Management's Discussion and Analysis

WSP Global Inc.

For the fourth quarter and year ended December 31, 2022

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1 MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the consolidated financial position and consolidated results of operations, dated March 8, 2023, is intended to assist readers in understanding WSP Global Inc. (together with its subsidiaries, the "Corporation" or "WSP") and its business environment, strategies, performance and risk factors. This MD&A should be read together with the Corporation's audited consolidated financial statements and accompanying notes for the year ended December 31, 2022. The Corporation's audited consolidated financial statements for the year ended December 31, 2022 have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts shown in this MD&A are expressed in Canadian dollars, unless otherwise indicated. All quarterly information disclosed in this MD&A is based on unaudited figures.

This MD&A focuses on the Corporation's annual and quarterly results for the year and fourth quarter ended December 31, 2022. The Corporation's second and third quarters are always comprised of 13 weeks of operations. However, the number of weeks of operations in the first and fourth quarters will vary as the Corporation has a statutory December 31 year end. The fourth quarter results include the period from October 2, 2022 to December 31, 2022 and the comparative fourth quarter results include the period from September 26, 2021 to December 31, 2021.

In this MD&A, references to the "Corporation", "we", "us", "our" and "WSP" or "WSP Global" refer to WSP Global Inc. Depending on the context, this term may also include subsidiaries and associated companies.

2 NON-IFRS AND OTHER FINANCIAL MEASURES

The Corporation reports its financial results in accordance with IFRS as issued by the IASB. WSP uses a number of financial measures when assessing its results and measuring overall performance. Some of these financial measures are not calculated in accordance with IFRS. Regulation 52-112 respecting Non-GAAP and Other Financial Measures Disclosure ("Regulation 52-112") prescribes disclosure requirements that apply to the following types of measures used by the Corporation:

i. non-IFRS financial measures;
ii. non-IFRS ratios;
iii. total of segments measures;
iv. capital management measures; and
v. supplemental financial measures.

In this MD&A, the following non-IFRS and other financial measures are used by the Corporation: net revenues; total adjusted EBITDA by segment; total adjusted EBITDA margin by segment; adjusted EBITDA; adjusted EBITDA margin; adjusted net earnings; adjusted net earnings per share; backlog; free cash flow; days sales outstanding ("DSO"); and net debt to adjusted EBITDA ratio. These measures are defined in section 22, "Glossary of segment reporting, non-IFRS and other financial measures" and reconciliations to IFRS measures can be found in section 8, "Financial Review" and section 9, "Liquidity".

Management of the Corporation ("Management") believes that these non-IFRS and other financial measures provide useful information to investors regarding the Corporation's financial condition and results of operations as they provide additional key metrics of its performance. These non-IFRS and other financial measures are not recognized under IFRS, do not have any standardized meaning prescribed under IFRS and may differ from similarly-named measures as reported by other issuers, and accordingly may not be comparable. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS.

3 CORPORATE OVERVIEW

As one of the world's leading professional services firms, WSP provides strategic advisory, engineering and design services to clients in the Transportation & Infrastructure, Earth & Environment, Property & Buildings, Power & Energy and Industry sectors. WSP's experts include advisors, engineers, environmental specialists, scientists, technicians, architects and planners, in addition to other design and program management professionals. With approximately 66,200 talented people globally, WSP is well positioned to deliver successful and sustainable projects, wherever clients need us.

The Corporation's business model is centered on maintaining a leadership position in each of its end markets and the regions in which it operates by establishing a strong commitment to, and recognizing the needs of, surrounding communities, as well as local and national clients. WSP offers a variety of professional services throughout all project execution phases, from the initial development and planning studies through to the project and program management, design, construction management, commissioning and maintenance phases.

Under this business model, the Corporation benefits from regional offices with a full-service offering. Functionally, sector leaders work together with regional leaders to develop and coordinate markets served, combining local knowledge and relationships with nationally recognized expertise. The Corporation has developed a multidisciplinary team approach whereby employees work closely with clients to develop optimized solutions.

The Corporation believes it has the capability and the depth of expertise to transform clients' visions into realities that are sustainable in every sense - commercially, technically, socially and environmentally.

The market sectors in which the Corporation operates are described below.

- **Transportation & Infrastructure:** The Corporation's experts advise, plan, design and manage projects for rail, transit, aviation, highways, bridges, tunnels, water, maritime and urban infrastructure. Public and private sector clients, together with construction contractors and other partners, seek WSP's expertise around the world to create mid and long-term transport and infrastructure strategies, and to provide guidance and support throughout the life-cycle of a wide range of projects and assets. As WSP offers comprehensive, innovative and value-oriented solutions to assist clients in achieving their desired outcomes, the Corporation takes great pride in solving clients' toughest problems. WSP offers a full range of services locally with extensive global experience and support to successfully deliver projects, helping clients overcome challenges and respond to emerging areas in new mobility, resiliency, decarbonization, social equity, digital project delivery and design.

- **Earth & Environment:** The Corporation has specialists working with and advising governments and private-sector clients on key aspects of earth sciences and environmental sustainability. WSP's experts advise on matters ranging from clean air, water and land, to biodiversity, green energy solutions, climate change and Environmental, Social and Governance ("ESG") issues. They provide specialized services to mining, oil and gas, power, industrial and transportation clients, all of which operate in some of the most highly-regulated industries. The Corporation delivers a broad range of advisory and operational services, including due diligence, permit approvals, regulatory compliance, waste/hazardous materials management, geotechnical and mining engineering, environmental/social impact assessments, feasibility and land remediation studies. WSP's reputation has been built on helping clients worldwide mitigate risk, manage and reduce impacts and maximize opportunities related to sustainability, climate change, energy use, resource extraction and the environment. The Corporation is able to support its clients through the entire project life-cycle, from design, permitting, planning and operations, to decommissioning and asset remediation.

- **Property & Buildings:** WSP is a world-leading provider of technical and advisory services with a track record in delivering buildings of the highest quality. The Corporation can be involved at every stage of a project's life-cycle, from the business case, through design and construction, to asset management and refurbishment. The Corporation has teams of technical experts across the globe delivering engineering and consultancy services ranging from decarbonisation strategies and digital building design to structural and mechanical, electrical, and plumbing ("MEP") engineering. The Corporation is an expert in enabling clients to maximize the outcome of their projects in sectors from high-rise to healthcare, stadia to stations and commercial to cultural.

- **Power & Energy:** The Corporation offers energy sector clients support for all kinds of projects, whether large-scale power plants, clean energy investments like renewables, smaller on-site power generation and efficiency programs, or energy transmission, storage, and distribution. WSP's experts can advise and collaborate on every stage of a project, delivering full life-cycle solutions. From pre-feasibility studies and community engagement through operation and decommissioning, our aim is to support the clients' transition to cleaner, more efficient and sustainable energy.

- **Industry:** The Corporation works in almost every industrial and manufacturing sector including food and beverage, pharmaceutical and biotechnology, aerospace, automotive, technology and chemicals. WSP's experts support industrial clients through all stages of a facility's life-cycle, including siting and licensing, engineering and process design, and productivity analysis, in addition to engineering, procurement, and construction management services during construction, operations, and maintenance support during the facility's active life-span, and decommissioning services at the end. We have a deep understanding of industrial and energy processes, incorporating automation capabilities, climate change resilience, and ESG-driven metrics into our projects.

In addition to these sectors, the Corporation offers the highly specialized strategic advisory services listed below:

- **Planning and Advisory Services**: The Corporation works in almost every industrial and manufacturing sector including food and beverage, pharmaceutical and biotechnology, aerospace, automotive, technology and chemicals. WSP's experts support industrial clients through all stages of a facility's life-cycle, including siting and licensing, engineering and process design, and productivity analysis, in addition to engineering, procurement, and construction management services during construction, operations, and maintenance support during the facility's active life-span, and decommissioning services at the end. We have a deep understanding of industrial and energy processes, incorporating automation capabilities, climate change resilience, and ESG-driven metrics into our projects.

- **Management Services:** The Corporation's professionals help clients to assess and define their goals, as well as to address the technical, environmental and commercial realities and challenges they face. WSP's integrated service offering also helps to forge strategic relationships with clients, who are supported throughout the project planning, implementation and commissioning stages, including during emergencies. Focusing on cost, on-time delivery, quality and safety, and applying best-in-class management processes and techniques, WSP can put together the right team from around the world to execute projects of varying sizes and complexity.

- **Technology and Sustainability Services:** The Corporation's professionals work throughout the project life cycle to offer innovative solutions with a strong focus on change management and executive engagement. Major technological advancements are likely to improve the way we live, commute and travel, but they also shed new light on how property and infrastructure owners need to adapt to and embrace change. WSP's Technology Services experts use digital solutions and software to enhance engineering, infrastructure, building and environmental projects. In the face of challenges associated with population growth, resource demands and constraints, not to mention extreme weather events that impact community resiliency and sustainability, the Corporation remains committed to integrating sustainability principles during the planning, design and management stages of all its projects.

4 FINANCIAL HIGHLIGHTS

(in millions of dollars, except percentages, per share data, DSO and ratios)	Fourth quarters ended		Years ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenues	$3,560.8	$2,891.0	$11,932.9	$10,279.1
Net revenues[(1)]	$2,553.7	$2,147.4	$8,957.2	$7,869.6
Earnings before net financing expense and income taxes	$185.3	$185.2	$749.1	$724.6
Adjusted EBITDA[(2)]	$446.4	$361.2	$1,530.2	$1,322.5
Adjusted EBITDA margin[(3)]	17.5 %	16.8 %	17.1 %	16.8 %
Net earnings attributable to shareholders of WSP Global Inc.	$120.0	$126.7	$431.8	$473.6
Basic net earnings per share attributable to shareholders	$0.96	$1.08	$3.59	$4.07
Adjusted net earnings[(2)(4)]	$209.3	$171.7	$692.6	$592.9
Adjusted net earnings per share[(3)(4)]	$1.68	$1.46	$5.75	$5.09
Cash inflows from operating activities	$607.4	$513.2	$814.8	$1,060.1
Free cash flow[(2)]	$442.7	$369.9	$309.0	$646.1

As at	December 31, 2022	December 31, 2021
Backlog[(5)]	$13,006.5	$10,425.6
DSO[(5)]	73 days	66 days
Net debt to adjusted EBITDA ratio[(6)]	1.6	0.6

(1) Total of segments measure. Refer to section 8.1, “Net revenues” for a reconciliation to revenues.

(2) Non-IFRS financial measure without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. Refer to sections 8.3, “Adjusted EBITDA”, 8.8, “Adjusted net earnings”, 9.1, “Operating activities and free cash flow”, as well as section 22, “Glossary of segment reporting, non-IFRS and other financial measures”, for quantitative reconciliations to the most directly comparable IFRS measures, as well as explanations of the composition and usefulness of these non-IFRS financial measures.

(3) Non-IFRS ratio without a standardized definition under IFRS, which may not be comparable to similar ratios used by other issuers. Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of net revenues. Adjusted net earnings per share is the ratio of adjusted net earnings divided by the basic weighted average number of shares outstanding for the period. Refer to section 22, “Glossary of segment reporting, non-IFRS and other financial measures” for references to the non-IFRS financial measures which are components of these non-IFRS ratios, and the use of these non-IFRS ratios.

(4) Management has amended its definition of adjusted net earnings, effective January 1, 2022, to exclude impairment charges on long-lived assets and reversals thereof. The comparative period results did not require restatement to apply the current definition as no impairment of long-lived assets was recorded in 2021. Refer to section 8.8, “Adjusted net earnings” for further explanation.

(5) Supplemental financial measure. Backlog represents future revenues stemming from existing signed contracts to be completed. DSO represents the average number of days to convert the Corporation's trade receivables (net of sales taxes) and costs and anticipated profits in excess of billings, net of billings in excess of costs and anticipated profits, into cash.

(6) This capital management measure is the ratio of net debt to adjusted EBITDA for the trailing twelve-month period. Net debt is defined as long-term debt, including current portions but excluding lease liabilities, and net of cash.

5 EXECUTIVE SUMMARY

In 2022, WSP delivered strong results ahead of Management's expectations, including the highest organic growth in net revenues in the last decade and a 30 bps increase in adjusted EBITDA margin. Overall net revenues, adjusted EBITDA and adjusted net earnings increased in 2022 by 14%, 16% and 17%, respectively.

Fourth quarter 2022 financial highlights

- Revenues and net revenues for the quarter reached $3.56 billion and $2.55 billion, up 23.2% and 18.9%, respectively, compared to Q4 2021. Net revenue organic growth of 4.8% in the quarter, despite four less billable days compared to Q4 2021. Net revenue organic growth of approximately 9.5% when normalized for the same number of billable days.

- Adjusted EBITDA in the quarter of $446.4 million, compared to $361.2 million in Q4 2021. Adjusted EBITDA margin for the quarter increased to 17.5%, compared to 16.8% in Q4 2021.

- Earnings before net financing expense and income taxes in the quarter of $185.3 million, up $0.1 million compared to Q4 2021.

- Adjusted net earnings for the quarter of $209.3 million, or $1.68 per share, up $37.6 million and $0.22, respectively, compared to Q4 2021. The respective increases in these metrics are mainly attributable to higher adjusted EBITDA.

- Net earnings attributable to shareholders for the quarter of $120.0 million, or $0.96 per share, compared to $126.7 million and $1.08 per share in Q4 2021. The decreases are mainly attributable to higher amortization and depreciation, higher business acquisition and integration costs and ERP implementation costs, and higher net financing expenses, partially offset by higher adjusted EBITDA.

- The Corporation achieved its highest quarterly free cash flow, reaching $442.7 million.

- Quarterly dividend declared of $0.375 per share, or $46.7 million, with a 31.1% Dividend Reinvestment Plan ("DRIP") participation.

Fiscal year 2022 financial highlights

- Revenues and net revenues reached $11.93 billion and $8.96 billion, up 16.1% and 13.8%, respectively, compared to 2021. The increase in net revenue was principally due to acquisition growth of 8.2% and organic growth of 7.3%. Organic growth was achieved across all reportable segments and net revenues exceeded the high end of Management's outlook range for the year of $8.9 billion.

- Backlog as at December 31, 2022 stood at $13.0 billion, representing 11.8 months of revenues, up 24.8% in the year. On a constant currency basis, backlog grew organically by 7.6% in the year.

- Adjusted EBITDA of $1.53 billion, up 15.7%, compared to $1.32 billion in 2021, reaching the high end of Management's outlook range for the year.

- Adjusted EBITDA margin increased to 17.1% in 2022, compared to 16.8% in 2021, an increase of 30 basis points, on track with the Corporation's 2022-2024 strategic financial ambitions.

- Earnings before net financing expense and income taxes in 2022 of $749.1 million, up 3.4% compared to 2021, mainly due to higher adjusted EBITDA, partially offset by ERP implementation costs which ramped up in 2022, and higher acquisition and integration costs, as well as amortization of intangible assets, due to recent acquisitions.

- Adjusted net earnings in 2022 of $692.6 million, or $5.75 per share, up $99.7 million or $0.66 per share, compared to 2021. The respective increases of 16.8% and 13.0% in these metrics are mainly attributable to higher adjusted EBITDA.

- Net earnings attributable to shareholders of $431.8 million in 2022, or $3.59 per share, down $41.8 million, or $0.48 per share, compared to 2021. The decrease was mainly due to higher net financing expenses, amortization and depreciation, business acquisition and integration costs and ERP implementation costs, partially offset by higher adjusted EBITDA.

- DSO as at December 31, 2022 stood at 73 days, compared to 66 days as at December 31, 2021, in line with Management's outlook target range of 70 to 75.

- Free cash flow of $309.0 million for the year, primarily due to the expected normalization of our DSO levels in 2022, the increased investment in the global ERP implementation, higher acquisition, integration and reorganization costs, and higher income taxes paid mainly due to changes in tax regulations in the US which delays the deductibility of certain expenses.

- Cash inflows from operating activities of $814.8 million in the year ended December 31, 2022, compared to $1,060.1 million in 2021. The decrease is attributable to same elements as free cash flow listed above.

- Net debt to adjusted EBITDA ratio stood at 1.6x, compared to 0.6x as at December 31, 2021. The increase is due to issuance of long-term debt to finance recent acquisitions, while the trailing twelve-month adjusted EBITDA does not yet include the full results of recently acquired businesses. Incorporating a full twelve months of adjusted EBITDA of all acquired businesses, the net debt to adjusted EBITDA ratio would be 1.5x.

- Full year dividend declared of $1.50 per share, or $181.8 million, with a cash payout of $100.8 million and 44.5% Dividend Reinvestment Plan ("DRIP") participation.

6 KEY EVENTS

The following are highlights from January 1, 2022 to March 8, 2023, the date of this MD&A for the year ended December 31, 2022.

2022-2024 Strategic Plan

In March 2022, the Corporation released its 2022-2024 Global Strategic Action Plan, entitled Future Ready®, which sets the stage for the next three years of WSP's evolution, while simultaneously delineating its ambitious long-term vision. The 2022-2024 Global Strategic Action Plan will set the course for the continued evolution of the Corporation's foundational pillars (People & Culture, Clients, Operational Excellence and Expertise) to support profitable growth, drive technical excellence and innovation, and deliver exceptional value to our clients.

Acquisition of the Environment & Infrastructure business of John Wood Group plc

In September 2022, the Corporation acquired the Environment & Infrastructure business ("E&I") of John Wood Group plc ("Wood"), previously announced on June 1, 2022, for aggregate cash consideration of US$1.8 billion, subject to final adjustments ($2.4 billion) (the "E&I Acquisition"). E&I provides engineering, remediation consulting, environmental permitting, inspection & monitoring, and environmental management services to clients in the government, industrial, infrastructure, oil & gas, power, water and mining industries. E&I operates in approximately 100 offices with approximately 6,000 environmental consulting staff across more than 10 countries.

The E&I Acquisition was funded by a new fully committed US$1.8 billion term credit facility with various tenors of up to 5 years.

Future Ready® is a registered trademark of WSP Global Inc. in Canada, United States and New Zealand. WSP Future Ready (logo)® is a registered trademark of WSP Global Inc. in Europe, Australia and in the United Kingdom.

Other acquisitions

In June 2022, WSP acquired BOD Arquitectura e Ingeniería ("BOD"), a 45-employee architecture and engineering firm based in Madrid, Spain. The addition of BOD will expand WSP's Property & Buildings service offering, while boosting its visibility in Madrid and across Spain.

