

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 June 30</i>								
Operating income (loss)	\$ 105.6	\$ 75.4	\$ 22.7	\$ (30.3)	\$ 1.8	\$ (5.7)	\$ 130.1	\$ 39.4
Restructuring, integration and acquisition costs	13.4	11.2	1.6	9.1	—	1.2	15.0	21.5
Adjusted segment operating income (loss)	\$ 119.0	\$ 86.6	\$ 24.3	\$ (21.2)	\$ 1.8	\$ (4.5)	\$ 145.1	\$ 60.9

Reconciliation of adjusted net income and adjusted EPS

<i>(amounts in millions, except per share amounts)</i>	Three months ended June 30	
	2023	2022
Net income attributable to equity holders of the Company	\$ 65.3	\$ 1.7
Restructuring, integration and acquisition costs, after tax	11.5	15.9
Adjusted net income	\$ 76.8	\$ 17.6
Average number of shares outstanding (diluted)	318.8	318.2
Adjusted EPS	\$ 0.24	\$ 0.06

Calculation of adjusted effective tax rate

<i>(amounts in millions, except effective tax rates)</i>	Three months ended June 30	
	2023	2022
Earnings before income taxes	\$ 76.0	\$ 3.2
Restructuring, integration and acquisition costs	15.0	21.5
Adjusted earnings before income taxes	\$ 91.0	\$ 24.7
Income tax expense (recovery)	8.2	(0.5)
Tax impact on restructuring, integration and acquisition costs	3.5	5.6
Adjusted income tax expense	\$ 11.7	\$ 5.1
Effective tax rate	11 %	(16 %)
Adjusted effective tax rate	13 %	21 %

Reconciliation of free cash flow

<i>(amounts in millions)</i>	Three months ended	
	June 30	
	2023	2022
Cash provided by operating activities*	\$ 130.4	\$ 67.7
Changes in non-cash working capital	(179.7)	(230.3)
Net cash provided by operating activities	\$ (49.3)	\$ (162.6)
Maintenance capital expenditures	(35.7)	(16.9)
Change in ERP and other assets	(17.2)	(14.4)
Proceeds from the disposal of property, plant and equipment	3.4	4.0
Net (payments to) proceeds from equity accounted investees	(12.7)	1.1
Dividends received from equity accounted investees	6.6	6.4
Free cash flow	\$ (104.9)	\$ (182.4)

* 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	
	June 30	
	2023	2022
Operating income	\$ 564.7	\$ 237.4
Depreciation and amortization	351.7	322.0
EBITDA	\$ 916.4	\$ 559.4
Restructuring, integration and acquisition costs	57.8	156.2
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	\$ 984.0	\$ 729.0
Net debt	\$ 3,166.4	\$ 3,025.9
Net debt-to-EBITDA	3.46	5.41
Net debt-to-adjusted EBITDA	3.22	4.15

Reconciliation of capital employed and net debt

<i>(amounts in millions)</i>	As at June 30	As at March 31
	2023	2023
Use of capital:		
Current assets	\$ 2,211.5	\$ 2,235.0
Less: cash and cash equivalents	(152.8)	(217.6)
Current liabilities	(2,143.3)	(2,246.7)
Less: current portion of long-term debt	208.0	214.6
Non-cash working capital	\$ 123.4	\$ (14.7)
Property, plant and equipment	2,394.3	2,387.1
Intangible assets	3,986.2	4,050.8
Other long-term assets	1,728.1	1,763.6
Other long-term liabilities	(484.0)	(565.4)
Capital employed	\$ 7,748.0	\$ 7,621.4
Source of capital:		
Current portion of long-term debt	\$ 208.0	\$ 214.6
Long-term debt	3,111.2	3,035.5
Less: cash and cash equivalents	(152.8)	(217.6)
Net debt	\$ 3,166.4	\$ 3,032.5
Equity attributable to equity holders of the Company	4,499.2	4,507.7
Non-controlling interests	82.4	81.2
Capital employed	\$ 7,748.0	\$ 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 June 30, 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

