

Reconciliation of adjusted segment operating income

<i>Three months ended March 31</i>	Civil Aviation		Defense and Security		Healthcare		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Operating income (loss)	\$ 58.1	\$ 40.5	\$ 25.8	\$ (8.5)	\$ 9.4	\$ 15.6	\$ 93.3	\$ 47.6
Restructuring, integration and acquisition costs	26.6	26.1	9.2	31.7	0.2	0.8	36.0	58.6
Cloud computing transition adjustment	11.6	—	1.8	—	—	—	13.4	—
Adjusted segment operating income	\$ 96.3	\$ 66.6	\$ 36.8	\$ 23.2	\$ 9.6	\$ 16.4	\$ 142.7	\$ 106.2
COVID-19 government support programs	\$ —	\$ 19.7	\$ —	\$ 16.4	\$ —	\$ 1.1	\$ —	\$ 37.2
Adjusted SOI excluding COVID-19 government support programs	\$ 96.3	\$ 46.9	\$ 36.8	\$ 6.8	\$ 9.6	\$ 15.3	\$ 142.7	\$ 69.0

<i>Twelve months ended March 31</i>	Civil Aviation		Defense and Security		Healthcare		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Operating income (loss)	\$ 224.1	\$ 6.5	\$ 56.0	\$ 15.5	\$ 4.1	\$ 26.4	\$ 284.2	\$ 48.4
Restructuring, integration and acquisition costs	79.0	76.1	61.4	45.0	6.5	2.9	146.9	124.0
Cloud computing transition adjustment	11.6	—	1.8	—	—	—	13.4	—
Impairments and other gains and losses incurred in relation to the COVID-19 pandemic ⁽¹⁾	—	81.7	—	26.5	—	—	—	108.2
Adjusted segment operating income (loss)	\$ 314.7	\$ 164.3	\$ 119.2	\$ 87.0	\$ 10.6	\$ 29.3	\$ 444.5	\$ 280.6
COVID-19 government support programs	\$ 5.2	\$ 63.6	\$ 8.0	\$ 60.3	\$ 0.4	\$ 3.5	\$ 13.6	\$ 127.4
Adjusted SOI excluding COVID-19 government support programs	\$ 309.5	\$ 100.7	\$ 111.2	\$ 26.7	\$ 10.2	\$ 25.8	\$ 430.9	\$ 153.2

Reconciliation of adjusted net income and adjusted earnings per share

<i>(amounts in millions, except per share amounts)</i>	Three months ended		Twelve months ended	
	March 31		March 31	
	2022	2021	2022	2021
Net income (loss) attributable to equity holders of the Company	\$ 55.1	\$ 19.8	\$ 141.7	\$ (47.2)
Restructuring, integration and acquisition costs, after tax	27.1	43.4	110.0	94.0
Impairments and other gains and losses incurred in relation to the COVID-19 pandemic ⁽¹⁾ , after tax	—	—	—	80.3
Cloud computing transition adjustment, after tax	9.8	—	9.8	—
Adjusted net income	\$ 92.0	\$ 63.2	\$ 261.5	\$ 127.1
COVID-19 government support programs, after tax	\$ —	\$ 27.3	\$ 10.0	\$ 93.5
Adjusted net income excluding COVID-19 government support programs	\$ 92.0	\$ 35.9	\$ 251.5	\$ 33.6
Average number of shares outstanding (diluted)	318.5	287.3	312.9	272.0
Adjusted EPS	\$ 0.29	\$ 0.22	\$ 0.84	\$ 0.47
Adjusted EPS excluding COVID-19 government support programs	\$ 0.29	\$ 0.12	\$ 0.80	\$ 0.12

⁽¹⁾ Mainly from impairment charges on non-financial assets and amounts owed from customers. This reconciling item does not adjust for any operational elements, including COVID-19 heightened employee costs. Throughout fiscal 2021 and the first quarter of fiscal 2022, we carried higher employee costs than we would have otherwise been carrying as amounts received under COVID-19 government support programs either flowed through directly to employees according to the objective of the subsidy programs and the way they were designed in certain countries, or the amounts were offset by the increased costs we incurred in revoking some of our initial cost saving measures including eliminating salary reductions and bringing back employees who were previously placed on furlough or reduced work weeks. We also incurred additional operating costs including the purchase of personal protective equipment, increased sanitary measures to protect the health and safety of our employees and costs of safety protocols implemented. These higher costs have been included in our results. While these additional costs are in certain cases estimated, they almost entirely neutralize the positive impacts of the COVID-19 government support programs. CAE's participation in the CEWS program ceased on June 5, 2021 and accordingly, we did not claim any CEWS benefits for wages and salary costs incurred subsequent to June 5, 2021.