In August 2022, WSP acquired Australian-based Greencap Holdings Ltd. ("Greencap"), a subsidiary of Wesfarmers Industrial and Safety. Greencap's 250 professionals in Australia provide environmental, hazardous materials and risk management solutions to its clients.

In September 2022, WSP acquired two UK-based businesses, Capita (Real Estate & Infrastructure) Ltd. ("Capita REI") and GL Hearn Ltd. ("GLH"), both part of the Capita plc group, for an aggregate cash consideration of £69.7 million, subject to final adjustments ($112.4 million). Capita REI is a provider of specialist advisory, design, engineering, environmental and project management services, while GLH specialises in commercial real estate and planning advice to developers, investors and occupiers. Together, both businesses added around 1,000 UK-based employees to WSP's workforce.

Subsequent to the end of the year, in January 2023, WSP acquired BG Bonnard & Gardel Holding SA ("BG"), one of Switzerland's leading engineering consulting firms, with a strong presence in France, as well as a minor presence in Portugal and Italy. With approximately 700 professionals, BG offers consulting, engineering, and project management services in the infrastructure, building, water, environment, and energy sectors.

Subsequent to the end of the year, in January 2023, WSP acquired enstruct, a 75-employee structural engineering firm with offices in Sydney, Melbourne, and Brisbane, noted for designing and delivering quality building projects throughout Australia.

These acquisitions were financed using WSP's available cash and credit facilities.

Equity Financings

On August 16, 2022, the Corporation completed a bought deal public offering (the "Offering") of common shares of the Corporation (the "Offering Common Shares") and a private placement (the "Concurrent Private Placement") of common shares of the Corporation (the "Private Placement Common Shares") for aggregate gross proceeds of $920.2 million.

The Corporation issued from treasury 3,031,400 Offering Common Shares, including 395,400 Offering Common Shares issued as a result of the exercise of the over-allotment option at a price of $151.75 per Offering Common Share for aggregate gross proceeds of $460.0 million.

In addition, the Corporation issued 3,032,550 Private Placement Common Shares at a price of $151.75 per Private Placement Common Share by way of the Concurrent Private Placement with GIC Pte. Ltd. ("GIC"), Caisse de dépôt et placement du Québec ("CDPQ") and a subsidiary of Canada Pension Plan Investment Board ("CPP Investments") for aggregate gross proceeds of $460.2 million, which includes 395,550 Private Placement Common Shares issued pursuant to the exercise in full of the additional subscription options. Following the Concurrent Private Placement, CDPQ beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 22,483,722 common shares of the Corporation, representing 18.1% of the issued and outstanding common shares, and CPP Investments beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 18,217,889 common shares of the Corporation, representing 14.7% of the issued and outstanding common shares.

The Corporation used the proceeds from the equity financings to reimburse a portion of the E&I Acquisition financing.

Leadership and Board announcements

In July 2022, Chadi Habib joined WSP as Global Chief Technology Officer and Head of Business Solutions. Mr. Habib is a senior technology and business transformation executive with over 25 years of international experience.

Subsequent to the end of the year, in February 2023, Sandy Vassiadis joined WSP as Global Chief Communications Officer. Ms. Vassiadis is a seasoned communications executive specializing in public affairs, brand recognition and corporate social responsibility. In her new role, she will oversee WSP's corporate communications, digital experience, brand, and marketing functions.

Subject to his election at WSP's 2023 shareholders meeting to be held on May 11, 2023, Mr. Macky Tall will be joining WSP's Board of Directors. Mr. Tall is a Partner and Chair of Carlyle's Global Infrastructure Group. He will bring to the Board extensive management, financial and industry experience.

7 SEGMENT OPERATIONAL REVIEW

The Corporation's reportable segments are: Canada, Americas (US and Latin America), EMEIA (Europe, Middle East, India and Africa) and APAC (Asia Pacific, comprising Australia, New Zealand and Asia). Segment performance is measured using net revenues and adjusted EBITDA by segment.

CANADA

(in millions of dollars, except percentages and number of employees)	Fourth quarters ended			Years ended		
	December 31, 2022	**December 31, 2021**	**Variance**	**December 31, 2022**	**December 31, 2021**	**Variance**
Net revenues	$438.4	$360.6	21.6 %	$1,585.2	$1,304.5	21.5 %
Organic growth			3.4 %			8.7 %
Acquisition growth			18.2 %			12.8 %
Adjusted EBITDA by segment	$91.9	$76.6	20.0 %	$347.9	$272.0	27.9 %
Adjusted EBITDA margin by segment	21.0 %	21.2 %	(20) bps	21.9 %	20.9 %	100 bps
As at				**December 31, 2022**	**December 31, 2021**	**Variance**
Backlog				$2,304.8	$1,817.3	26.8 %
Organic backlog growth in the year						(0.8) %
Approximate number of employees				11,800	9,500	24.2 %

bps: basis points

Net revenues

In the quarter ended December 31, 2022, net revenues in Canada were $438.4 million, an increase of $77.8 million, or 21.6%, compared to the same quarter in 2021. Organic growth and acquisition growth were 3.4 % and 18.2 %, respectively. Acquisition growth is due to the E&I Acquisition completed in September 2022.

In the year ended December 31, 2022, net revenues in Canada were $1.59 billion, an increase of $280.7 million, or 21.5%, compared to 2021. Organic growth and acquisition growth were 8.7% and 12.8%, respectively. Acquisition growth is due to the acquisition of Golder Associates ("Golder" and the "Golder Acquisition") completed in April 2021 and the E&I Acquisition completed in September 2022.

Strong demand resulted in net revenue organic growth in the quarter and year ended December 31, 2022, while recent acquisitions resulted in a more diversified platform. Net revenue organic growth for the fourth quarter would be approximately 10.0% if normalized for the same number of billable days.

In 2022, the Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 89% of net revenues and public sector clients accounted for 29% of net revenues.

Backlog

In 2022, backlog in Canada increased due to the acquisition of E&I. The pipeline of opportunities remains strong, despite organic contraction in backlog in the year, and recent wins are expected to positively impact backlog in coming quarters.

Adjusted EBITDA margin

For the quarter ended December 31, 2022, adjusted EBITDA margin in Canada remained stable. For the year ended December 31, 2022, adjusted EBITDA margin in Canada increased mainly due to improved project performance, stronger productivity and the favourable impact of a change order signed in the first quarter of 2022.

AMERICAS

(in millions of dollars, except percentages and number of employees)	Fourth quarters ended			Years ended		
	December 31, 2022	**December 31, 2021**	**Variance**	**December 31, 2022**	**December 31, 2021**	**Variance**
Net revenues	$986.1	$763.3	29.2 %	$3,256.4	$2,709.2	20.2 %
Organic growth*			0.9 %			5.4 %
Acquisition growth*			20.9 %			11.2 %
Foreign currency exchange impact**			7.4 %			3.6 %
Adjusted EBITDA by segment	$211.1	$148.3	42.3 %	$644.7	$533.1	20.9 %
Adjusted EBITDA margin by segment	21.4 %	19.4 %	200 bps	19.8 %	19.7 %	10 bps

As at	**December 31, 2022**	**December 31, 2021**	**Variance**
Backlog	$6,315.3	$4,536.5	39.2 %
Organic backlog growth in the year			10.6 %
Approximate number of employees	20,500	16,000	28.1 %

* Organic growth and acquisition growth are calculated based on local currencies.
** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into the Canadian equivalent amount, net of organic growth and acquisition growth.
bps: basis points

Net revenues

In the quarter ended December 31, 2022, net revenues in the Americas reportable segment were $986.1 million, an increase of $222.8 million, or 29.2%, compared to the same quarter in 2021. Organic growth and acquisition growth were 0.9% and 20.9%, respectively, both on a constant currency basis. Net revenue organic growth for the quarter would be approximately 5.5% if normalized for the same number of billable days.

In the year ended December 31, 2022, net revenues in the Americas reportable segment stood at $3.26 billion, an increase of $547.2 million, or 20.2%, compared to 2021. Organic growth and acquisition growth were 5.4% and 11.2%, respectively, both on a constant currency basis.

In the fourth quarter of 2022, our US operations had three less billable days than the corresponding period in 2021. Net revenue organic growth normalized for the same number of billable days would be approximately 4.7%. In the year ended December 31, 2022, organic growth is attributable to both the US and Latin American operations.

Acquisition growth in the quarter stems from the acquisition of E&I in September 2022. Acquisition growth in the year also includes the acquisitions of Golder in April 2021, tk1sc in January 2021, Earth Consulting Group in February 2021, Knight Partners in June 2021 and Englekirk Structural Engineers in October 2021.

In addition, in both the quarter and in the year, the Americas segment benefitted from positive impacts of foreign exchange, principally due to the depreciation of the Canadian dollar against the US dollar.

In 2022, the Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 96% of net revenues and public sector clients accounted for 57% of net revenues.

Backlog

Backlog for the Americas segment increased in 2022, mainly due to the E&I Acquisition and organic growth of 10.6%. Backlog organic growth is mainly attributable to our US operations.

Adjusted EBITDA margin

In the quarter ended December 31, 2022, adjusted EBITDA margin for the Americas segment increased 200 bps, as compared to the corresponding period in 2021, mainly due to changes in estimates related to recoverability of investment tax credits, as well as stronger productivity and improved project performance as compared to Q4 2021. In the year ended December 31, 2022, adjusted EBITDA margin remained stable, as the increase in performance was partially offset by realized losses on foreign exchange hedges as compared to gains in 2021. Excluding the impact of foreign exchange hedges, the adjusted EBITDA margin increase would have been 80 bps higher in the year, due to the same items as detailed above for the fourth quarter.

EMEIA

(in millions of dollars, except percentages and number of employees)		**Fourth quarters ended**				**Years ended**
	December 31, 2022	**December 31, 2021**	**Variance**	**December 31, 2022**	**December 31, 2021**	**Variance**
Net revenues	$738.5	$658.1	12.2 %	$2,651.1	$2,528.4	4.9 %
Organic growth*			8.8 %			7.4 %
Acquisition growth*			9.3 %			4.7 %
Foreign currency exchange impact**			(5.9) %			(7.2) %
Adjusted EBITDA by segment	$105.5	$92.3	14.3 %	$390.0	$370.3	5.3 %
Adjusted EBITDA margin by segment	14.3 %	14.0 %	30 bps	14.7 %	14.6 %	10 bps

As at	**December 31, 2022**	**December 31, 2021**	**Variance**
Backlog	$2,852.8	$2,442.5	16.8 %
Organic backlog growth in the year			16.4 %
Approximate number of employees	22,500	20,100	11.9 %

* Organic growth and acquisition growth are calculated based on local currencies.
** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into the Canadian equivalent amount, net of organic growth and acquisition growth.
bps: basis points

Net revenues

In the quarter ended December 31, 2022, net revenues in the EMEIA reportable segment were $738.5 million, an increase of $80.4 million, or 12.2%, compared to Q4 2021. Organic growth and acquisition growth of 8.8% and 9.3 %, respectively, both on a constant currency basis, were partially offset by negative impacts of foreign exchange. Net revenue organic growth for the quarter would be approximately 10.4% if normalized for the same number of billable days.

In the year ended December 31, 2022, net revenues in the EMEIA operating segment stood at $2.65 billion, an increase of $122.7 million, or 4.9%, compared to 2021. Organic growth and acquisition growth of 7.4% and 4.7%, respectively, both on a constant currency basis, were partially offset by negative impacts of foreign exchange.

In the quarter and year ended December 31, 2022, organic growth was led by the a strong performance in the UK. The negative impacts of foreign exchange in the quarter and year are principally due to the appreciation of the Canadian dollar against the pound sterling and the Swedish krona.

Acquisition growth in the quarter stems from the acquisitions of E&I, Capita REI and GLH, all completed in September 2022. Acquisition growth in the year also includes the acquisitions of Golder and b+p baurealisation, both completed in April 2021, as well as BOD Arquitectura e Ingeniería completed in June 2022.

In 2022, the Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 91% of net revenues and public sector clients accounted for 52% of net revenues.

Backlog

Backlog for the EMEIA reportable segment increased mainly due to organic growth of 16.4% in the year, as compared to December 31, 2021.

Adjusted EBITDA margin

In the quarter and year ended December 31, 2022, adjusted EBITDA margin for the EMEIA segment increased 30 bps and 10 bps, respectively, as compared to the corresponding periods in 2021. The positive impact of realized gains on foreign exchange hedges as compared to the corresponding periods, combined with good performance in most countries in the reportable segment, were partially offset by lower performance in Central Europe.

APAC

(in millions of dollars, except percentages and number of employees)	Fourth quarters ended			Years ended		
	December 31, 2022	**December 31, 2021**	**Variance**	**December 31, 2022**	**December 31, 2021**	**Variance**
Net revenues	$390.7	$365.4	6.9 %	$1,464.5	$1,327.5	10.3 %
Organic growth*			7.2 %			10.0 %
Acquisition growth*			2.2 %			4.1 %
Foreign currency exchange impact**			(2.5) %			(3.8) %
Adjusted EBITDA by segment	$69.7	$72.3	(3.6) %	$267.1	$246.3	8.4 %
Adjusted EBITDA margin by segment	17.8 %	19.8 %	(200) bps	18.2 %	18.6 %	(40) bps

As at	**December 31, 2022**	**December 31, 2021**	**Variance**
Backlog	$1,533.6	$1,629.3	(5.9) %
Organic backlog growth in the year			(4.6) %
Approximate number of employees	11,400	9,700	17.5 %

* Organic growth and acquisition growth are calculated based on local currencies.

** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into the Canadian equivalent amount, net of organic growth and acquisition growth.

bps: basis points

Net revenues

In the quarter ended December 31, 2022, net revenues in the APAC reportable segment were $390.7 million, an increase of $25.3 million, or 6.9%, when compared to the same quarter in 2021. Organic growth and acquisition growth of 7.2% and 2.2%, respectively, both on a constant currency basis, were partially offset by negative impacts of foreign exchange. Net revenue organic growth for the quarter would be approximately 15.7% if normalized for the same number of billable days.

In the year ended December 31, 2022, net revenues in the APAC reportable segment stood at $1.46 billion, an increase of $137.0 million, or 10.3%, when compared to 2021. Organic growth and acquisition growth of 10.0% and 4.1%, respectively, both on a constant currency basis, were partially offset by negative impacts of foreign exchange.

The organic growth in the quarter and year was driven mainly by strong market conditions across the region. The organic growth in both periods was partially offset by negative impacts of foreign exchange principally due to the appreciation of the Canadian dollar against the Australian dollar and the New Zealand dollar.

Acquisition growth in the quarter stems from the acquisitions of Greencap in August 2022. Acquisition growth in the year also includes the Golder Acquisition completed in April 2021.

In 2022, the Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 96% of net revenues and public sector clients accounted for 54% of net revenues.

Backlog

Backlog for the APAC segment contracted organically by 4.6%, when compared to December 31, 2021. Backlog growth in Australia was partially offset by contraction in Asia mainly due to COVID-19 lockdowns in mainland China, as well as contraction in New Zealand. The pipeline of opportunities in Australia and New Zealand remains strong and recent wins are expected to positively impact backlog in these countries in coming quarters.

Adjusted EBITDA margin

In the quarter and year ended December 31, 2022, adjusted EBITDA margin for the APAC reportable segment decreased 200 bps and 40 bps, respectively.

In 2022, results in Australia in both the quarter and the year, were affected by lower project performance. In New Zealand, margins in Q4 2022 have normalized, as timing of variation orders realized in Q4 2021 favourably impacted results in the comparable period. Adjusted EBITDA margin in Asia has decreased for both the quarter and full year, mainly due to more stringent COVID-19 lockdown measures.

8 FINANCIAL REVIEW

(in millions of dollars, except number of shares and per share data)	Fourth quarters ended December 31, 2022	December 31, 2021	Years ended December 31, 2022	December 31, 2021
Revenues	**$3,560.8**	**$2,891.0**	**$11,932.9**	**$10,279.1**
Personnel costs	$1,889.3	$1,582.1	$6,679.9	$5,851.2
Subconsultants and direct costs	$1,007.1	$743.6	$2,975.7	$2,409.5
Other operational costs	$229.0	$218.0	$794.0	$745.8
Depreciation of right-of-use assets	$77.6	$65.5	$288.5	$265.8
Amortization of intangible assets	$73.1	$46.8	$173.4	$139.1
Depreciation of property and equipment	$30.6	$29.8	$114.6	$113.6
Impairment of long-lived assets	$5.1	$—	$21.6	$—
Acquisition, integration and reorganization costs	$49.7	$23.6	$115.5	$60.8
ERP implementation costs	$19.4	$6.8	$49.9	$6.8
Exchange loss (gain)	$1.0	($3.8)	($5.3)	($18.6)
Share of income of associates and joint ventures, net of tax	($6.4)	($6.6)	($24.0)	($19.5)
Earnings before net financing expense and income taxes	**$185.3**	**$185.2**	**$749.1**	**$724.6**
Net financing expense	$27.3	$14.3	$161.6	$79.5
Earnings before income taxes	**$158.0**	**$170.9**	**$587.5**	**$645.1**
Income tax expense	$37.6	$44.1	$152.8	$171.0
Net earnings	**$120.4**	**$126.8**	**$434.7**	**$474.1**
Net earnings attributable to:				
Shareholders of WSP Global Inc.	$120.0	$126.7	$431.8	$473.6
Non-controlling interests	$0.4	$0.1	$2.9	$0.5
Basic net earnings per share attributable to shareholders	**$0.96**	**$1.08**	**$3.59**	**$4.07**
Diluted net earnings per share attributable to shareholders	**$0.96**	**$1.07**	**$3.58**	**$4.05**
Basic weighted average number of shares	124,426,229	117,661,970	120,400,365	116,479,695
Diluted weighted average number of shares	124,730,705	118,082,536	120,709,390	116,901,686

8.1 NET REVENUES

(in millions of dollars, except percentages)	Fourth quarters of 2022 vs 2021 Canada	Americas	EMEIA	APAC	Total
Net revenues - 2022	$438.4	$986.1	$738.5	$390.7	$2,553.7
Net revenues - 2021	$360.6	$763.3	$658.1	$365.4	$2,147.4
Net change %	21.6 %	29.2 %	12.2 %	6.9 %	18.9 %
Organic growth*	3.4 %	0.9 %	8.8 %	7.2 %	4.8 %
Acquisition growth*	18.2 %	20.9 %	9.3 %	2.2 %	13.7 %
Foreign currency exchange impact**	— %	7.4 %	(5.9)%	(2.5)%	0.4 %
Net change %	21.6 %	29.2 %	12.2 %	6.9 %	18.9 %

* Organic growth and acquisition growth are calculated based on local currencies.

** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into the Canadian equivalent amount, net of organic growth and acquisition growth.

(in millions of dollars, except percentages and number of employees)	Fiscal years 2022 vs 2021 Canada	Americas	EMEIA	APAC	Total
Net revenues - 2022	$1,585.2	$3,256.4	$2,651.1	$1,464.5	$8,957.2
Net revenues - 2021	$1,304.5	$2,709.2	$2,528.4	$1,327.5	$7,869.6
Net change %	21.5 %	20.2 %	4.9 %	10.3 %	13.8 %
Organic growth*	8.7 %	5.4 %	7.4 %	10.0 %	7.3 %
Acquisition growth*	12.8 %	11.2 %	4.7 %	4.1 %	8.2 %
Foreign currency exchange impact**	— %	3.6 %	(7.2)%	(3.8)%	(1.7)%
Net change %	21.5 %	20.2 %	4.9 %	10.3 %	13.8 %
	As at				
Approximate number of employees - December 31, 2022	11,800	20,500	22,500	11,400	66,200
Approximate number of employees - December 31, 2021	9,500	16,000	20,100	9,700	55,300
Net change %	24.2 %	28.1 %	11.9 %	17.5 %	19.7 %

* Organic growth and acquisition growth are calculated based on local currencies.
** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into the Canadian equivalent amount, net of organic growth and acquisition growth.

During the fourth quarter of 2022, the Corporation achieved net revenues of $2.55 billion, up 18.9% compared to the fourth quarter of 2021. The increase was driven by the acquisition of E&I in September 2022, as well as organic growth of 4.8%, despite four less billable days compared to Q4 2021. Net revenue organic growth would be approximately 9.5% if normalized for the same number of billable days. Organic growth spanned all reportable segments, led by the UK and Australia. Organic and acquisition growth in EMEIA and APAC segments were partially offset by negative impacts of foreign exchange.

In the year ended December 31, 2022, net revenues increased 13.8% compared to 2021, exceeding the high end of Management's outlook range for the year of $8.9 billion. The increase was principally due to acquisition growth of 8.2% and organic growth of 7.3%. Organic growth was achieved across all reportable segments, and most pronounced in the US, the UK, Canada and Australia. The Golder Acquisition and E&I Acquisition were the main contributors to the acquisition growth. Organic and acquisition growth in EMEIA and APAC segments was partially offset by negative impacts of foreign exchange.

In 2022, the number of employees increased by approximately 10,900. The increase in the number of employees is mainly attributable to 7,600 employees from recently acquired businesses, as well as recruitment to support organic growth of our business across all segments.

Refer to section 7, “Segment operational review” for further analysis of net revenues by segment.

Reconciliation of net revenues

The Corporation’s financial performance and results should be measured and analyzed in relation to fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of the performance of the professional consulting services business.

	Fourth quarters ended		Years ended	
(in millions of dollars)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenues	**$3,560.8**	**$2,891.0**	**$11,932.9**	**$10,279.1**
Less: Subconsultants and direct costs	$1,007.1	$743.6	$2,975.7	$2,409.5
Net revenues(1)	**$2,553.7**	**$2,147.4**	**$8,957.2**	**$7,869.6**

(1) Total of segments measure. Refer to section 22, “Glossary of segment reporting, non-IFRS and other financial measures”.

8.2 BACKLOG

(in millions of dollars)	Canada	Americas	EMEIA	APAC	Total
Backlog, as at December 31, 2021	$1,817.3	$4,536.5	$2,442.5	$1,629.3	$10,425.6
Revenues	$(2,151.2)	$(4,826.4)	$(3,207.8)	$(1,747.5)	$(11,932.9)
Organic order intake	$2,136.3	$5,305.9	$3,592.1	$1,675.1	$12,709.4
Net order intake through business acquisition	$497.6	$1,088.0	$158.4	$18.0	$1,762.0
Foreign exchange movement	$4.8	$211.3	$(132.4)	$(41.3)	$42.4
Backlog, as at December 31, 2022	$2,304.8	$6,315.3	$2,852.8	$1,533.6	$13,006.5
Organic backlog growth in the year	(0.8)%	10.6 %	16.4 %	(4.6)%	7.6 %

As at December 31, 2022, backlog stood at $13.0 billion, representing 11.8 months of revenues[1], an increase of 24.8% as compared to December 31, 2021. Organically and on a constant currency basis, backlog grew by 7.6% compared to backlog as at December 31, 2021. Throughout 2022, we continued to see positive momentum in all reportable segments with a substantial order intake amounting to $12.7 billion.

This strong level of backlog, coupled with the increases in the number of employees worldwide, sets the Corporation in a favourable position. In Canada and APAC, the pipeline of opportunities remains strong and recent wins are expected to positively impact backlog in coming quarters.

(1) Based on revenues for the trailing twelve-month period, incorporating a full twelve months of revenues for all acquisitions.

8.3 ADJUSTED EBITDA

	Fourth quarter ended December 31, 2022				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues	$438.4	$986.1	$738.5	$390.7	$2,553.7
Adjusted EBITDA by segment[1]	$91.9	$211.1	$105.5	$69.7	$478.2
Adjusted EBITDA margin by segment[1]	21.0%	21.4%	14.3%	17.8%	18.7%
Head office corporate costs					$31.8
Adjusted EBITDA[2]					$446.4

	Fourth quarter ended December 31, 2021				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues	$360.6	$763.3	$658.1	$365.4	$2,147.4
Adjusted EBITDA by segment[1]	$76.6	$148.3	$92.3	$72.3	$389.5
Adjusted EBITDA margin by segment[1]	21.2%	19.4%	14.0%	19.8%	18.1%
Head office corporate costs					$28.3
Adjusted EBITDA[2]					$361.2

(1) Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, presented in the “total” column of the table, are total of segments measures.

(2) Non-IFRS financial measure.

(in millions of dollars, except percentages)	Year ended December 31, 2022				
	Canada	Americas	EMEIA	APAC	Total
Net revenues	$1,585.2	$3,256.4	$2,651.1	$1,464.5	$8,957.2
Adjusted EBITDA by segment(1)	$347.9	$644.7	$390.0	$267.1	$1,649.7
Adjusted EBITDA margin by segment(1)	21.9%	19.8%	14.7%	18.2%	18.4%
Head office corporate costs					$119.5
Adjusted EBITDA(2)					$1,530.2

(in millions of dollars, except percentages)	Year ended December 31, 2021				
	Canada	Americas	EMEIA	APAC	Total
Net revenues	$1,304.5	$2,709.2	$2,528.4	$1,327.5	$7,869.6
Adjusted EBITDA by segment(1)	$272.0	$533.1	$370.3	$246.3	$1,421.7
Adjusted EBITDA margin by segment(1)	20.9%	19.7%	14.6%	18.6%	18.1%
Head office corporate costs					$99.2
Adjusted EBITDA(2)					$1,322.5

(1) Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, presented in the “total” column of the table, are total of segments measures.
(2) Non-IFRS financial measure.

Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment stood at $478.2 million and 18.7%, respectively, for the fourth quarter ended December 31, 2022, compared to $389.5 million and 18.1%, respectively, for the corresponding period in 2021. Adjusted EBITDA margin by segment increased mainly due to the US operations, partially offset by lower adjusted EBITDA margin in the APAC segment.

For the year ended December 31, 2022, total adjusted EBITDA by segment and total adjusted EBITDA margin by segment stood at $1.65 billion and 18.4%, respectively, compared to $1.42 billion and 18.1%, respectively, in 2021. Adjusted EBITDA margin by segment increased due to strong performance in Canada, partially offset by lower adjusted EBITDA margin in APAC.

The variance explanations by segment are described in section 7, “Segment operational review”.

Head office corporate costs for the fourth quarter and year ended December 31, 2022 stood at $31.8 million and $119.5 million, respectively, higher than the comparable periods in 2021 mainly due to the long-term incentive plans and recent acquisitions. Head office corporate costs exceeded Management's outlook range for the year of $95.0 million to $110.0 million, largely due to recent acquisitions.

Reconciliation of adjusted EBITDA

Management analyzes the Corporation's financial performance in relation to adjusted EBITDA as it believes this metric allows comparability of operating results from one period to another. These measures exclude the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the results of day-to-day operations. The following table reconciles this metric to the most comparable IFRS measure:

	Fourth quarters ended		Years ended	
(in millions of dollars)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Earnings before net financing expense and income taxes	**$185.3**	**$185.2**	**$749.1**	**$724.6**
Acquisition, integration and reorganization costs	$49.7	$23.6	$115.5	$60.8
ERP implementation costs	$19.4	$6.8	$49.9	$6.8
Depreciation of right-of-use assets	$77.6	$65.5	$288.5	$265.8
Amortization of intangible assets	$73.1	$46.8	$173.4	$139.1
Depreciation of property and equipment	$30.6	$29.8	$114.6	$113.6
Impairment of long-lived assets	$5.1	$—	$21.6	$—
Share of depreciation and taxes of associates	$3.2	$2.1	$11.8	$9.4
Interest income	$2.4	$1.4	$5.8	$2.4
Adjusted EBITDA*	**$446.4**	**$361.2**	**$1,530.2**	**$1,322.5**

* Non-IFRS financial measure.

8.4 EARNINGS BEFORE NET FINANCING EXPENSE AND INCOME TAXES

The following table summarizes selected operating results expressed as a percentage of net revenues.

	Fourth quarters ended		Years ended	
(percentage of net revenues)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Personnel costs	74.0 %	73.7 %	74.5 %	74.4 %
Other operational costs	9.0 %	10.1 %	8.9 %	9.5 %
Exchange gain and interest income	(0.1)%	(0.2)%	(0.1)%	(0.3)%
Share of earnings of associates and joint ventures before depreciation and income taxes	(0.4)%	(0.4)%	(0.4)%	(0.4)%
Adjusted EBITDA margin	**17.5 %**	**16.8 %**	**17.1 %**	**16.8 %**
Depreciation of right-of-use assets	3.0 %	3.1 %	3.2 %	3.4 %
Depreciation of property and equipment	1.2 %	1.4 %	1.3 %	1.4 %
Amortization of intangible assets	2.9 %	2.2 %	1.9 %	1.8 %
Impairment of long-lived assets	0.2 %	— %	0.2 %	— %
Acquisition, integration and reorganization costs and ERP implementation costs	2.7 %	1.4 %	1.9 %	0.9 %
Share of depreciation and taxes of associates	0.1 %	0.1 %	0.1 %	0.1 %
Deduct: Interest income	0.1 %	— %	0.1 %	— %
Earnings before net financing expense and income taxes	**7.3 %**	**8.6 %**	**8.4 %**	**9.2 %**
Net financing expense	1.1 %	0.7 %	1.8 %	1.0 %
Income tax expense	1.5 %	2.0 %	1.7 %	2.2 %
Net earnings	**4.7 %**	**5.9 %**	**4.9 %**	**6.0 %**

In the fourth quarter of 2022, adjusted EBITDA margin increased to 17.5%, compared to 16.8% in the fourth quarter of 2021. For the year, the adjusted EBITDA margin increased to 17.1%, compared to 16.8% in 2021. The increases are due to lower other operating costs, mainly due to lower discretionary spending, partially offset by higher travel costs. In both periods, the adjusted EBITDA was negatively impacted by overall lower foreign exchange gains than in the comparable periods.

In the fourth quarter ended December 31, 2022, earnings before net financing expense and income taxes remained stable, but decreased as a percentage of net revenues, mainly due to ERP implementation costs which ramped up in 2022, and higher acquisition and integration costs, as well as amortization of intangible assets, due to recent acquisitions. In the year ended December 31, 2022, earnings before net financing expense and income taxes increased, but decreased as a percentage of net revenues, as higher adjusted EBITDA was offset by higher acquisition and integration costs due to recent acquisitions and ERP implementation costs, as well as charges against certain leased assets related to office consolidations as part of our real estate strategy.

These variances are explained in further detail below.

Personnel costs

Personnel costs include payroll costs for all employees related to the delivery of consulting services and projects, as well as administrative and corporate staff.

For the quarter ended December 31, 2022, the increases in personnel costs as a percentage of net revenues, as compared to the corresponding periods in 2021, stemmed mainly from inflationary pressures on salaries.

For the year ended December 31, 2022, personnel costs were largely stable as a percentage of net revenues, as compared to 2021.

During the quarter and year ended December 31, 2022, the Corporation recorded $2.1 million and $6.8 million of government subsidies, recognized in personnel costs ($0.9 million and $14.4 million, respectively, during the comparable periods in 2021).

Other operational costs

Other operational costs include fixed costs such as, but not limited to, non-recoverable client service costs, technology costs, professional indemnity insurance costs and office space related costs (mainly utilities and maintenance costs).

Other operational costs for the quarter ended December 31, 2022, as a percentage of net revenues, were lower than the comparable period in 2021, mainly due to lower discretionary spending, partially offset by higher travel costs.

Other operational costs for the year ended December 31, 2022, as a percentage of net revenues, were lower than in 2021, in part due to certain synergies realized related to businesses acquired in 2021, mainly Golder, partially offset by higher travel costs.

Exchange gains and losses and interest income

In the quarter and year ended December 31, 2022, operational foreign exchange resulted in losses of $1.0 million and gains of $5.3 million, respectively, as compared to gains of $3.8 million and $18.6 million in the corresponding periods in 2021. These variances are mainly attributable to the US dollar.

In both periods, lower foreign exchange gains were partially offset by higher interest income of $2.4 million and $5.8 million, respectively, compared to $1.4 million and $2.4 million, respectively, in the corresponding periods in 2021.

Depreciation, amortization and impairment of long-lived assets

Depreciation of intangible assets increased in the quarter ended December 31, 2022, mainly due to a higher level of intangible assets from recently acquired businesses.

Depreciation of right-of-use assets, as a percentage of net revenues, decreased slightly in the quarter and year ended December 31, 2022 when compared to the corresponding periods in 2021, mainly due to lease terminations and lease modifications in connection with office closures and downsizing, as the Corporation achieves synergies with newly acquired businesses and works toward a hybrid workplace model.

In 2022, the Corporation recorded charges against certain leased assets in the context of on-going reorganizations as part of our real estate strategy following recent acquisitions to reduce our footprint, realize synergies and improve the cost structure of the combined business.

Acquisition, integration and reorganization costs and ERP implementation costs

Acquisition, integration and reorganization costs include, if and when incurred, transaction and integration costs related to business acquisitions, any gains or losses on disposals of non-core assets, outsourcing program costs pertaining mainly to redundancy and transition costs resulting from the outsourcing of the Corporation's infrastructure or other functions, restructuring costs, and severance costs stemming from adjustments to cost structures. In the table above, these costs are combined with ERP implementation costs.

Acquisition, integration and reorganization costs and ERP implementation costs are components of financial performance which the Corporation believes should be excluded in understanding its underlying operational financial performance, and are therefore presented separately in its consolidated statement of earnings.

The Corporation incurred acquisition, integration and reorganization costs of $49.7 million in the fourth quarter of 2022 and $115.5 million in the year ended December 31, 2022. The increases in the quarter and in the year are mainly due to higher business acquisition and integration costs in 2022, related to the Golder Acquisition, the E&I Acquisition and other recently completed and previously-contemplated acquisitions. Acquisition, integration and reorganization costs exceeded Management's outlook range for the year of $50.0 million to $60.0 million, largely due to a higher volume of transactions.

In the quarter and year ended December 31, 2022, the Corporation incurred ERP implementation costs of $19.4 million and $49.9 million, respectively, higher than $6.8 million in both corresponding periods in 2021, due to the ramp up in the design and implementation of the Corporation's global cloud-based ERP solution. ERP implementation costs were within Management's outlook range for the year of $45.0 million to $55.0 million.

8.5 FINANCING EXPENSES

Net financing expenses for the fourth quarter and year ended December 31, 2022 were higher than the comparable periods in 2021. In the quarter and year, the increases were mainly attributable to higher interest on long-term debt following the acquisition of E&I as well as recent increases in interest rates. In the year, the variance is also attributable to non-cash losses in value of investments related to a US employee deferred compensation plan compared to gains in 2021, as well as higher losses from derivative financial instruments in 2022 than in 2021.

8.6 INCOME TAXES

In the fourth quarter of 2022, income tax expense of $37.6 million was recorded on earnings before income taxes of $158.0 million, representing an effective income tax rate of 23.8%.

For the year ended December 31, 2022, income tax expense of $152.8 million was recorded on earnings before income taxes of $587.5 million representing an effective income tax rate of 26.0%, in line with Management's outlook range of 25% to 29%.

8.7 NET EARNINGS

In the fourth quarter of 2022, the Corporation's net earnings attributable to shareholders decreased to $120.0 million, or $0.96 per share on a diluted basis, compared to $126.7 million, or $1.07 per share on a diluted basis for the comparable period in 2021. The decrease is mainly attributable to higher amortization and depreciation, higher business acquisition and integration costs and ERP implementation costs, and higher net financing expenses, partially offset by higher adjusted EBITDA.

For the year ended December 31, 2022, the Corporation's net earnings attributable to shareholders were $431.8 million, or $3.59 per share, compared to $473.6 million, or $4.07 per share in 2021. The decrease is mainly due to higher net financing expenses, amortization and depreciation, business acquisition and integration costs and ERP implementation costs, partially offset by higher adjusted EBITDA.

8.8 ADJUSTED NET EARNINGS

Management has amended its definition of adjusted net earnings, effective January 1, 2022, to exclude impairment charges on long-lived assets and reversals thereof. The amendment was made in the context of on-going and planned reorganizations as part of our real estate strategy following recent and planned acquisitions in order to realize synergies and improve the cost structure of the combined business. The comparative period results did not require restatement to apply the current definition as no impairment of long-lived assets was recorded in 2021.