<i>(Unaudited)</i>	Three months ended	
	June 30	
<i>(amounts in millions of Canadian dollars, except per share amounts)</i>	2023	2022
Revenue	\$ 1,054.4	\$ 933.3
Cost of sales	748.5	700.4
Gross profit	\$ 305.9	\$ 232.9
Research and development expenses	39.1	40.7
Selling, general and administrative expenses	139.7	145.1
Other (gains) and losses	(1.4)	(2.4)
Share of after-tax profit of equity accounted investees	(16.6)	(11.4)
Restructuring, integration and acquisition costs	15.0	21.5
Operating income	\$ 130.1	\$ 39.4
Finance expense – net	54.1	36.2
Earnings before income taxes	\$ 76.0	\$ 3.2
Income tax expense (recovery)	8.2	(0.5)
Net income	\$ 67.8	\$ 3.7
Attributable to:		
Equity holders of the Company	\$ 65.3	\$ 1.7
Non-controlling interests	2.5	2.0
Earnings per share attributable to equity holders of the Company		
Basic	\$ 0.21	\$ 0.01
Diluted	\$ 0.20	\$ 0.01

Consolidated Statement of Comprehensive Income

<i>(Unaudited)</i> <i>(amounts in millions of Canadian dollars)</i>	Three months ended June 30	
	2023	2022
Net income	\$ 67.8	\$ 3.7
Items that may be reclassified to net income		
Foreign currency exchange differences on translation of foreign operations	\$ (97.8)	\$ 56.3
Net gain (loss) on hedges of net investment in foreign operations	27.5	(43.6)
Reclassification to income of gains on foreign currency exchange differences	(0.1)	(0.2)
Net gain on cash flow hedges	13.4	8.3
Reclassification to income of losses (gains) on cash flow hedges	0.6	(15.9)
Income taxes	(7.3)	3.5
	\$ (63.7)	\$ 8.4
Items that will never be reclassified to net income		
Remeasurement of defined benefit pension plan obligations	\$ (21.4)	\$ 62.1
Income taxes	5.7	(16.5)
	\$ (15.7)	\$ 45.6
Other comprehensive (loss) income	\$ (79.4)	\$ 54.0
Total comprehensive (loss) income	\$ (11.6)	\$ 57.7
Attributable to:		
Equity holders of the Company	\$ (12.8)	\$ 54.9
Non-controlling interests	1.2	2.8

Consolidated Statement of Financial Position

<i>(Unaudited)</i>	June 30	March 31
<i>(amounts in millions of Canadian dollars)</i>	2023	2023
Assets		
Cash and cash equivalents	\$ 152.8	\$ 217.6
Accounts receivable	617.1	615.7
Contract assets	676.1	693.8
Inventories	651.5	583.4
Prepayments	76.3	64.1
Income taxes recoverable	19.7	48.3
Derivative financial assets	18.0	12.1
Total current assets	\$ 2,211.5	\$ 2,235.0
Property, plant and equipment	2,394.3	2,387.1
Right-of-use assets	409.5	426.9
Intangible assets	3,986.2	4,050.8
Investment in equity accounted investees	535.3	530.7
Employee benefits assets	31.7	51.1
Deferred tax assets	151.8	125.1
Derivative financial assets	16.9	9.2
Other non-current assets	582.9	620.6
Total assets	\$ 10,320.1	\$ 10,436.5
Liabilities and equity		
Accounts payable and accrued liabilities	\$ 932.9	\$ 1,036.7
Provisions	20.0	26.7
Income taxes payable	46.3	21.1
Contract liabilities	907.7	905.7
Current portion of long-term debt	208.0	214.6
Derivative financial liabilities	28.4	41.9
Total current liabilities	\$ 2,143.3	\$ 2,246.7
Provisions	18.0	20.1
Long-term debt	3,111.2	3,035.5
Royalty obligations	113.3	119.4
Employee benefits obligations	94.1	91.9
Deferred tax liabilities	77.7	129.3
Derivative financial liabilities	3.3	6.5
Other non-current liabilities	177.6	198.2
Total liabilities	\$ 5,738.5	\$ 5,847.6
Equity		
Share capital	\$ 2,247.6	\$ 2,243.6
Contributed surplus	42.4	42.1
Accumulated other comprehensive income	104.8	167.2
Retained earnings	2,104.4	2,054.8
Equity attributable to equity holders of the Company	\$ 4,499.2	\$ 4,507.7
Non-controlling interests	82.4	81.2
Total equity	\$ 4,581.6	\$ 4,588.9
Total liabilities and equity	\$ 10,320.1	\$ 10,436.5