Reconciliation of total backlog

<i>(amounts in millions)</i>		FY2022	FY2021
Obligated backlog, beginning of period	\$	6,412.6	7,631.0
+ order intake		4,091.2	2,723.5
- revenue		(3,371.3)	(2,981.9)
+ / - adjustments		738.9	(960.0)
Obligated backlog, end of period	\$	7,871.4	6,412.6
Joint venture backlog (all obligated)		308.1	328.2
Unfunded backlog and options		1,398.0	1,460.3
Total backlog	\$	9,577.5	8,201.1

Reconciliation of total backlog to remaining performance obligations

Total backlog	\$	8,201.1	9,458.1
Less: Joint venture backlog		(308.1)	(328.2)
Less: Options		(544.2)	(476.5)
Less: Estimated contract value		(3,305.2)	(2,957.7)
Remaining performance obligations	\$	5,420.0	4,438.7

Reconciliation of free cash flow

<i>(amounts in millions)</i>	FY2022	FY2021	Q4-2022	Q4-2021
Cash provided by operating activities*	\$ 395.7	\$ 416.1	\$ 83.2	\$ 149.6
Changes in non-cash working capital	22.5	(49.5)	123.6	25.0
Net cash provided by operating activities	\$ 418.2	\$ 366.6	\$ 206.8	\$ 174.6
Maintenance capital expenditures	(55.4)	(37.8)	(16.1)	(18.9)
Change in ERP and other assets	(37.4)	0.7	(10.4)	12.4
Proceeds from the disposal of property, plant and equipment	8.4	4.5	0.3	2.8
Net (payments to) proceeds from equity accounted investees	(19.4)	0.7	0.5	(0.7)
Dividends received from equity accounted investees	27.1	12.1	6.5	0.4
Free cash flow	\$ 341.5	\$ 346.8	\$ 187.6	\$ 170.6

* before changes in non-cash working capital

Reconciliation of capital employed and net debt

<i>(amounts in millions)</i>	As at March 31 2022	As at March 31 2021
Use of capital:		
Current assets	\$ 2,148.6	\$ 3,378.6
Less: cash and cash equivalents	(346.1)	(926.1)
Current liabilities	(2,091.2)	(2,633.3)
Less: current portion of long-term debt	241.8	216.3
Non-cash working capital	\$ (46.9)	\$ 35.5
Property, plant and equipment	2,129.3	1,969.4
Other long-term assets	5,300.9	3,400.4
Other long-term liabilities	(596.6)	(767.1)
Total capital employed	\$ 6,786.7	\$ 4,638.2
Source of capital:		
Current portion of long-term debt	\$ 241.8	\$ 216.3
Long-term debt	2,804.4	2,135.2
Less: cash and cash equivalents	(346.1)	(926.1)
Net debt	\$ 2,700.1	\$ 1,425.4
Equity attributable to equity holders of the Company	4,009.7	3,140.5
Non-controlling interests	76.9	72.3
Source of capital	\$ 6,786.7	\$ 4,638.2

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 3 of CAE's MD&A for the year ended March 31, 2022 filed with the Canadian Securities Administrators available on our website (www.cae.com) and on SEDAR (www.sedar.com).