Management believes that adjusted net earnings and adjusted net earnings per share should be taken into consideration in assessing the Corporation's performance against its peer group. In the context of highly acquisitive companies or consolidating industries such as engineering and construction, this non-IFRS measure isolates amortization of intangible assets related to acquisitions (created from the allocation of purchase price between goodwill and intangible assets) as well as other charges directly or indirectly related to acquisitions. In addition, this non-IFRS financial measure is adjusted for certain non-cash items related to market volatility, which are inherently unpredictable.

Adjusted net earnings stood at $209.3 million, or $1.68 per share, in the fourth quarter of 2022, compared to $171.7 million, or $1.46 per share, in Q4 2021. In the year ended December 31, 2022, adjusted net earnings stood at $692.6 million, or $5.75 per share, compared to $592.9 million, or $5.09 per share, in 2021. The increases in these metrics are mainly attributable to higher adjusted EBITDA.

Reconciliation of adjusted net earnings

The following table reconciles this metric to the most comparable IFRS measure:

	Fourth quarters ended		Years ended	
(in millions of dollars, except per share data)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net earnings attributable to shareholders	**$120.0**	**$126.7**	**$431.8**	**$473.6**
Amortization of intangible assets related to acquisitions	$49.3	$32.1	$112.6	$95.1
Impairment of long-lived assets	$5.1	$—	$21.6	$—
Acquisition, integration and reorganization costs	$49.7	$23.6	$115.5	$60.8
ERP implementation costs	$19.4	$6.8	$49.9	$6.8
Losses (gains) on investments in securities related to deferred compensation obligations	$(5.0)	$(4.0)	$22.1	$(14.0)
Unrealized losses on derivative financial instruments	$(3.5)	$(1.7)	$20.1	$7.7
Income taxes related to above items	$(25.7)	$(11.8)	$(81.0)	$(37.1)
Adjusted net earnings*	**$209.3**	**$171.7**	**$692.6**	**$592.9**
Adjusted net earnings per share*	**$1.68**	**$1.46**	**$5.75**	**$5.09**

* Non-IFRS financial measure or non-IFRS ratio.

9 LIQUIDITY

(in millions of dollars)	Fourth quarters ended December 31, 2022	Fourth quarters ended December 31, 2021	Years ended December 31, 2022	Years ended December 31, 2021
Cash inflows from operating activities	$607.4	$513.2	$814.8	$1,060.1
Cash inflows (outflows) from financing activities	$(450.0)	$(138.3)	$1,420.7	$790.2
Cash outflows from investing activities	$(87.0)	$(76.1)	$(2,682.7)	$(1,344.9)
Effect of exchange rate change on cash	$4.7	$(4.6)	$11.9	$(13.8)
Change in net cash and cash equivalents	**$75.1**	**$294.2**	**$(435.3)**	**$491.6**
Dividends paid to shareholders of WSP Global Inc.	$(23.7)	$(20.1)	$(90.1)	$(80.6)
Net capital expenditures*	$(72.8)	$(60.6)	$(164.5)	$(110.8)

* Capital expenditures pertaining to property and equipment and intangible assets, net of proceeds from disposal and lease incentives received.

9.1 OPERATING ACTIVITIES AND FREE CASH FLOW

Cash flows from operating activities

The decrease in cash inflows from operating activities in the year ended December 31, 2022, compared to 2021 is mainly attributable to the expected normalization of our DSO levels in 2022, the increased investment in the global ERP implementation, higher acquisition, integration and reorganization costs, and higher income taxes paid mainly due to changes in tax regulations in the US which delays the deductibility of certain expenses. In addition, organic growth in revenues in 2022 resulted in an increased investment in working capital.

Free cash flow

In the fourth quarter ended December 31, 2022, the Corporation achieved its highest quarterly free cash flow, reaching $442.7 million.

Free cash flow for the year ended December 31, 2022 was $309.0 million, compared to $646.1 million in 2021. Free cash flows represent 0.7 times the net earnings attributable to shareholders. Lower free cash flow in 2022 was mainly attributable to the decrease in cash flows from operating activities, as well as increases in net capital expenditures and lease payments to support growth.

Reconciliation of free cash flow

Free cash flow is an indication of the Corporation's continuing capacity to generate discretionary cash from operations. It represents cash flows for the period available to the suppliers of capital, which are the Corporation's creditors and shareholders. The free cash flow metric should be reviewed year-over-year as opposed to quarter-to-quarter as the timing of investments in capital expenditure initiatives and management of working capital can have an impact in the shorter term.

(in millions of dollars)	Fourth quarters ended December 31, 2022	Fourth quarters ended December 31, 2021	Years ended December 31, 2022	Years ended December 31, 2021
Cash inflows from operating activities	**$607.4**	**$513.2**	**$814.8**	**$1,060.1**
Lease payments in financing activities	$(91.9)	$(82.7)	$(341.3)	$(303.2)
Net capital expenditures*	$(72.8)	$(60.6)	$(164.5)	$(110.8)
Free cash flow**	**$442.7**	**$369.9**	**$309.0**	**$646.1**

* Capital expenditures pertaining to property and equipment and intangible assets, net of proceeds from disposal and lease incentives received.

** Non-IFRS financial measure.

9.2 FINANCING ACTIVITIES

In the fourth quarter ended December 31, 2022, cash outflows from financing activities of $450.0 million were mainly due to net repayments of borrowings under credit facilities and lease payments.

In the year ended December 31, 2022, cash inflows from financing activities of $1,420.7 million were mainly due to net proceeds of borrowings under credit facilities and the issuance of common shares.

9.3 INVESTING ACTIVITIES

In the fourth quarter ended December 31, 2022, cash outflows used for investing activities related mainly to net capital expenditures and business acquisitions.

In the year ended December 31, 2022, cash outflows used for investing activities related mainly to business acquisitions. Net capital expenditures in 2022 of $164.5 million were within Management's outlook range of $160 million to $180 million.

9.4 NET DEBT TO ADJUSTED EBITDA RATIO

As at December 31, 2022, the Corporation's statement of financial position remained strong, with a net debt position of $2,458.9 million and a net debt to adjusted EBITDA ratio of 1.6x, within the Corporation's target ratio range of 1.0x to 2.0x. The increase in the net debt to adjusted EBITDA ratio is due to issuance of long-term debt used to finance the E&I Acquisition, while the trailing twelve-month adjusted EBITDA does not yet include the full results of recently acquired businesses. Incorporating a full twelve months of adjusted EBITDA of all acquired businesses, the net debt to adjusted EBITDA ratio would be 1.5x.

9.5 CAPITAL RESOURCES

	As at	
(in millions of dollars)	**December 31, 2022**	**December 31, 2021**
Cash and cash equivalents	$495.6	$927.4
Available syndicated credit facility	$1,857.4	$1,442.9
Other operating credit facilities	$168.1	$182.4
Available short-term capital resources	**$2,521.1**	**$2,552.7**

The Corporation believes that its cash flows from operating activities, combined with its available short-term capital resources, will enable it to support its continued growth strategy, its working capital requirements and planned capital expenditures.

9.6 CREDIT FACILITIES

The Corporation has in place, as at December 31, 2022, three credit facilities:

- a credit facility with a syndicate of financial institutions providing for a maximum amount of US$1.5 billion with maturities up to April 2027, comprised of a US$1.5-billion revolver in two tranches;
- a US$750-million fully-committed bank financing in the form of term loans with maturities up to April 2025; and
- a US$1.0-billion fully-committed credit facility in the form of term loans, described in the following paragraph.

The US$1.5-billion credit facility is available for general corporate purposes and for financing business acquisitions.

In August 2022, the Corporation entered into a fully-committed US$1.8-billion term credit facility with various tenors of up to 5 years, which was fully drawn to finance the E&I Acquisition which closed in September 2022. Also in September 2022, the Corporation repaid a portion of the indebtedness under that credit facility, such that the maximum amount of the credit facility became US$1.0 billion. As at December 31, 2022, the US$1.0-billion credit facility was fully drawn.

Under these credit facilities, the Corporation is required, among other conditions, to respect certain covenants calculated on a consolidated basis. The financial covenants are in regard to its consolidated net debt to consolidated adjusted EBITDA and the fixed charge coverage ratios. These terms and ratios are defined in the credit facility agreements and do not correspond to the Corporation's metrics described in section 22, "Glossary of segment reporting, non-IFRS and other financial measures", or to other terms used in this MD&A. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its credit facilities. All covenants were met as at December 31, 2022.

9.7 DIVIDENDS

On November 9, 2022, the Corporation declared a quarterly dividend of $0.375 per common share to holders of common shares on record as of December 30, 2022, which was paid on January 16, 2023. The total amount of the dividend for the fourth quarter of 2022 was $46.7 million, paid subsequent to the end of the year.

Following the payment of the dividends declared on November 9, 2021, March 9, 2022, May 11, 2022 and August 8, 2022, $89.2 million was reinvested in 584,457 common shares under the DRIP during the year ended December 31, 2022.

Subsequent to the end of the year, holders of 38,716,764 common shares, representing 31.1% of all outstanding shares as at December 30, 2022, elected to participate in the DRIP. As a result, on January 16, 2023, $14.5 million of the fourth quarter dividend declared on November 9, 2022 was reinvested in common shares of the Corporation. The net cash outflow on January 16, 2023 for the fourth quarter dividend payment was $32.2 million.

The Board of Directors of the Corporation (the "Board") has determined that the current level of quarterly dividend is appropriate based on the Corporation's current earnings and operational financial requirements. The dividend is currently expected to remain at this level subject to the Board's ongoing assessment of the Corporation's future cash requirements, financial performance, liquidity, and other factors that the Board may deem relevant. The actual amount of any dividend, as well as each declaration date, record date and payment date, is subject to the discretion of the Board. Some of the information in this section constitutes forward-looking information. Please refer to section 19, "Forward-Looking Statements", of this MD&A.

9.8 STOCK OPTIONS

As at March 7, 2023, 837,889 stock options were outstanding at exercise prices ranging from $41.69 to $180.65.

10 EIGHT QUARTER SUMMARY

(in millions of dollars, except per share data)	Fiscal year 2022	2022 Q4 Fourth quarter ended December 31	2022 Q3 Third quarter ended October 1	2022 Q2 Second quarter ended July 2	2022 Q1 First quarter ended April 2	2021 Q4 Fourth quarter ended December 31	2021 Q3 Third quarter ended September 25	2021 Q2 Second quarter ended June 26	2021 Q1 First quarter ended March 27
Results of operations									
Revenues	$11,932.9	$3,560.8	$2,896.1	$2,764.2	$2,711.8	$2,891.0	$2,650.2	$2,633.1	$2,104.8
Net revenues	$8,957.2	$2,553.7	$2,193.9	$2,109.6	$2,100.0	$2,147.4	$2,026.6	$2,028.8	$1,666.8
Adjusted EBITDA*	$1,530.2	$446.4	$407.0	$352.2	$324.6	$361.2	$377.7	$342.6	$241.0
Net earnings attributable to shareholders	$431.8	$120.0	$127.5	$89.3	$95.0	$126.7	$139.0	$120.0	$87.9
Basic net earnings per share**	$3.59	$0.96	$1.05	$0.76	$0.81	$1.08	$1.18	$1.03	$0.77
Diluted net earnings per share**	$3.58	$0.96	$1.05	$0.75	$0.80	$1.07	$1.18	$1.02	$0.77
Backlog		$13,006.5	$13,253.8	$11,448.8	$11,021.4	$10,425.6	$10,032.4	$9,632.4	$8,430.9
Dividends									
Dividends declared	$181.8	$46.7	$46.6	$44.3	$44.2	$44.2	$44.1	$44.0	$42.7
Dividends declared, per share	$1.50	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375

* Non-IFRS financial measure.

** Quarterly net earnings per share are not additive and may not equal the annual net earnings per share reported. This may be a result of the effect of shares issued on the weighted average number of shares, as well as the impact of dilutive options.

The Corporation's quarterly earnings and revenue measures are, to a certain degree, affected by seasonality. The third and fourth quarters historically generate the largest contribution to net revenues and adjusted EBITDA, and the first quarter the least. The Corporation's cash flows from operations are also, to a certain degree, subject to seasonal fluctuations, with the fourth quarter historically generating a higher amount of cash flows from operations.

11 SELECTED ANNUAL INFORMATION

For the years ended December 31	**2022**	**2021**	**2020**
(in millions of dollars, except per share data)			
Revenues	$11,932.9	$10,279.1	$8,803.9
Net revenues	$8,957.2	$7,869.6	$6,859.1
Net earnings attributable to shareholders of WSP Global Inc.	$431.8	$473.6	$276.0
Net earnings per share attributable to shareholders of WSP Global Inc.			
Basic	$3.59	$4.07	$2.51
Diluted	$3.58	$4.05	$2.50
As at December 31	**2022**	**2021**	**2020**
Total assets	$14,841.7	$11,250.4	$8,837.4
Non-current financial liabilities (1)	$3,637.9	$2,245.4	$1,062.6
Dividends declared per share to holders of common shares of WSP Global Inc.	$1.50	$1.50	$1.50

(1) Financial liabilities consist of long-term debt and lease liabilities, excluding current portions.

In 2021, revenues and net revenues increased 16.8% and 14.7%, respectively, compared to 2020, mainly due to net revenue acquisition growth of 15.3%, as well as net revenue organic growth of 3.3%, led by Canada and the UK. The Golder Acquisition was the principal contributor to the net revenue acquisition growth in 2021. In 2022, revenues and net revenues increased 16.1% and 13.8%, respectively, compared to 2021. The increase in net revenue was principally due to acquisition growth of 8.2% and organic growth of 7.3%. Organic growth was achieved across all reportable segments, and most pronounced in the US, the UK, Canada and Australia. Net revenues exceeded the high end of Management's outlook range for the year of $8.9 billion.

Net earnings attributable to shareholders and net earnings per share attributable to shareholders increased from 2020 to 2021 mainly due to higher adjusted EBITDA and lower acquisition, integration and reorganization costs, partially offset by higher amortization and depreciation expense. Net earnings attributable to shareholders and net earnings per share attributable to shareholders decreased from 2021 to 2022 mainly due to higher net financing expenses, amortization and depreciation, business acquisition and integration costs and ERP implementation costs, partially offset by higher adjusted EBITDA.

From December 31, 2020 to December 31, 2021 and from December 31, 2021 to December 31, 2022 total assets and non-current financial liabilities increased mainly due to business acquisitions.

12 GOVERNANCE

Internal controls over financial reporting

The Corporation’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) are responsible for establishing and maintaining disclosure controls and procedures (“DC&P”) and have caused them to be designed under their supervision to provide reasonable assurance that:

- Material information related to the Corporation is made known to them by others, particularly during the period in which the annual filings are being prepared; and
- Information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO have evaluated or caused to be evaluated under their supervision, the effectiveness of the Corporation’s DC&P and based on the evaluation, the CEO and CFO have concluded that the design and operation of the Corporation’s DC&P were effective as at December 31, 2022.

The CEO and CFO are also responsible for establishing and maintaining internal controls over financial reporting (“ICFR”) and have designed ICFR or have caused ICFR to be designed under their supervision using the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The CEO and CFO have evaluated or caused to be evaluated under their supervision, the effectiveness of the Corporation’s ICFR and based on their evaluation, the CEO and CFO have concluded that ICFR were designed and operated effectively as at December 31, 2022.

Due to the inherent limitations of DC&P and ICFR, Management does not expect that DC&P and ICFR can prevent or detect all errors or intentional misstatements resulting from fraudulent activities.

The CEO and the CFO have limited the scope of their design of DC&P and ICFR to exclude controls, policies and procedures of E&I, which was acquired on September 21, 2022, as permitted by the Canadian Securities Administrators’ National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* for 365 days following an acquisition. Note 5, Business Acquisitions, of the Corporation's audited consolidated financial statements for the year ended December 31, 2022 presents summary financial information with respect to E&I.

There were no changes in the Corporation’s ICFR that occurred during the period beginning on October 2, 2022 and ended on December 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Corporation’s ICFR.

The Corporation regularly monitors and assesses its DC&P and ICFR, while reiterating the importance of internal controls and maintaining frequent communication across the organization at all levels, in order to maintain a strong control environment.

Responsibilities of the Board of Directors

The Board has oversight responsibilities for reported financial information. Accordingly, the Board of WSP has reviewed and approved, upon recommendation of the Audit Committee of the Corporation, this MD&A and the audited consolidated financial statements for the year ended December 31, 2022, before their publication.

13 CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires Management to make judgments, assumptions and estimates in applying the Corporation's accounting policies. Critical accounting estimates are those which are highly uncertain at the time they are made and where different reasonably likely estimates, or reasonably likely changes in estimates from period to period, would have a material impact on the Corporation's financial condition or results of operations.

Estimates and assumptions are continually evaluated and are based on historical trends and other factors, including expectations of future events that are likely to materialize under reasonable circumstances. Actual results will differ from estimates used, and such differences could be material.

The Corporation's most critical accounting estimates are discussed in note 4, Critical accounting estimates and judgments, to the Corporation's audited consolidated financial statements for the year ended December 31, 2022.

14 SIGNIFICANT ACCOUNTING POLICIES

CHANGES IN ACCOUNTING POLICY EFFECTIVE IN 2022

The following amendments to existing standards were adopted by the Corporation on January 1, 2022 and had no impact on the Corporation’s consolidated financial statements.

ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT

In May 2020, the IASB issued *Onerous Contracts - Cost of Fulfilling a Contract*, which includes amendments to *IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.* The amendments specify which costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

RECENT STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE AND NOT APPLIED

Refer to note 3, Accounting policy developments, to the Corporation's audited consolidated financial statements for the year ended December 31, 2022, for further details.

15 FINANCIAL INSTRUMENTS

The Corporation’s financial assets include cash, trade receivables and other receivables. The Corporation's financial liabilities include accounts payable and accrued liabilities, dividends payable to shareholders, lease liabilities, and long-term debt.

The Corporation uses derivative financial instruments to manage its exposure to fluctuations of foreign currency exchange rates. It does not hold or use any derivative instruments for trading or speculative purposes. Refer to note 14, Financial instruments, to the Corporation's audited consolidated financial statements for the year ended December 31, 2022 for a description of the Corporation's hedging activities.

