15.0)</b>	<b>\$ 13.8</b>
<b>Net decrease in cash and cash equivalents</b>	<b>\$ (93.1)</b>	<b>\$ (154.5)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>217.6</b>	<b>346.1</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 124.5</b>	<b>\$ 191.6</b>

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