Consolidated Income (Loss) Statement

<i>(amounts in millions of Canadian dollars, except per share amounts)</i>	Three months ended March 31		Twelve months ended March 31	
	2022	2021	2022	2021
Revenue	\$ 955.0	\$ 894.3	\$ 3,371.3	\$ 2,981.9
Cost of sales	683.4	657.2	2,415.8	2,216.9
Gross profit	\$ 271.6	\$ 237.1	\$ 955.5	\$ 765.0
Research and development expenses	34.9	22.5	120.8	104.7
Selling, general and administrative expenses	143.6	111.5	489.1	398.9
Other (gains) and losses	(20.9)	(0.7)	(37.0)	91.7
Share of after-tax profit of equity accounted investees	(15.3)	(2.4)	(48.5)	(2.7)
Restructuring, integration and acquisition costs	36.0	58.6	146.9	124.0
Operating income	\$ 93.3	\$ 47.6	\$ 284.2	\$ 48.4
Finance expense – net	32.5	32.0	130.6	135.6
Earnings (loss) before income taxes	\$ 60.8	\$ 15.6	\$ 153.6	\$ (87.2)
Income tax expense (recovery)	3.7	(3.2)	3.6	(39.7)
Net income (loss)	\$ 57.1	\$ 18.8	\$ 150.0	\$ (47.5)
Attributable to:				
Equity holders of the Company	\$ 55.1	\$ 19.8	\$ 141.7	\$ (47.2)
Non-controlling interests	2.0	(1.0)	8.3	(0.3)
Earnings (loss) per share attributable to equity holders of the Company				
Basic	\$ 0.17	\$ 0.07	\$ 0.46	\$ (0.17)
Diluted	\$ 0.17	\$ 0.07	\$ 0.45	\$ (0.17)

Consolidated Statement of Comprehensive Income (Loss)

	Three months ended		Twelve months ended	
	2022	2021	2022	2021
<i>(amounts in millions of Canadian dollars)</i>				
Net income (loss)	\$ 57.1	\$ 18.8	\$ 150.0	\$ (47.5)
Items that may be reclassified to net income (loss)				
Foreign currency exchange differences on translation of foreign operations	\$ (90.5)	\$ (86)	\$ (101.4)	\$ (284.8)
Net gain on hedges of net investment in foreign operations	21.1	15.1	15.8	140.4
Reclassification to income of foreign currency exchange differences	(0.4)	(1.4)	(4.7)	(21.2)
Net (loss) gain on cash flow hedges	2.2	1.0	(6.0)	61.4
Reclassification to income of gains on cash flow hedges	5.0	(1.9)	(7.0)	(20.3)
Income taxes	(5.0)	0.9	(2.0)	(14.6)
	\$ (67.6)	\$ (72.3)	\$ (105.3)	\$ (139.1)
Items that will never be reclassified to net income (loss)				
Remeasurement of defined benefit pension plan obligations	\$ 110.4	\$ 101.9	\$ 125.6	\$ 1.1
Net loss on financial assets carried at fair value through OCI	(0.1)	—	(0.1)	(1.8)
Income taxes	(29.5)	(27.1)	(33.4)	(0.3)
	\$ 80.8	\$ 74.8	\$ 92.1	\$ (1.0)
Other comprehensive loss	\$ 13.2	\$ 2.5	\$ (13.2)	\$ (140.1)
Total comprehensive income (loss)	\$ 70.3	\$ 21.3	\$ 136.8	\$ (187.6)
Attributable to:				
Equity holders of the Company	\$ 69.4	\$ 23.5	\$ 129.8	\$ (181.5)
Non-controlling interests	0.9	(2.2)	7.0	(6.1)

Consolidated Statement of Financial Position

<i>(amounts in millions of Canadian dollars)</i>	March 31 2022	March 31 2021
Assets		
Cash and cash equivalents	\$ 346.1	\$ 926.1
Restricted funds for subscription receipts deposit	—	700.1
Accounts receivable	556.9	518.6
Contract assets	608.3	461.9
Inventories	519.8	647.8
Prepayments	56.7	52.1
Income taxes recoverable	33.2	39.8
Derivative financial assets	27.6	32.2
Total current assets	\$2,148.6	\$3,378.6
Property, plant and equipment	2,129.3	1,969.4
Right-of-use assets	373.0	308.5
Intangible assets	3,796.3	2,055.8
Investment in equity accounted investees	454.0	422.2
Deferred tax assets	117.4	104.9
Derivative financial assets	10.5	13.2
Other non-current assets	549.7	495.8
Total assets	\$9,578.8	\$8,748.4
Liabilities and equity		
Accounts payable and accrued liabilities	\$ 975.1	\$ 945.6
Provisions	36.7	52.6
Income taxes payable	22.7	16.2
Contract liabilities	788.3	674.7
Current portion of long-term debt	241.8	216.3
Liabilities for subscription receipts	—	714.1
Derivative financial liabilities	26.6	13.8
Total current liabilities	\$2,091.2	\$2,633.3
Provisions	20.6	30.9
Long-term debt	2,804.4	2,135.2
Royalty obligations	126.0	141.8
Employee benefits obligations	109.7	222.2
Deferred tax liabilities	93.7	123.5
Derivative financial liabilities	1.0	3.1
Other non-current liabilities	245.6	245.6
Total liabilities	\$5,492.2	\$5,535.6
Equity		
Share capital	\$2,224.7	\$1,516.2
Contributed surplus	38.6	22.5
Accumulated other comprehensive income	(31.2)	58.1
Retained earnings	1,777.6	1,543.7
Equity attributable to equity holders of the Company	\$4,009.7	\$3,140.5
Non-controlling interests	76.9	72.3
Total equity	\$4,086.6	\$3,212.8
Total liabilities and equity	\$9,578.8	\$8,748.4