The Corporation's financial instruments expose the Corporation primarily to foreign exchange, credit, liquidity and interest rate risks. Refer to section 20, "Risk factors" , as well as note 14, Financial instruments, to the Corporation's audited consolidated financial statements for the year ended December 31, 2022, for a description of these risks and how they are managed, as well as for a description of how fair values are determined.

16 RELATED PARTY TRANSACTIONS

The Corporation's related parties, as defined by IFRS, are its joint operations, joint ventures, associates and key management personnel. A description of any material transactions with these related parties is included in note 30, Related party transactions, to the Corporation's audited consolidated financial statements for the year ended December 31, 2022.

17 OFF-BALANCE SHEET AGREEMENTS

The Corporation does not engage in the practice of off-balance sheet financing, except for the use of letters of credit.

18 CONTRACTUAL OBLIGATIONS

The Corporation is committed under the terms of contractual obligations with various expiration dates, primarily for the rental of office space and computer equipment. The following table provide a summary of the timing of Corporation’s undiscounted long-term contractual obligations as at December 31, 2022:

(in millions of dollars)	2023	2024	2025 and thereafter	Total
Long-term debt	$345.6	$707.0	$2,359.3	$3,411.9
Lease liabilities	$325.4	$265.5	$707.7	$1,298.6

Management expects the Corporation's cash flows from its operations and amounts available under credit facilities will be sufficient to meet its contractual obligations in the future.

19 FORWARD-LOOKING STATEMENTS

In addition to disclosure of historical information, the Corporation may make or provide statements or information in this MD&A that are not based on historical facts and which are considered to be forward-looking information or forward-looking statements under Canadian securities laws (collectively, “forward-looking statements”). Such statements relate to future events or future performance and reflect the expectations of Management regarding, without limitation, the growth, results of operations, performance and business prospects and opportunities of the Corporation, the achievement of its 2022-2024 Global Strategic Action, or the trends affecting its industry.

This MD&A may contain forward-looking statements. Forward-looking statements can typically be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “forecast”, “project”, “intend”, “target”, “potential”, “continue” or the negative of these terms or terminology of a similar nature. More specifically, this MD&A contains the following forward-looking statements: our expectations and other statements relating to the achievement of, or tracking towards, our 2022-2024 Global Strategic Action Plan; the impact of positive wins on our backlog and the state of our backlog in various reportable segments; our belief that our cash flows from operating activities, combined with our available short-term capital resources, will enable us to support our continued growth strategy, working capital requirements and planned capital expenditures; our expected level of dividend declaration and payment on the Corporation’s common shares. Such forward-looking statements reflect current beliefs of Management and are based on certain factors and assumptions as set forth in this MD&A, which by their nature are subject to inherent risks and uncertainties. While the Corporation considers these factors and assumptions to be reasonable, actual events or results could differ materially from the results, predictions, forecasts, conclusions or projections expressed or implied in the forward-looking statements.

Forward-looking statements made by the Corporation are based on a number of assumptions believed by the Corporation to be reasonable as at the date such statements were made, including assumptions set out through this MD&A and assumptions about general economic and political conditions; the state of the global economy and the economies of the regions in which the Corporation operates; the state of and access to global and local capital and credit markets; interest rates; working capital requirements; the collection of accounts receivable; the Corporation obtaining new contract awards; the type of contracts entered into by the Corporation; the anticipated margins under new contract awards; the utilization of the Corporation’s workforce; the ability of the Corporation to attract new clients; the ability of the Corporation to retain current clients; changes in contract performance; project delivery; the Corporation’s competitors; the ability of the Corporation to successfully integrate acquired businesses; the acquisition and integration of businesses in the future; the Corporation’s ability to manage growth; external factors affecting the global operations of the Corporation; the current or expected state of the Corporation’s backlog; the joint arrangements into which the Corporation has or will enter; capital investments made by the public and private sectors; relationships with suppliers and subconsultants; relationships with management, key professionals and other employees of the Corporation; the maintenance of sufficient insurance; the management of environmental, social and health and safety risks; the sufficiency of the Corporation’s current and planned information systems, communications technology and other technology; compliance with laws and regulations; future legal proceedings; the sufficiency of internal and disclosure controls; the regulatory environment; impairment of goodwill; foreign currency fluctuation; the tax legislation and regulations to which the Corporation is subject and the state of the Corporation’s benefit plans. If these assumptions prove to be inaccurate, the Corporation’s actual results could differ materially from those expressed or implied in forward-looking statements.

In evaluating these forward-looking statements, investors should specifically consider various risk factors, which, if realized, could cause the Corporation's actual results to differ materially from those expressed or implied in forward-looking statements. Such risk factors include, but are not limited to, the following risk factors discussed in greater detail in section 20, “Risk factors” : “Health and Safety Risks and Hazards”; “Non-Compliance with Laws or Regulations”; “Information Technology and Information Security”; “Availability and Retention of Qualified Professional Staff”; “Adequate Utilization of Workforce”; “Global Operations”; “Competition in the Industry”; “Professional Services Contracts”; “Economic Environment”; “Geopolitical Risks”; “Working with Government Agencies”; “Challenges Associated with Size”; “Growth by Acquisitions”; “Acquisition Integration and Management”; “Challenges associated with disease outbreaks, including COVID-19”; “Controls and Disclosure”; “Current or Future Legal Proceedings”; “Reputation”; “Increasing Requirements and Stakeholder Expectations Regarding Environment, Social and Governance “ESG” matters”; “Climate Change and related Physical and Transition Risks”; “Ecological and Social Impacts of Projects”; “Work Stoppage and Labour Disputes”; “Joint Arrangements”; “Reliance on Suppliers and Subconsultants”; “Insurance Limits”; “Changes to Backlog”; “Protection of Intellectual Property Rights”; “Deterioration of Financial Position or Net Cash Position”; “Working Capital Requirements”; “Accounts Receivable”; “Increased Indebtedness and Raising Capital”; “Impairment of Long-Lived Assets”; “Foreign Currency Exposure”; “Income Taxes”; “Underfunded Defined Benefits Obligations”; as well as other risks detailed from time to time in reports filed by the Corporation with securities regulators or securities commissions or other documents that the Corporation makes public, which may cause events or results to differ materially from the results expressed or implied in any forward-looking statement.

The Corporation cautions that the foregoing list of risk factors is not exhaustive. Actual results and events may be significantly different from what we currently expect because of the risks associated with our business, industry and global economy and of the assumptions made in relation to these risks. As such, there can be no assurance that actual results will be consistent with forward-looking statements. Except to the extent required by applicable law, the Corporation assumes no obligation to publicly update or revise forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A describe the Corporation's expectations as of the date of this MD&A and, accordingly, are subject to change after such date. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Corporation may also make oral forward-looking statements from time to time. The Corporation advises that the above paragraphs and the risk factors set forth in section 20, "Risk factors" of this MD&A should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from the results expressed or implied in any oral forward-looking statements. Readers should not place undue reliance on forward-looking statements.

20 RISK FACTORS

The Corporation is subject to a number of risks and uncertainties and is affected by a number of factors which could have a material adverse effect on the Corporation's business, financial condition, operating results, future prospects or achievement of its 2022-2024 Global Strategic Plan. These risks should be considered when evaluating an investment in the Corporation and may, among other things, cause a decline in the price of the Corporation's shares or adversely affect the Corporation's ability to declare and/or pay dividends on the shares.

This section describes the risks Management considers as the most material to the Corporation's business. This is not, however, a comprehensive list of the potential risks the Corporation currently faces, or could eventually face. Risks and uncertainties not presently known to the Corporation or that the Corporation currently considers as not material could become material in the future or impair its business operations, cause a decline in the price of shares or adversely affect the Corporation's ability to declare and/or pay dividends on the shares.

RISKS RELATED TO THE BUSINESS

Health and Safety Risks and Hazards

The Corporation's health, safety and wellbeing systems, processes and policies are aimed at reducing risks to employees, subconsultants and others; however, services and activities to be performed on work sites can put employees, subconsultants and others in challenging or remote locations which may increase the risk to health and safety from hazards related to heavy mobile equipment, working at height, energy sources, working near water and ground stability. On some project sites, the Corporation may be responsible for safety and, accordingly, it has an obligation to implement effective safety procedures. Through recent acquisitions in the Earth and Environment sector, the Corporation has increased its exposure to health and safety risks on project sites primarily due to the nature of services rendered in this sector which often include activities to be performed directly on project sites. Failure to implement or follow appropriate safety procedures by the Corporation or others could result in personal injury, illness or loss of life to people, or environmental and other damage to the Corporation's property or the property of others.

In the ordinary course of the Corporation's business, the Corporation's employees frequently make professional judgments and recommendations about environmental and engineering conditions of project sites for the Corporation's clients. The Corporation may be deemed to be responsible for these professional judgments and recommendations if they are later determined to be inadequate or result in injury or damage. Unsafe work conditions also have the potential of increasing employee turnover, increasing project and operating costs and could negatively impact the awarding of new contracts. The Corporation could also be exposed to substantial security costs in order to maintain the safety of its personnel as well as to civil and/or statutory liability to employees and to reputational harm arising from injuries or deaths because of inadequate health and safety policies and practices. The Corporation cannot fully protect against all these risks, nor are all these risks insurable. The Corporation may become liable for damages arising from events against which it cannot insure or against which it may elect not to insure for various reasons.

The Corporation operates in regions across the world in a global capacity, working in some very high risk and challenging environments and geographies, which present numerous risks including security issues, political unrest, country stability and varying degrees of medical risk to personnel, all combined with differing cultures, regional legislative requirements and regional operating standards. Acts of terrorism and threats of armed conflicts in or around various areas in which the Corporation operates could limit or disrupt markets and its operations, including disruptions resulting from the evacuation of personnel, cancellation of contracts, or the loss of key employees, contractors or assets. Furthermore, the Corporation risks incurring additional costs on projects that have sustained environmental, health, and safety hazards because they may require additional time to complete or because employee time may be lost due to injury.

In addition, the Corporation strives to protect, support and promote the wellbeing of its people through workplace practices and wellbeing programs. Failure to meet those goals may lead to deteriorating work-life balance, reduction in productivity, decline in workforce mental and physical health, increase in absenteeism, voluntary turnover, work incidents and accidents. This may impact the delivery of our professional services and consequently adversely impact the Corporation’s business objectives and financial position.

Non-Compliance with Laws or Regulations

The Corporation faces risks relating to non-compliance with laws, regulations, rules and other current, new or changing legal requirements enforced by governments or other authorities, including with respect to trade restrictions, export control, false claims, protection of classified information, lobbying or similar activities, securities, antitrust, data privacy, tax, environmental, social and governance matters and labour relations, as well as laws related to corruption, anti-competitive acts, illegal political contributions, and ethics-related issues, which could have a significant adverse impact on the Corporation. In particular, the regulatory landscape surrounding environmental, social and governance matters is evolving at a rapid pace in multiple jurisdictions and there is a significant degree of uncertainty regarding the scope of future requirements. As a result, we may be required to rapidly adapt data collection and assurance processes, with the risk that information will not be available to the Corporation to respond to the relevant requirements in a timely manner. Although the Corporation has control measures and policies to mitigate these risks, including an anti-corruption compliance program, these control measures and policies have inherent limitations, including human error, and could be intentionally circumvented or become inadequate as conditions change. Moreover, the coordination of the Corporation’s activities to address the broad range of complex legal and regulatory environments in which it operates presents significant challenges. The Corporation's control measures may not be sufficiently effective to protect it from the consequences of such acts committed by its current and former directors, officers, employees, consultants, agents and/or partners, corruption in connection with its operations and ethics-related issues. Accordingly, fraud, corruption and other reckless or criminal acts may occur and remain undetected, resulting in a loss of assets and/or misstatement in the Corporation’s financial statements and related public disclosure. Moreover, fraud, corruption, illegal political contributions, non-compliance with previously enacted or proposed laws or regulations, anti-competitive or other reckless acts or criminal acts or misconduct by the Corporation’s current or former directors, officers, employees, consultants, agents and/or partners, including those of businesses acquired by the Corporation, could subject the Corporation to fines and penalties, criminal, civil and administrative legal sanctions and suspension from its ability to bid, enter into or perform public or private contracts, resulting in reduced revenues and profits, and could materially damage the Corporation's business, operating results, financial condition, reputation, brand, expansion effort, and ability to attract and retain employees and clients, and may have a negative impact on the market price of the Corporation’s shares. The institution of formal charges with respect to any such circumstances by appropriate governmental authorities may have to be immediately accounted for in the results of the Corporation and may have a material adverse impact on the assets, liabilities, revenues and goodwill of the Corporation.

As part of its global business dealings with different governmental bodies, entities and agencies in each of the countries in which the Corporation operates, WSP must also comply with complex public procurement laws and regulations aimed at ensuring that public sector bodies award and manage contracts in a transparent, competitive, efficient and non-discriminatory manner in these jurisdictions. For additional information on compliance risks associated with working with government bodies, entities and agencies, see "Working with Government Agencies". In certain jurisdictions in which the Corporation operates, the Corporation is also subject to legislation that grants governmental authorities exceptional measures for the reimbursement and recovery of amounts improperly obtained as a result of fraud or fraudulent tactics in the course of the tendering, awarding or management of public contracts. In connection with a reimbursement or settlement under such legislation, a number of conditions may be imposed on the Corporation and the Corporation may be required to undergo certain changes to its business practices which could impose additional costs on the Corporation and adversely affect its ability to pursue business opportunities.

The services provided by the Corporation are also subject to numerous environmental protection laws and regulations that are complex and stringent. Significant fines, penalties and other sanctions may be imposed for non-compliance with environmental laws and regulations, and some environmental laws provide for joint and several strict liabilities for remediation of releases of hazardous substances, rendering a person liable for environmental damage, without regard to negligence or fault on the part of such person. These laws and regulations may expose the Corporation to liability arising out of the conduct of operations or conditions caused by others, and in certain cases for acts of the Corporation that were in compliance with all applicable laws at the time these acts were performed. Failure to comply with environmental laws and regulations could have a material adverse impact on our business, financial condition and result of operations.

Furthermore, a portion of the Corporation's professional services business is generated directly or indirectly as a result of laws and regulations. Changes in such laws or regulations could affect the Corporation's business more significantly than they would affect other professional services firms. Accordingly, changes to the number or scope of these laws and regulations could significantly reduce the size of its market sector in such market and materially adversely impact the Corporation's business, financial condition and results of operations.

Across its global operations and in connection with its M&A activities, the Corporation must comply with numerous privacy and data protection laws and regulations applicable in multiple jurisdictions designed to protect privacy rights and personal information. The global data protection landscape continues to evolve, and the Corporation is required to navigate distinct obligations and compliance risks in various countries and regions it operates in. The impact and cost of ensuring compliance and protecting the data and privacy rights of individuals in line with the specifics of each applicable legislation continues to grow each year. Failing to protect privacy rights and personal information in compliance with those laws, including the EU and UK General Data Protection Regulation (GDPR), the Canadian federal Personal Information Protection and Electronic Documents Act (PIPEDA), the California Consumer Privacy Act (CCPA) as amended by the California Privacy Rights Act, Brazil's General Personal Data Protection law and other emerging global privacy laws, could result in the Corporation being subject to significant regulatory penalties, legal liability and remediation costs and negatively impact its reputation.

Information Technology and Information Security

In order to operate properly, ensure adequate service delivery to its clients and meet its business objectives, the Corporation relies heavily on information technologies. Within these technologies, the Corporation processes proprietary information relating to its business, client information and information in relation to other third parties. This may include proprietary, sensitive, confidential and personal information limited to the nature of professional services it provides and personal information relating to employees.

The Corporation faces numerous threats that are constantly evolving, increasingly sophisticated and difficult to detect and successfully defend against. This includes cyber threats from criminal hackers, ransomware, denial of service and other forms of malicious attacks, hacktivists, state sponsored organizations and industrial espionage, phishing and other social engineering techniques, physical or electronic security breaches, computer viruses, unauthorized access, employee misconduct, human or technological errors, or similar events or disruptions. Any of these threats may lead to system interruptions, delays, and loss of critical data and expose the Corporation, clients, or other third parties to potential liability, litigation, and regulatory action, as well as the loss of client confidence, loss of existing or potential clients, loss of sensitive government contracts, damage to brand and reputation, financial reporting capabilities and other financial loss.

The Corporation relies on industry-accepted security measures and technical and organizational controls to protect its information and information technology systems, and there can be no assurance that our efforts will prevent all threats to our systems. The Corporation may be required to allocate increasingly significant resources, and additional security measures, to protect against the cyber threats referenced above.

Compliance with information security standards such as NIST, DFAR and ISO27001, among others, are increasing the requirements to bid for projects. Inability to meet such requirements would limit our ability to pursue certain business opportunities. Further, the Corporation provides services that may be highly sensitive or that may relate to critical national security matters; if a security breach were to occur, our ability to procure future government contracts could be severely limited. The precautions the Corporation takes to prevent and detect these activities may not be effective and the Corporation could face unknown material risks or losses.

The Corporation's operations could be interrupted or delayed if the Corporation is unable to continually and adequately maintain its information technologies, to scale and add software and hardware, to effectively upgrade its systems and network infrastructure, to maintain key information technology personnel, and take other steps to improve the efficiency and protection of its systems.

The Corporation relies on third-party software and services to support its delivery of professional services to clients such as design, collaboration and project management, and to support the Corporation's accounting and financial information systems. While the Corporation selects third-party vendors carefully, it does not control their actions. Any technology services provided by a third party, including contractors, business partners, vendors and other third parties, may be subject to breakdowns, disruption in information and communication services, inability to handle current or higher volumes, cyber-attacks, security and data breaches. These risks could have a material adverse effect on the Corporation's operations and its ability to deliver services to clients. Furthermore, the Corporation may incur additional costs to remediate errors or failures by third parties.

The Corporation's employees are provided with systems and infrastructure that facilitate secure remote working, including from their place of residence, public spaces and sites owned or managed by third parties and clients. However, these locations may not have the same level of physical security controls as the Corporation's offices which could increase the risk of a physical security event, such as device theft, which may disrupt operations.

The Corporation's digital services are permanently in an evolving state and increasingly utilize emerging technologies such as cloud computing, machine learning and artificial intelligence. In addition, our client deliveries increasingly use innovative technologies such as smart buildings and automated robotics. These technologies come with additional risks that require investment to protect their use, and any cybersecurity incident of these systems may expose the Corporation and its clients to remediation and litigation costs.