Consolidated Statement of Changes in Equity

(Unaudited)

Three months ended June 30, 2023

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

	Attributable to equity holders of the Company							Total equity
	Common shares Number of shares	Stated value	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total Non-controlling interests		
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	—	\$ —	\$ —	\$ —	\$ 65.3	\$ 65.3	\$ 2.5	\$ 67.8
Other comprehensive loss	—	—	—	(62.4)	(15.7)	(78.1)	(1.3)	(79.4)
Total comprehensive (loss) income	—	\$ —	\$ —	\$ (62.4)	\$ 49.6	\$ (12.8)	\$ 1.2	\$ (11.6)
Exercise of stock options	200,413	4.0	(0.6)	—	—	3.4	—	3.4
Equity-settled share-based payments expense	—	—	0.9	—	—	0.9	—	0.9
Balances as at June 30, 2023	318,106,703	\$ 2,247.6	\$ 42.4	\$ 104.8	\$ 2,104.4	\$ 4,499.2	\$ 82.4	\$ 4,581.6

Three months ended June 30, 2022

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

	Attributable to equity holders of the Company							Total equity
	Common shares Number of shares	Stated value	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total Non-controlling interests		
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	—	\$ —	\$ —	\$ —	\$ 1.7	\$ 1.7	\$ 2.0	\$ 3.7
Other comprehensive income	—	—	—	7.6	45.6	53.2	0.8	54.0
Total comprehensive income	—	\$ —	\$ —	\$ 7.6	\$ 47.3	\$ 54.9	\$ 2.8	\$ 57.7
Exercise of stock options	645,277	13.2	(1.7)	—	—	11.5	—	11.5
Equity-settled share-based payments expense	—	—	3.3	—	—	3.3	—	3.3
Transactions with non-controlling interests	—	—	—	—	—	—	(5.0)	(5.0)
Balances as at June 30, 2022	317,669,400	\$ 2,237.9	\$ 40.2	\$ (23.6)	\$ 1,824.9	\$ 4,079.4	\$ 74.7	\$ 4,154.1

Consolidated Statement of Cash Flows

(Unaudited)

Three months ended June 30

(amounts in millions of Canadian dollars)

	2023	2022
Operating activities		
Net income	\$ 67.8	\$ 3.7
Adjustments for:		
Depreciation and amortization	92.2	82.6
Share of after-tax profit of equity accounted investees	(16.6)	(11.4)
Deferred income taxes	(14.7)	(8.5)
Investment tax credits	2.2	(0.9)
Equity-settled share-based payments expense	0.9	3.3
Defined benefit pension plans	(1.4)	4.3
Other non-current liabilities	(2.4)	(5.3)
Derivative financial assets and liabilities – net	(8.4)	(3.5)
Other	10.8	3.4
Changes in non-cash working capital	(179.7)	(230.3)
Net cash used in operating activities	\$ (49.3)	\$ (162.6)
Investing activities		
Property, plant and equipment expenditures	\$ (90.6)	\$ (73.9)
Proceeds from disposal of property, plant and equipment	3.4	4.0
Intangible assets expenditures	(39.8)	(25.4)
Net (payments to) proceeds from equity accounted investees	(12.7)	1.1
Dividends received from equity accounted investees	6.6	6.4
Other	—	(5.0)
Net cash used in investing activities	\$ (133.1)	\$ (92.8)
Financing activities		
Net (repayment of) proceeds from borrowing under revolving credit facilities	\$ (249.2)	\$ 133.3
Proceeds from long-term debt	408.5	8.9
Repayment of long-term debt	(26.5)	(23.6)
Repayment of lease liabilities	(14.8)	(12.3)
Net proceeds from the issuance of common shares	3.4	11.5
Net cash provided by financing activities	\$ 121.4	\$ 117.8
Effect of foreign currency exchange differences on cash and cash equivalents	\$ (3.8)	\$ (2.5)
Net decrease in cash and cash equivalents	\$ (64.8)	\$ (140.1)
Cash and cash equivalents, beginning of period	217.6	346.1
Cash and cash equivalents, end of period	\$ 152.8	\$ 206.0

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