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							Non- controlling interests	Total equity
	Common shares Number of shares	Stated value	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total			
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	—	\$ —	\$ —	\$ —	\$ (47.2)	\$ (47.2)	\$ (0.3)	\$ (47.5)	
Other comprehensive (loss) income	—	—	—	(135.1)	0.8	(134.3)	(5.8)	(140.1)	
Total comprehensive (loss) income	—	\$ —	\$ —	\$ (135.1)	\$ (46.4)	\$ (181.5)	\$ (6.1)	\$ (187.6)	
Issuance of common shares under an equity offering	27,048,671	822.7	—	—	—	822.7	—	822.7	
Subscription receipts issuance-related costs	—	—	(12.5)	—	—	(12.5)	—	(12.5)	
Exercise of stock options	687,165	14.0	(1.7)	—	—	12.3	—	12.3	
Share-based payments expense	—	—	9.8	—	—	9.8	—	9.8	
Transactions with non-controlling interests	—	—	—	—	—	—	(10.2)	(10.2)	
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	

Consolidated Statement of Cash Flows

<i>Years ended March 31</i>		
<i>(amounts in millions of Canadian dollars)</i>	2022	2021
Operating activities		
Net income (loss)	\$ 150.0	\$ (47.5)
Adjustments for:		
Depreciation and amortization	310.5	319.5
Impairment of non-financial assets	41.8	171.7
Share of after-tax profit of equity accounted investees	(48.5)	(2.7)
Deferred income taxes	(32.4)	(33.3)
Investment tax credits	(27.5)	(36.9)
Share-based payments expense	6.4	9.6
Defined benefit pension plans	13.7	12.0
Other non-current liabilities	(65.9)	(19.9)
Derivative financial assets and liabilities – net	11.3	(26.7)
Other	36.3	70.3
Changes in non-cash working capital	22.5	(49.5)
Net cash provided by operating activities	\$ 418.2	\$ 366.6
Investing activities		
Business combinations, net of cash acquired	\$ (1,883.7)	\$ (186.5)
Acquisition of investment in equity accounted investees	(4.3)	(18.7)
Additions to property, plant and equipment	(272.2)	(107.6)
Proceeds from disposal of property, plant and equipment	8.4	4.5
Additions to intangible assets	(90.6)	(56.0)
Net (payments to) proceeds from equity accounted investees	(19.4)	0.7
Dividends received from equity accounted investees	27.1	12.1
Other	(2.4)	8.1
Net cash used in investing activities	\$ (2,237.1)	\$ (343.4)
Financing activities		
Net proceeds from (repayment of) borrowing under revolving credit facilities	\$ 344.6	\$ (705.6)
Proceeds from long-term debt	429.1	151.1
Repayment of long-term debt	(132.1)	(86.1)
Repayment of lease liabilities	(89.5)	(200.8)
Net proceeds from the issuance of common shares	696.1	820.8
Changes in restricted cash	9.4	–
Other	(2.0)	(0.7)
Net cash provided by (used in) financing activities	\$ 1,255.6	\$ (21.3)
Effect of foreign currency exchange differences on cash and cash equivalents	\$ (16.7)	\$ (22.3)
Net decrease in cash and cash equivalents	\$ (580.0)	\$ (20.4)
Cash and cash equivalents, beginning of year	926.1	946.5
Cash and cash equivalents, end of year	\$ 346.1	\$ 926.1