Availability and Retention of Qualified Professional Staff

There is strong competition for qualified technical and management personnel in the sectors in which the Corporation operates. The Corporation's success depends in part on its continued ability to attract and retain qualified and skilled engineers, scientists, planners, technical experts and other professional staff and to establish and execute an effective succession plan. Over the years, a significant shortage of engineers and other professionals serving our industry has developed in some markets which resulted in continued upward pressure on professional compensation packages and has resulted in high turnover rates, adding pressure on employee retention. Competition in the industry today largely involves the competition for talent. Considering longer term trends in the industry including demographics, scarcity of talent relative to demand and the pace of technological advances, the Corporation expects this risk to remain significant to its business. There can be no assurance that the Corporation will be able to attract, hire and retain sufficient qualified management personnel, engineers and other professional staff necessary to continue to maintain and grow its business. Furthermore, some of the Corporation's personnel hold government granted clearance in certain regions that may be required in order to work on specific government projects. If the Corporation were to lose some or all of these personnel, such staff may be difficult to replace. Loss of the services of, or failure to recruit, qualified technical and leadership personnel with governmental clearances could limit the Corporation's ability to successfully complete existing projects and/or compete for new projects requiring such clearances.

When the Corporation fails to retain key personnel or when such personnel retire or otherwise depart the Corporation, the roles and responsibilities of such employees need to be filled, which requires that the Corporation devote time and resources to identify, hire and integrate new employees. If the Corporation's succession plan fails to identify those individuals with high potential or to develop these key individuals, it may be unable to replace key members who retire or leave the Corporation and may be required to expend significant time and resources to recruit and/or train new employees. The inability to attract, hire and retain enough qualified management personnel, engineers and other professional staff as well as to establish and execute an effective succession plan could limit the Corporation's ability to successfully complete existing projects and compete for new projects, which could adversely affect the Corporation's ability to sustain and increase revenues and its future results.

Over the past several years, as attention to issues of societal inequity and racial injustice have increased globally, the Corporation has continued to emphasize its commitment to inclusion, equity and diversity. The Corporation is committed to promoting a culture that empowers its people through a work environment where inclusion, equity and diversity are expected and valued. Among other things, the Corporation has set in its 2022-2024 Global Strategic Action Plan a target of 5% year-over-year increase in the representation of women and under-represented groups. Failure to meet our goals of fostering an inclusive, equitable, diverse and non-discriminatory culture, including our targets of increasing representation of women and under-represented groups, could impact our workforce development goals, our retention efforts, our ability to achieve our business objectives, our reputation and adversely affect our business and future success. Although the Corporation has set inclusion, equity and diversity standards that are to be observed by its employees when conducting business, the Corporation remains subject to the risk of misconduct, non-compliance or other improper behaviour by its employees, agents or partners.

Adequate Utilization of Workforce

The cost of providing its services, including the extent to which the Corporation utilizes its workforce, affects its profitability. The rate at which the Corporation utilizes its workforce is affected by a number of factors, including:

- its ability to transition employees from completed projects to new assignments and to hire and integrate timely new employees, including those coming from newly acquired entities;
- its ability to forecast demand for its services and thereby maintain an appropriate headcount in each of its geographies;
- Its ability to adequately plan succession to ensure leadership roles, critical positions and technical capabilities are properly maintained, developed and timely prepared to carry on the Corporation business objectives and its future growth;
- its ability to manage attrition;
- its need to devote time and resources to training, business development, professional development, and other non-chargeable activities;
- its ability to match the skill sets of its employees to the needs of the marketplace; and
- its ability to adapt its organizational structure to support and meet the needs of its clients while optimizing its resources to meet its margin objectives.

If the Corporation does not utilize its workforce effectively, it could impact employee attrition, safety and project execution, which could result in a decline in future profitability.

Global Operations

The Corporation's operations are global, which subjects the Corporation to a variety of risks, including:

- general social, economic and political conditions or instability in one or more specific markets and/or globally, including recessions, political changes or disruptions and other economic crises in one or more markets in which the Corporation operates;
- risks related to complying with a wide variety of local, national, and international laws, regulations and policies, together with potential adverse or significant changes in laws and regulatory framework and practices;
- changes in local government trade laws, regulations and policies affecting the markets for the Corporation's services, including applicable international sanctions;

- difficulty or expense in enforcing contractual rights due to a lack of a developed legal system or other factors in certain jurisdictions;
- difficulties and costs of staffing and managing global operations and changes in labour conditions;
- difficulties, delays and expenses that may be experienced or incurred in connection with the movement of personnel through the customs and immigration authorities of various jurisdictions;
- a greater risk of uncollectible accounts and longer collection cycles;
- fluctuations in exchange rates;
- changes in regulatory practices, tariffs and taxes;
- foreign ownership restrictions with respect to operations in certain countries or the risk that such restrictions will be adopted or increase in the future;
- multiple and possibly overlapping tax structures;
- exchange controls and other funding restrictions and limitations on the Corporation's ability to repatriate cash, funds or capital invested or held in certain jurisdictions where the Corporation operates;
- international hostilities, civil unrest, force majeure, war, terrorism and other armed conflict; and
- cultural, logistical and communications challenges.

Competition in the Industry

In a people-based industry, the Corporation operates in highly competitive markets and has numerous competitors for all of the services it offers. Size and characteristics of competitors vary widely with the type of service they provide, the geographic area and the industry. Some of the Corporation's competitors have longer operating histories, greater brand recognition, larger customer bases and have achieved substantially more market penetration in certain of the areas or locations in which the Corporation competes.

In addition, some of the Corporation's competitors may allocate substantially more financial or marketing resources to particular competitive bidding processes and/or benefit from greater financial flexibility than the Corporation in certain markets or they may be willing to take greater risks or accept terms and conditions that the Corporation may not deem to be acceptable. Other competitors are smaller and may be more specialized and concentrate their resources in particular areas of expertise.

Moreover, the technical and professional aspects of some of the Corporation's services generally do not require large upfront capital expenditures and provide limited barriers against new competitors. The Corporation's competitors may also consolidate or establish teaming or other relationships among themselves or with third parties to increase their ability to address customers' needs.

In the midst of rapid technological development, the Corporation must continue to anticipate changes in its clients' needs and to do so, must adapt its services so that it maintains and improves its competitive advantage. If the Corporation does not continue to innovate and leverage technology advancements, fails to adequately develop or implement its business and sales strategies or inadequately manages its projects, its ability to retain existing clients and attract new clients may be adversely affected.

In addition, competitive pressures may result in the Corporation being successful in a lesser number of competitive bids than budgeted for, which if material, could result in a negative impact on its profitability.

All of these competitive forces may result in our inability to win bids for future projects, increased margin pressure and loss of revenue, profitability and market share, which if significant, could have a material adverse effect on the Corporation's business, reputation, financial condition and results of operations.

Professional Services Contracts

Most of the Corporation's revenues come from fixed-price contracts, cost-plus contracts with ceilings and time and material contracts with fixed rates. Under fixed-price contracts, the Corporation agrees to perform either all or a specified portion of work under the contract for a fixed fee which could expose the Corporation to a greater risk of cost overruns. Fixed-price contracts, cost-plus contracts with ceilings and time and material contracts with fixed rates are established in part on partial or incomplete designs, cost and scheduling estimates that are based on a number of assumptions, including those about future economic conditions (including inflation and interest rates), commodity and other materials pricing (including construction costs) and availability of labour, equipment and materials and other requirements. If these assumptions prove inaccurate or if unexpected changes arise, then cost overruns may occur and the Corporation could experience reduced profits or, in some cases, a loss for that project.

Increasing the volume of fixed-price contracts, cost-plus contracts with ceilings or time and material contracts with fixed rates and/or increasing the size of such contracts would increase the Corporation's exposure to these risks and if the project is significant, or there are one or more issues that impact multiple projects, costs overruns could have a material adverse impact on the Corporation's business, financial condition and results of operations.

In addition, the Corporation sometimes partners with construction delivery professionals on engineering, procurement and construction ("EPC") projects. In such cases, the Corporation may be required to assume not only design risks, but also certain procurement and construction risks, except for any risks that are contractually assumed by the client. Losses under EPC projects could adversely affect the Corporation's business, operating results and financial condition.
The Corporation may have pending claims made to clients under some of its contracts for payment of work performed beyond the initial contractual requirements. In general, the Corporation cannot guarantee that such claims will be approved by its clients in whole, in part, or at all. If these claims are not approved, the Corporation's revenues may be reduced in future periods or a dispute (including legal proceedings) could arise which could be detrimental to the Corporation.

Moreover, in certain instances, the Corporation may provide a guarantee to a client that it will complete a project by a certain date. As such, the Corporation may incur additional costs should the project be managed ineffectively or should it subsequently fail to meet the scheduled completion date for any other reason. Projects that are not completed on schedule further reduce profitability. Staff must continue to work on such projects for longer than anticipated; this may prevent them from pursuing and working on new or other projects. Projects that are over budget or not on schedule may also lead to client dissatisfaction and legal proceedings, which can be costly and detrimental to and adversely impact the Corporation's reputation. A project's revenues could also be reduced should the Corporation be required to pay liquidated damages in connection with contractual penalty provisions. Such damages can be substantial and can accrue on a daily basis.

In addition, certain contract bidding frameworks are inherently stringent and inflexible, which limits the ability of a bidder or tenderer to negotiate certain contractual terms and conditions. These types of contracts could potentially expose the Corporation to significant additional risks or costs, including making any pricing adjustment difficult in a highly inflationary environment, that could lead to lower margins and adversely affect the profitability of the Corporation's projects.

Economic Environment

Demand for the Corporation's services can be impacted by economic factors and events. Global and local capital and credit markets and global and local economies may experience significant uncertainty, characterized by the bankruptcy, failure, collapse or transactions in one or more market sectors, including financial institutions, and a considerable level of intervention from governments and international organizations around the world. Economic conditions in any of the markets in which the Corporation operates may be weak and may remain weak or become weaker in the future. Also, there is a growing risk of recessions or other economic downturns. In addition, many governments used, or continue to use, significant levels of fiscal stimulus in an attempt to avoid recessions and now have significant and growing debts and deficits that may require actions such as spending cuts and higher taxes. Any of these conditions may impact demand for the Corporation's services by public and private entities or impact our cost of doing business. Demand for the Corporation's services may also be vulnerable to reductions in private industry spending resulting from sudden economic downturns or changes in commodity prices such as oil, natural gas or metals, which may result in clients delaying, curtailing or cancelling proposed and existing projects, in some cases with little or no prior notice. Any of these conditions may adversely affect the demand for the Corporation's services, which may negatively affect its business, financial condition and results of operations.

In addition, currency and interest rate fluctuations, financial market volatility or credit market disruptions may limit the Corporation's access to capital and may also negatively affect the ability of the Corporation's customers to obtain credit to finance their businesses on acceptable terms. If the operating and financial performance of the Corporation's customers deteriorates or if they are unable to make scheduled payments or obtain credit, the Corporation's customers may not be able to pay the Corporation. Any inability of customers to pay the Corporation for its services may adversely affect its backlog, earnings and cash flows.

Lastly, rising inflation, interest rates and construction costs could reduce the demand for the Corporation's services in the markets in which it operates or may operate in the future. The Corporation also generally bears the risk of rising inflation in connection with fixed-price contracts and may also bear inflation risk in relation to cost-plus contracts with ceilings or contracts on a time and material basis where hourly rates are fixed. In addition, if the Corporation expands its business into markets or geographic areas in which fixed-price work is more prevalent, inflation may have a larger impact on the Corporation's results of operations. The impact of inflation could also subject the Corporation to significant cost pressure, including increasing costs of borrowing, or lead to a decrease in the liquidity of capital markets.

Geopolitical Risks

The Corporation is exposed to various geopolitical risks as it operates across the world in an increasingly interconnected global economy. The Corporation has a geographically dispersed client base which it serves with local presence and through a network of operations located around the globe. Escalating conflicts and unrest can affect particular regions and may also have severe repercussions in other parts of the world. As such, the Corporation may be adversely affected by deteriorating uncertainties arising from political, economic, military or social conditions emerging from domestic or international conflicts and crisis.

The potential impacts on the Corporation depend on the extent and depth of geopolitical conflicts as they materialize and may include consequences such as delays or cancellation of contracts, changes in regulatory practices, impact to tariffs and taxes, restrictions to global mobility, productivity slowdowns, low workforce morale, inability to deliver projects in the affected region and deterioration of local and global economies.

In particular, the armed conflict between Ukraine and Russia has accelerated a global energy crisis as a result of Western sanctions imposed against Russia. Although the impacts are felt across the world, the European Union, and more particularly the Nordics region, are significantly affected by this ongoing conflict. The conflict between Ukraine and Russia has adversely impacted the price of fuel and energy and has impacted mobility of people and goods across the European Union. Consequently, major logistical issues have caused shortages of certain materials in the construction industry which has forced certain of our projects to be postponed or cancelled. The Corporation has suffered limited impacts so far and continues to monitor this conflict closely and adjust its operations and practices to minimize potential impacts. However, should the Ukraine-Russia conflict persist for a significant period of time, the Corporation may be adversely affected by deteriorating impacts on its employees, operations and business.

The volatile, uncertain and unpredictable nature of external factors related to geopolitical risks cannot be easily managed. The Corporation has established a systematic process to assess and monitor regional conditions and has defined appropriate policies and controls to engage in work that aligns with its risk tolerance levels. However, these conditions may change through time and potentially render these controls ineffective. If the Corporation does not successfully and timely adjust to these factors or implement appropriate mitigations, its workforce, business and results of operations may be materially adversely impacted.

Working with Government Agencies

The demand for the Corporation's services is affected by the level of government funding that is allocated for rebuilding, improving, and expanding infrastructure systems. The Corporation derives a significant portion of its revenues from governments or government-funded projects and expects to continue to do so in the future. Significant changes in the level of government funding, the short-term and long-term impacts of the COVID-19 pandemic (including future budgetary constraints, concerns regarding deficits, inflation and a recession), economic crisis, changing political priorities, changes in governments or delays in projects caused by political deadlock, may adversely affect the Corporation's business, prospects, financial condition and results of operations.

The success and further development of the Corporation's business depend, in part, on the continued funding of these government programs and on the Corporation's ability to participate in these programs. However, governments may not have available resources to fund these programs or may decide not to fund these programs for diverse political reasons.

Most government contracts are awarded through a rigorous competitive process which may result in the Corporation facing significant additional pricing pressure, uncertainties, and additional costs. As such:

- Government contracts in most regions are based on strict regulatory and statutory foundations of public procurement. Non-compliance with these regulatory requirements by the Corporation may result in termination of contracts, suspension or debarment from future governmental projects and/or other sanctions including the imposition of penalties or fines.
- Government contracts are typically subject to renewal or extensions over a defined period, and thus the Corporation cannot be assured of its continued work under these contracts in the future.
- Government agencies can typically terminate these contracts at their convenience or render the Corporation ineligible to contract with such government agencies in the future. The Corporation may incur costs in connection with the termination of these contracts and suffer a loss of business.
- In certain markets, contracts with government agencies are subject to substantial regulation and audit of the actual costs incurred. These audits can result in a determination that a rule or regulation has been violated or that adjustments are necessary to the amount of contract costs the Corporation believes are reimbursable by the agencies and the amount of overhead costs allocated to the agencies. Consequently, there may be a downward adjustment to the Corporation's revenues if costs already recognized exceed the contractual entitlements, as audited by the relevant government agency.

Our inability to win new contracts or be awarded additional work under existing contracts could have a material adverse impact on the Corporation's business, financial condition and results of operations.

In addition, as part of its global business dealings with different governmental bodies, entities and agencies in each of the countries in which the Corporation operates, WSP must comply with complex public procurement laws and regulations aimed at ensuring that public sector bodies award and manage contracts in a transparent, competitive, efficient and non-discriminatory manner in these jurisdictions. These rules can also provide for verification processes and disclosure requirements, as well as address national security concerns, among other matters. WSP can be subject to audits and investigations by government departments and agencies with respect to compliance with these rules. Non-compliance with these requirements may result in the Corporation incurring penalties and sanctions, including contract termination, suspension of payments, suspension or debarment from doing business with the government, and fines. In addition, WSP may be required to obtain authorizations or certifications in order to enter into contracts with governmental bodies, entities and agencies in certain jurisdictions, which authorizations or certifications may be revoked in a variety of circumstances, including at the discretion of a governmental authority or if the Corporation or its affiliates or directors or officers are convicted of an offense. If the Corporation fails to comply with these laws and regulations or the terms of these authorizations or certifications or if the Corporation, its directors, officers, employees or agents commit legal violations or misconduct specified in any of these rules, the Corporation could be subject to mandatory or discretionary exclusion or suspension, on a permanent or temporary basis, from contracting with these governmental bodies, entities and agencies or within certain jurisdictions, in addition to termination of certain government contracts, fines, penalties and other sanctions that could be imposed on the Corporation. Upon conviction of an offense, the Corporation could be debarred from participating in procurements with governmental bodies, entities and agencies for extended periods of time and suffer significant damage to its reputation. The disqualification of the Corporation from public contracts, the conviction of the Corporation with respect to certain offenses or the institution of formal charges with respect to such offenses in any jurisdiction in which it has operations or carries out business activities could impact its ability to bid, enter into or perform public contracts or subcontracts in that and other jurisdictions, any of which may adversely affect the Corporation's business, financial condition and results of operations.

Challenges Associated with Size

In recent years, the Corporation has significantly increased in size and, as at December 31, 2022, had approximately 66,200 employees globally. The Corporation must effectively communicate, monitor and manage its culture, values, standards, internal controls and policies throughout the larger organization. The Corporation may not be able to achieve its strategic objectives if it does not overcome the challenges associated with managing cultural diversity and the particularities of local markets. Cultural differences in various countries may also present barriers to introducing new ideas or aligning WSP's vision and strategy throughout the organization.

In addition, the size and scope of the Corporation's operations heighten the possibility that it will have employees who engage in unlawful or fraudulent activity, or otherwise expose it to business or reputational risks, despite the Corporation's efforts to provide training and maintain controls to prevent such instances. If the Corporation cannot overcome these obstacles, it may not be able to achieve its growth and profitability objectives and/or it may suffer reputationally. In addition, from time to time, the Corporation has made, and may continue to make, changes to its operating model, including how it is organized, to adapt to the needs and size of its business evolution. If the Corporation does not successfully and timely implement any such changes, its business and results of operation may be negatively impacted.

Growth by Acquisitions

A key part of our growth strategy is through M&A activities; that is, acquiring firms that align with our strategic objectives and/or that operate in geographies and/or specialties that are complementary to our existing operations. Management believes that growth through acquisitions can enhance the Corporation's value proposition and can accelerate our ability to achieve our strategic goals. However, a variety of factors may adversely affect the anticipated benefits of a given acquisition or prevent these from materializing to the extent envisaged or at all, or from occurring within the time periods forecasted by the Corporation. In addition, entities the Corporation acquires may have liabilities, contingencies, incompatibilities or other obstacles to successful integration that the Corporation failed to discover or was unable to accurately quantify in the due diligence conducted prior to completion of an acquisition and which could have a material adverse effect on the Corporation's business, financial condition or future prospects.

Although we seek to complete a thorough due diligence process in connection with any acquisition or related transaction we pursue, there remains a level of risk regarding the accuracy and completeness of the information provided to the Corporation or our ability to discover or accurately quantify certain liabilities, deficiencies, contingencies or other obstacles to a successful integration which could have a material adverse effect on the Corporation's business, financial condition or future prospects. While we strive to obtain adequate indemnification rights from the sellers of acquired businesses and/or insurance that could mitigate certain of these risks, such rights may be difficult to enforce, the losses may exceed any dedicated escrow funds or holdbacks and the indemnitors may not have the ability to financially support the indemnity, or the insurance coverage may be unavailable or insufficient to cover all losses.

In addition, it may prove increasingly challenging to identify attractive targets for acquisitions, and such firms may not be available on terms and conditions, including pricing, that are acceptable to us, which may negatively impact our ability to successfully pursue our growth strategy. Existing cash balances and cash flow from operations, together with borrowing capacity under our credit facilities, may be insufficient to make acquisitions. Future acquisitions may require us to obtain additional equity or debt financing, which may not be available on attractive terms, or at all.

Further, the Corporation may enter into new markets or take on new activities as a result of its acquisitions. This carries the risk that the Corporation may struggle to efficiently or effectively exploit such new markets or services, and/or to comply with laws and regulations applicable thereto, or it may misjudge or inefficiently mitigate the risks associated with these new markets or activities.

Consummation of acquisitions may be subject to the satisfaction of customary closing conditions. One or more of these conditions may not be fulfilled and, accordingly, the transaction may not be consummated or may be significantly delayed. If the transaction is not consummated, we will have incurred costs, often substantial, without realizing the expected benefits of the acquisition. To the extent the market price of our shares reflects a market assumption that the transaction will be consummated or will be consummated within a particular timeframe, the market price of our shares may decline. The announcement of the transaction or its pendency can cause uncertainty among clients and employees about the effect of the transaction which could have an adverse effect on the Corporation's ability to maintain existing business relationships or retain key employees. The pursuit of the transaction will also require management attention and use of internal resources that would otherwise be focused on general business operations. Any of the foregoing, or other risks arising in connection with a failure or delay in consummating a transaction, including the diversion of management attention or loss of other opportunities during the pendency of the transaction, could have a material adverse effect on our business, financial condition and results of operations.

Acquisition Integration and Management

Achievement of the benefits of acquisitions depends in part on successfully consolidating functions, integrating and leveraging operations, procedures, systems, and personnel in a timely and efficient manner, as well as the Corporation's ability to share knowledge and realize revenues, synergies and other growth opportunities from combining acquired businesses and operations with those of WSP. There is no assurance that the Corporation will be able to successfully integrate its acquisitions. Failure by the Corporation to effectively and timely integrate acquired businesses, including the integration of personnel, culture, values, operations, standards, controls, procedures, policies and systems, including IT systems, could lead to, among other matters: a failure to realize anticipated benefits of one or more acquisitions, including cost savings, synergies, business opportunities and growth opportunities; unanticipated operational problems, expenses, liabilities and claims; the loss or disengagement of certain key personnel; and an increase in the risks to which the Corporation is subject.

The successful integration of an acquired business is subject to the risk that personnel and professionals from the acquired business and the Corporation may not be able to work together successfully, which could affect morale and the Corporation's operations. Cultural differences, including but not limited to differences in corporate cultures, may also present barriers to the successful integration of businesses acquired by the Corporation. Among other things, the Corporation may seek to require as a condition of completion of one or more acquisitions that key personnel and professionals from the acquired business enter into employment agreements for specified post-acquisition periods and/or non-competition undertakings; however, there are risks that such commitments will not be respected or that the personnel and professionals subject to same or other personnel and professionals will not be successfully integrated as productive contributors to the Corporation's business. In addition, all acquisitions carry the risk of the potential loss of key personnel.

While in transition, information technology and financial management systems integration of acquired firms may expose us to information security, cyber security risks, and gaps in internal controls.

Integration requires the dedication of substantial management effort, time and resources, which may divert Management's focus and resources from other strategic opportunities (including other potential acquisitions) and from operational matters during the integration process. The acquisition integration process may also result in the disruption of ongoing business, client, employee and other relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of a given acquisition, including the ability to realize the anticipated synergies from combining the acquired business into WSP. In particular, major clients of the acquired businesses may not be retained following the acquisition of such businesses. The Corporation may not ever realize the full benefits of an acquisition, including the synergies, cost savings, or sales or growth opportunities.

Each year, the Corporation incurs acquisition and integration costs which may be material. Such costs are difficult to estimate accurately and may exceed estimates. The Corporation may also fail to accurately forecast the financial impact of an acquisition, including tax and accounting charges. Accordingly, the benefits from an acquisition may be offset by unexpected costs incurred in integrating the businesses, which could cause our revenue assumptions to be inaccurate.

In addition, the overall integration may result in unanticipated operational problems, including the Corporation's own operational, financial and management systems which may be incompatible with or inadequate to effectively integrate and manage the acquired businesses. There can be no assurance that we will be able to respond adequately or quickly enough to the changing demands that material expansion will impose on management, team members and existing infrastructure, and changes to our operating structure may result in increased costs or inefficiencies that we cannot anticipate. Any of these difficulties could adversely impact our business performance and results of operations.

Challenges associated with disease outbreaks, including COVID-19

Disease outbreaks, including epidemics, pandemics or similar widespread public health concerns, can cause serious demand, supply and operational challenges that may negatively impact the Corporation's business, financial performance and financial position. These public health concerns pose the risk that our employees, clients, subconsultants and other business partners may be prevented from, or restricted in, conducting business activities for an indefinite period, including due to the transmission of the disease or to emergency measures or restrictions that may be requested or mandated by governmental authorities. The likelihood and magnitude of such impacts or the occurrence of any such disease outbreak are inherently difficult to predict and will depend on many factors beyond the Corporation’s control and knowledge.

In particular, the COVID-19 pandemic has created significant volatility, uncertainty and economic disruption since it was declared a global pandemic in 2020. Although global economic recovery from the effects of the COVID-19 pandemic is progressing and the necessity for containment efforts implemented by international, federal, state and local public health and other governmental authorities to fight the spread of the disease have significantly diminished or, in most cases, been eliminated, the pandemic has caused and may continue to cause material disruptions to businesses and to equity and capital markets globally, and could continue to have an adverse impact on global economic conditions, which could materially adversely affect our business. Further, the possibility of new variants or mutations of the virus could cause governmental authorities or companies to strengthen or reintroduce emergency measures and restrictions which could lead to disruption in the future and materially adversely affect our business. The extent to which the COVID-19 pandemic impacts our future business, including our operations and the market for our securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Controls and Disclosure

Inherent limitations to the Corporation’s internal or disclosure controls could result in a material misstatement of financial information or other metrics disclosed by the Corporation, which could cause the Corporation to incur incremental compliance costs, fail to meet its public reporting requirements or require a restatement of its financial statements. The Corporation maintains accounting systems and internal controls over its financial reporting and disclosure controls and procedures. There are inherent limitations to any control framework, as controls can be circumvented by acts of individuals, intentional or not, by collusion of two or more individuals, by management override of controls, by lapses in judgment and breakdowns resulting from human error. There are no systems or controls that can provide absolute assurance that all fraud, errors, circumvention of controls or omission of disclosure are prevented or detected. Such fraud, errors, circumvention of controls or omission of disclosure could result in a material misstatement of financial information. Also, projections of any evaluation of the effectiveness of controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Inadequate controls could also result in fraud and inappropriate decision-making based on non-current internal information. Inadequate internal or disclosure controls may also have a material adverse impact on the assets, liabilities, revenues, expenses, and reputation of the Corporation.

Current or Future Legal Proceedings

In the ordinary course of conducting its business, the Corporation is threatened from time to time with, or named as a defendant in, or may become subject to, various legal proceedings. These legal proceedings often allege professional errors and omissions or other incidents that may occur during project delivery.

As part of its service offerings, the Corporation also issues reports and opinions to clients based on its professional engineering expertise, as well as its other professional credentials, in compliance with applicable laws, regulations and professional standards. The Corporation could be liable to third parties who use or rely upon such reports or opinions even if the Corporation is not contractually bound to those third parties.

In addition, legal proceedings may result from the business historically carried on by the Corporation's predecessors as well as employees' or former employees' failure to comply with applicable laws and regulations.

On December 27, 2019, over 100 plaintiffs filed suit in the US District Court for Washington, DC against a number of US government contractors, including The Louis Berger Group, Inc. and Louis Berger International, Inc. (collectively, "LB") which the Corporation acquired in December 2018, alleging that between 2009 and 2017, LB had violated the Anti-Terrorism Act. The Corporation is of the view that LB has a strong defense on both the legal aspects of the litigation and the factual underpinnings in this complex and rarely litigated statute. Preliminary motions to dismiss the proceedings have been filed by the Defendants. However, the Corporation cannot, at this preliminary stage, predict the outcome of this suit, potential losses or the impact on its reputation.

Defending lawsuits of this nature or arising out of any of the services provided by the Corporation could require substantial attention from Management, necessitate financial resources to defend such claims and/or result in significant attorney fees, damage awards and the imposition of significant fines, penalties or injunctive relief for which the Corporation may not be fully insured and which could harm its reputation, thereby affecting its ability to bid on and/or obtain future projects and retain qualified employees. Even if the Corporation is successful or if it is fully indemnified or insured, such lawsuits could damage the Corporation's reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. In addition, the institution of proceedings against the Corporation may have to be immediately accounted for in the results of the Corporation and may have a material adverse impact on the assets, liabilities, revenues and/or goodwill of the Corporation, the magnitude of which the Corporation may not predict.

Reputation

To remain competitive, the Corporation depends to a large extent on its relationships with its clients and its reputation for high-quality professional services and as a professional services firm that complies with the highest ethical standards. This positive reputation plays an important role in the Corporation's long-term success and is crucial for it to continue to compete effectively and maintain its goodwill. The failure of the Corporation to meet its clients' expectations in the course of a project, including the possibility of a catastrophic failure or incident affecting such a project, could have a negative impact on how it is perceived in the market. The Corporation has already made specific disclosures about investigations, allegations and findings of inappropriate conduct with respect to some of its activities, directors, officers and employees. Further, the Corporation's failure to comply with applicable laws, regulations or generally recognized and accepted guidelines on corporate, environmental, social (including health and safety), and governance responsibilities, failure to adequately report on or meet its environmental, social and governance objectives, or commitment of any acts of misconduct or corruption, illegal political contributions, alleged or proven non-compliance with laws or regulations, anti-competitive or criminal acts or other ethics-related acts or omissions by its officers, directors, employees, subconsultants, contractors, agents, third party suppliers and/or partners could negatively impact the Corporation's reputation. Harm to the Corporation's reputation could also arise from a number of other factors, including questions surrounding competence, data breaches, actual or alleged quality, timing or performance issues on its projects, a poor health and safety record or the accuracy and quality of financial reporting and public disclosure. Any negative publicity about, or significant damage to, the Corporation's reputation and image could have an adverse impact on client, employee and investor perception and confidence and may result in the cancellation of current projects and adversely impact its ability to obtain future projects, affect the Corporation's ability to attract or retain qualified personnel, or negatively impact the Corporation's relationship with its investors and potential investors, all of which could materially and adversely affect its revenues and profitability. Also, the pervasiveness and viral nature of social media could exacerbate any negative publicity with respect to the Corporation's business.

Increasing Requirements and Stakeholder Expectations Regarding Environmental, Social and Governance ("ESG") Matters

The Corporation and its clients are facing increasing ESG risk management and reporting expectations driven by stakeholders including clients, investors, employees and communities as well as by an increasing number of regulatory requirements globally. These expectations and obligations are expected to continue to evolve in the near future.

Through its designs and advisory services, as well as through its own actions, WSP is committed to helping address and solve some of the most pressing environmental and social issues. The Corporation has pledged to reduce its greenhouse gas ("GHG") emissions, create a more inclusive and diverse workplace, protect the health, safety and wellbeing of its workforce, and assess its impacts on biodiversity, among other ESG commitments.

The achievement of these goals and objectives is subject to risks and uncertainties, notably for targets that are not under the Corporation's direct control, such as the GHG emissions reductions of its business partners and suppliers (also known as scope 3 emissions).

If the Corporation misses its stated ESG targets, or fails to manage, measure or report on its progress in relation to such ESG targets in a balanced manner, this could have financial, reputational, legal and regulatory repercussions. For example, the Corporation's activities are rated by ESG rating agencies, and the resulting scores and rankings are used as an investment tool, notably among institutional investors. In addition, the Corporation offers advisory services in relation to setting ESG targets and reporting on frameworks and as such, is subject to increased scrutiny of its corporate ESG disclosures. Failure by the Corporation to reach its ESG targets could potentially lead to downgrades in its ratings and loss of clients, partners or internal talent which could influence investor behaviour and negatively affect our reputation, all of which would have an adverse effect on our business, results of operations and financial condition.

Climate Change and related Physical and Transition Risks

As an organization providing consultancy services with no significant real estate assets, the Corporation believes its financial exposure to acute physical impacts from climate change is limited. However, there is the potential that changes in climate such as increasing heatwaves, sea level rise, extreme weather events, storm-related flooding or extended drought, or other acute or chronic changes to the climate could disrupt its clients' projects, its project delivery, or the health and safety of its employees. The effects of climate change and extreme weather events on the Corporation's clients have the potential to cause negative impacts on the Corporation, including work stoppages, project delays, financial losses and additional costs to resume operations, including increased insurance costs or loss of coverage, legal liability and reputational losses.

Generally, the Corporation occupies modern offices in well-connected locations. It also has significant regional, national and global presence to ensure that all offices would not be disrupted by adverse climate impacts at the same time. However, the health and wellbeing of our employees may be impacted if there are significant, region-wide events such as heatwaves or extreme weather, regardless of where employees are working, which may impact project delivery. The Corporation conducts outdoor field activities in the course of its projects, including but not limited to professional surveying, resident engineering services, field data surveys and collection, archeology, geotechnical investigations and exploratory geological or geo-environmental drilling, construction oversight and inspection, and plant start-up, testing and operations. Therefore, extreme weather events could also hinder the ability of its field employees to perform their work, which may result in delays or loss of revenues, while certain costs continue to be incurred.

In addition to physical risks, climate change poses transitional risks to the Corporation such as market and technology shifts, which could result in decreased demand for some of the Corporation's services. Furthermore, policy changes made by governments in response to climate concerns could increase the costs or impact the viability of projects for some clients, or alternatively increase demand for some of our services. It is currently difficult to predict the outcome of climate-related proposals and their impact on the Corporation and its clients.

Ecological and Social Impacts of Projects

WSP works in industries including energy, mining, water, transportation and infrastructure, where related projects may impact the environment or local or Indigenous/Aboriginal communities or take place in regions subject to geopolitical tensions or with elevated human rights concerns. The impacts of our clients' projects may include a reduction in biodiversity, deforestation, water pollution, displacement of local populations, otherwise disrupt communities or lead to the loss of territories claimed by certain groups. Beyond abiding by all applicable laws and regulations, the Corporation's clients must gain social acceptance for their projects from a wide number of stakeholders. Failure to involve concerned citizens and impacted communities in decision-making could lead to negative publicity, protests, litigation, policy changes, or even cancellation of projects, which could adversely impact the Corporation’s business, financial condition, or its reputation.

Work Stoppage and Labour Disputes

As at December 31, 2022, employees predominantly in the Nordics, Brazil and Continental Europe, representing less than 11% of the Corporation’s total employees and the vast majority of the Corporation’s unionized employees, were covered by collective bargaining agreements. Although the Corporation believes that it has good relations with its employees, the Corporation has in the past experienced labour disputes with its employees and could experience such conflicts in the future which could lead to strikes, loss of productivity, project interruptions, financial losses or damages to the Corporation’s reputation as an employer of choice. A lengthy strike or other work stoppages, caused by or involving unionized or non-unionized employees, in connection with any of the Corporation’s projects could have a material adverse effect on the Corporation. There is an inherent risk that on-going or future negotiations relating to collective bargaining agreements or union representation may not be favourable to the Corporation. From time to time, the Corporation has also experienced attempts to unionize the Corporation’s non-unionized employees. Such efforts can often disrupt or delay work and present risk of labour unrest.

Joint Arrangements

As part of its business strategy, the Corporation may enter into certain contracts through joint arrangements with unaffiliated third parties such as joint ventures, partnerships or other strategic alliances. The success of the Corporation’s joint arrangements depends, in part, on the satisfactory performance by its partners of their respective obligations. The failure or unwillingness of any partner in a joint arrangement to perform its obligations or to provide the required levels of financial support could impose financial and performance obligations on the Corporation that could result in increased costs and adversely affect the Corporation’s reputation, business and financial condition. If these circumstances occur, the Corporation may be required to pay financial penalties or liquidated damages, provide additional services outside of its responsibilities, or make additional investments to ensure adequate performance and delivery of the contracted services. Under agreements with joint and several (or solidary) liabilities or whereby the work to be delivered to our client is integrated with our contract partners, the Corporation could be liable for both its own obligations and those of its partners which could have an adverse impact on its financial condition and results of operations. These circumstances could also lead to disputes and litigation with the Corporation’s partners or clients.

Reliance on Suppliers and Subconsultants

The Corporation engages with a large number of third-party suppliers and subconsultants. The proper and profitable completion of some contracts depends to a large extent on the satisfactory performance of the subconsultants that complete different elements of the work delivered by the Corporation to its clients. If these subconsultants do not perform to acceptable standards or fail to deliver as per the agreed schedule, the Corporation may have to replace the subconsultant to complete the subcontracted deliverables and the Corporation’s ability to fulfill its obligations may be jeopardized. This may result in additional costs to the Corporation which could impact profitability on a specific job and in certain circumstances may lead to significant losses and claims.

The failure of the Corporation to adequately and proportionately flow down its contractual liability to its suppliers and subconsultants and the failure of any such third party, supplier or subconsultant to deliver on their contractual commitments or to meet the Corporation’s expectations set out in its Business Partners Code of Conduct could have an adverse effect on the Corporation’s business, reputation, prospects, financial condition and results of operations.

Insurance Limits

The Corporation maintains comprehensive insurance coverage for various aspects of its business and operations, to provide indemnity for its losses and liabilities. The Corporation’s insurance programs are subject to varying coverage limits, retentions as well as exclusions that are customary or reasonable given the cost of procuring insurance, and current operating conditions, and other relevant considerations. As a result, the Corporation may be subject to future liability for which it is only partially insured, or completely uninsured. The Corporation is of the view that its insurance programs address all material insurable risks and provides coverage that is in accordance with what would be maintained by a prudent operator of a similar business. However, there can be no guarantee that such insurance will continue to be offered on economically feasible terms, that all events that could give rise to a loss or liability are or will be insurable, or that the amounts of insurance will always be sufficient to cover every loss or claim that may occur involving the Corporation's assets or operations.

Changes to Backlog

The Corporation cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits. Projects may remain in the backlog for an extended period of time. In addition, project delays, suspensions, terminations, cancellations, reductions in scope or other adjustments do occur from time to time in the Corporation's industry due to considerations beyond its control and may have a material impact on the value of reported backlog with a corresponding adverse impact on future revenues and profitability. Future project cancellations and scope adjustments could further reduce the dollar amount of the backlog and the revenues that the Corporation actually receives.

In addition, most of the Corporation's contracts contain "termination for convenience" or termination upon short notice provisions, which permit the client to terminate or cancel the contract at its convenience upon providing the Corporation with notice of a specified period of time before the termination date or paying the Corporation equitable compensation or both, depending on the specific contract terms. In the event a significant number of the Corporation's clients were to avail themselves of such "termination for convenience" provisions, or if one or more significant contracts were terminated for convenience, the Corporation's reported backlog would be adversely affected with a corresponding adverse impact on expected future revenues and profitability. Although the Corporation's revenues do not materially depend on any specific client, there can be no assurance that the Corporation will be able to retain its relationships with its largest clients.
If a significant backlog adjustment occurs, the Corporation could incur costs resulting from reductions in staff that would have the effect of reducing its net earnings.

Protection of Intellectual Property Rights

The Corporation's technology and intellectual property provide, in certain instances, a competitive advantage. Where appropriate, the Corporation seeks to protect its technology and intellectual property, including trademarks, patents, copyright, and industrial designs, by relying on registration, licensing, security controls and other available mechanisms, as well as by implementing the proper legal contractual arrangement and non-disclosure agreements. Trade secrets are generally difficult to protect. Our employees and contractors are subject to confidentiality obligations, but this protection may be inadequate to deter or prevent misappropriation of our confidential information and/or infringement of our intellectual property. If the Corporation is not able to fully protect its intellectual property rights or detect unauthorized use of same or otherwise take appropriate steps to enforce its rights, they could be invalidated, circumvented, challenged or become obsolete which could adversely impact the Corporation's capacity to differentiate itself from its competitors. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert management's attention away from other aspects of our business.

Clients and third parties occasionally provide the Corporation with access to their technology and intellectual property, and although the Corporation takes reasonable steps to protect such information from improper use or distribution, there is a risk that it may not be adequately protected which could lead to claims and litigation and resulting liabilities, loss of contracts or other consequences that could have a material adverse impact on our business, financial condition and results of operations. In addition, the Corporation publishes numerous articles and reports, in a variety of websites, journals or magazines and may, even unintentionally, entail copyright infringement. The Corporation may face allegations or claims by clients and third parties of infringement, misappropriation or other violations of their intellectual property rights that could result in costly litigation and substantially harm our business, financial results and overall reputation.

RISKS RELATED TO THE CORPORATION'S LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

Deterioration of Financial Position or Net Cash Position

The Corporation relies both on its cash position as well as on the bank, credit and capital markets to provide a portion of its capital requirements and it is, in certain instances, required to obtain bank guarantees, letters of credit and/or performance and payment bonds as a means to secure its various contractual obligations. Significant instability or disruptions of the capital markets, including the credit markets, or a deterioration in or weakening of its financial position, including its net cash position, due to internal or external factors, could restrict or prohibit the Corporation’s access to, or significantly increase the cost of, one or more of these financing sources, including credit facilities, the issuance of long-term debt (such as the issuance of debentures, bonds or notes), or the availability of bank guarantees, letters of credit and/or bonding to guarantee its contractual and project obligations.

There can be no assurance that the Corporation will maintain an adequate net cash position and generate sufficient cash flow from operations to fund its operations and liquidity needs, service its debt and/or maintain its ability to obtain and secure bank guarantees.

A draw on letters of credit or bank guarantees by one or more third parties could, among other things, significantly reduce the Corporation’s cash position and have a material adverse effect on its business and results of operations.

Working Capital Requirements

The Corporation may have significant working capital requirements, which if unfunded could negatively impact its business, financial condition and cash flows. In some cases, the Corporation may require significant working capital to finance the performance of engineering and other work on certain projects before it receives payment from clients. In other cases, the Corporation is contractually obligated to its clients to fund working capital on projects. Increases in working capital requirements could negatively impact the Corporation’s business, financial condition and cash flows.

Further, significant deterioration of the current global economic and credit market environment could challenge the Corporation’s efforts to maintain a diversified asset allocation with credit worthy financial institutions.

In addition, the Corporation may invest some of its cash in longer-term investment opportunities, including the acquisition of other entities or operations, capital expenditures, the reduction of certain liabilities such as unfunded pension liabilities and/or repurchases of the Corporation’s outstanding shares. To the extent the Corporation uses cash for such other purposes, the amount of cash available for the working capital needs described above would be reduced.

Accounts Receivable

As is common in the professional services industry, the Corporation carries a high level of accounts receivable on its balance sheet. This value is spread among numerous contracts and clients. While the Corporation performs regular reviews of accounts receivable to identify clients with overdue payments and resolve issues causing any delays, including issues relating to the financial capacity of such clients, there can be no assurance that outstanding accounts receivable will be paid on a timely basis or at all. The non-payment of accounts receivable may have an adverse impact on the Corporation’s financial condition and profitability. While the Corporation maintains provisions to account for projected collection issues, such provisions are based on estimates and projections which may differ significantly from actual results.

The Corporation’s credit risk is principally attributable to its trade receivables. The amounts presented in the balance sheet are net of expected credit losses, estimated by Management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. Generally, although credit is extended following an evaluation of creditworthiness, the Corporation does not require collateral or other security from customers for trade accounts receivable. Large uncollectible accounts receivable balances could have a material adverse effect on the Corporation's financial condition.

Increased Indebtedness and Raising Capital

The Corporation may draw on its credit facilities or may issue other debt instruments, such as bonds, to fund its activities, including acquisitions it may complete from time to time. Depending on its level of indebtedness, the Corporation could be required to dedicate an important part of its cash flow to making interest and capital payments on its indebtedness, which could have other important consequences for investors, including the following:

- it may limit the Corporation's ability to make investments that are important to its growth and strategies while meeting its other cash needs or obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- certain of the Corporation's borrowings are at variable interest rates and expose the Corporation to the risk of increased interest rates;
- it may limit the Corporation's ability to adjust to changing market conditions and place the Corporation at a competitive disadvantage compared to its competitors that have less debt;
- it may negatively impact the Corporation's credit ratings;
- the Corporation may not be able to declare and pay dividends on its shares or may have to lower the dividends it declares and pays on its shares; and
- the Corporation may be vulnerable in a downturn in general economic conditions.

Under the terms of the contracts governing its indebtedness, the Corporation is permitted to incur additional debt in certain circumstances. However, doing so could increase the risks described above. Under its credit facility and trust indenture, the Corporation is required, among other conditions, to respect certain covenants on a consolidated basis. The main covenants are in regard to its consolidated funded debt to consolidated adjusted EBITDA and the interest coverage ratios, which are non-IFRS measures. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing and reporting requirements under its credit facility and trust indenture. A breach of any covenant or our inability to comply with the required financial ratios could result in a default under our credit facilities and limit our ability to do further borrowing.

If the Corporation is unable to obtain capital on acceptable terms in order to fund its growth strategy, the Corporation may be required to reduce the scope of its anticipated expansion, which may negatively affect its business strategy, future competitiveness and results of operations. Using internally generated cash or taking on high levels of debt to complete acquisitions could substantially limit the Corporation's operational and financial flexibility. The extent to which the Corporation will be able or willing to issue equity as a means of financing acquisitions will depend on the market value of its shares from time to time and the willingness of potential sellers to accept its shares as full or partial consideration. The Corporation may also be required to incur additional debt if it acquires another business, which could increase its debt repayment obligations and have a negative impact on future liquidity and profitability.

In addition, the Corporation may also be required to raise additional capital in the public or private markets to support its strategy and operational needs in the future. The availability of future financing will depend on prevailing market conditions, and the acceptability of financing terms offered. There can be no assurance that future financing will be available, or available on acceptable terms, in an amount sufficient to fund its needs, especially during periods of economic downturn.

Impairment of Long-Lived Assets

Because the Corporation has grown in part through acquisitions, goodwill and intangible assets represent a substantial portion of the Corporation's assets. As at December 31, 2022, the Corporation had $6.79 billion of goodwill, representing 46% of its total assets of $14.84 billion. Under IFRS, the Corporation is required to test goodwill and indefinite-lived intangible assets carried in its consolidated statement of financial position for possible impairment on an annual basis; the Corporation uses a fair value approach. The Corporation has chosen to perform its annual impairment review of goodwill on the first day of the Corporation's fourth quarter of its fiscal year. The Corporation is also required to test long-lived assets for impairment between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of a Cash Generating Unit ("CGU") below its book value, which would mean the value of the acquired assets has fallen below what the Corporation generally paid for them. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in a CGU’s market value, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of its business, potential government actions toward its facilities, and other factors. If the recoverable amount of a CGU is less than its carrying value, the Corporation could be required to record an impairment charge. The amount of any impairment could be significant and could have a material adverse impact on the Corporation’s financial condition and results of operations for the period in which the charge is taken.

Foreign Currency Exposure

Foreign currency risk is the risk that fair value of an asset or liability or future cash flows will fluctuate because of changes in foreign exchange rates, and where a change in exchange rates would have a direct impact on net earnings of the Corporation. The Corporation operates internationally which significantly increases its exposure to the foreign currency risk arising from its operating activities denominated in various currencies, including US dollars, pounds sterling, Swedish kronas and Australian dollars and to its net assets in foreign operations. A significant portion of the Corporation’s earnings and net assets is denominated in multiple foreign currencies, including US dollar, pound sterling, Swedish krona and Australian dollars. Accordingly, fluctuations in exchange rates between the Canadian dollar and such currencies may have an adverse effect on the Corporation’s results and financial condition. Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted.

In situations where revenues and costs are transacted in different currencies, the Corporation sometimes enters into foreign exchange contracts in order to limit its exposure to fluctuating foreign currencies. Nonetheless, future cash flows in a foreign currency carry the risk that the foreign currency will fluctuate in value before the transaction in question is completed and the currency is exchanged into the Corporation’s functional currency.

Income Taxes

The Corporation is subject to income taxes in various foreign jurisdictions. The tax legislation, regulation and interpretation that apply to its operations are continually changing. In addition, deferred income tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which the Corporation operates. Significant judgment is required in determining required provision for income taxes and Management uses accounting and fiscal principles to determine income tax positions that it believes are likely to be sustained by applicable tax authorities. However, there is no assurance that the Corporation's tax benefits or tax liability will not materially differ from its estimates or expectations. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Corporation is regularly under audit by tax authorities. It is these tax authorities that will make the final determination of the actual amounts of taxes payable or receivable, of any deferred income tax benefits or liabilities and of income tax expense that the Corporation may ultimately recognize. Although Management believes that its income tax estimates and tax positions are reasonable, they could be materially affected by many factors including the final outcome of tax audits and related litigation, the introduction of new income tax accounting standards, legislation, regulations, and related interpretations, the Corporation’s global mix of earnings, the realizability of deferred income tax assets and changes in uncertain tax positions. Any of the above factors could have a material adverse effect on the Corporation's net income or cash flows by affecting its operations and profitability, the availability of tax credits, the cost of the services it provides, and the availability of deductions for operating losses as the Corporation grows its business. An increase or decrease in the Corporation’s effective income tax rate could have a material adverse impact on its financial condition and results of operations.

Underfunded Defined Benefits Obligations

The Corporation may be required to contribute additional cash to meet any underfunded benefit obligations associated with retirement and post-retirement employee benefit plans managed by the Corporation. Such contributions are generally determined by calculating the projected benefit obligations of a plan, minus the fair value of such plan assets. In the future, the Corporation’s benefit plan obligations may increase or decrease depending on, among other things, changes in life expectancy, interest rates and asset performance. If the Corporation is required to contribute a significant amount to cover deficit under underfunded benefit plans, the Corporation's cash flows may be materially and adversely affected.

Changing economic conditions and demographics may result in significant increases in the Corporation's funding obligations thereby reducing the availability of such funds for other corporate purposes, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

21 ADDITIONAL INFORMATION

Additional information regarding the Corporation is available on our Website at www.wsp.com and on SEDAR at www.sedar.com. The Corporation's Annual Information Form for the year ended December 31, 2022 is available on these websites.

The common shares of the Corporation are traded on the Toronto Stock Exchange under the symbol “WSP”. As at December 31, 2022, the Corporation had 124,453,717 common shares outstanding. As at March 7, 2023, the Corporation had 124,548,081 common shares outstanding.

The Corporation has no other shares outstanding.

22 GLOSSARY OF SEGMENT REPORTING, NON-IFRS AND OTHER FINANCIAL MEASURES

Net revenues

Net revenues is defined as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from clients.

Net revenues is a segment reporting measure and a total of segments measure, without a standardized definition within IFRS, which may not be comparable to similar measures presented by other issuers.

Management analyzes the Corporation's financial performance in relation to fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of the performance of the professional consulting services business. Refer to section 8.1, “Net revenues”, for reconciliations of revenues to net revenues.

Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA is defined as earnings before net financing expense (except interest income), income tax expense, depreciation, amortization, impairment charges on long-lived assets and reversals thereof, share of income tax expense and depreciation of associates and joint ventures, acquisition, integration and reorganization costs and ERP implementation costs. Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of net revenues.

Adjusted EBITDA is a non-IFRS financial measures. Adjusted EBITDA margin is a non-IFRS ratio. These measures have no standardized definitions under IFRS, and, accordingly, these measures may not be comparable to similar measures used by other issuers.

Management analyzes the Corporation's financial performance in relation to adjusted EBITDA as it believes this metric allows comparability of operating results from one period to another. These measures exclude the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the results of day-to-day operations. Refer to section 8.3, “Adjusted EBITDA”, for reconciliations of earnings before net financing expense and income taxes to adjusted EBITDA.

Adjusted EBITDA by segment and adjusted EBITDA margin by segment

Adjusted EBITDA by segment is defined as adjusted EBITDA excluding head office corporate costs. Head office corporate costs are expenses and salaries related to centralized functions, such as head office finance, human resources and technology teams, which are not allocated to reportable segments. Adjusted EBITDA margin by segment is defined as adjusted EBITDA before head office corporate costs expressed as a percentage of net revenues.

These are segment reporting and total of segments measures without standardized definitions within IFRS. Other issuers may define adjusted EBITDA by segment differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

These metrics provide Management with comparability from one reportable segment to another. Refer to section 8.3, “Adjusted EBITDA”, for reconciliations of adjusted EBITDA to adjusted EBITDA by segment and of earnings before net financing expense and income taxes to adjusted EBITDA.

Adjusted net earnings and adjusted net earnings per share

Management has amended its definition of adjusted net earnings, effective January 1, 2022, to exclude impairment charges on long-lived assets and reversals thereof. The amendment was made in the context of on-going and planned reorganizations as part of our real estate strategy following recent and planned acquisitions in order to realize synergies and improve the cost structure of the combined business. The comparative period results did not require restatement to apply the current definition as no impairment of long-lived assets was recorded in 2021.

Adjusted net earnings is defined as net earnings attributable to shareholders excluding:

- amortization of intangible assets related to acquisitions;
- impairment charges on long-lived assets and reversals thereof;
- acquisition, integration and reorganization costs;
- ERP implementation costs;
- gains or losses on investments in securities related to deferred compensation obligations, included in other financial assets;
- unrealized gains or losses on derivative financial instruments; and
- the income tax effects related to the above-mentioned items.

Adjusted net earnings per share is calculated using the basic weighted average number of shares.

Adjusted net earnings is a non-IFRS financial measure and adjusted net earnings per share is a non-IFRS ratio. These measures have no standardized definitions under IFRS, and, accordingly, these measures may not be comparable to similar measures used by other issuers.

The exclusion of acquisition, integration and reorganization costs, amortization of intangible assets related to acquisitions and impairment charges on long-lived assets and reversals thereof provides a comparative measure of the Corporation’s performance in a context of significant business combinations, in which the Corporation may incur significant acquisition, integration and reorganization costs and as a result of which the Corporation's amortization expense may increase due to recognition of intangible assets which would not normally be recognized outside of a business combination. In addition, reorganization of the business in line with our real estate strategy and realization of synergies following acquisitions may lead to impairment or abandonment of certain assets in order to improve the Corporation's overall cost structure. Management also excludes ERP implementation costs as such costs are not representative of the operating activities of the business. In addition, this non-IFRS financial measure is adjusted for certain non-cash items related to market volatility, which are inherently unpredictable. In the US, the Corporation maintains a deferred compensation plan under which a portion of employees’ compensation is deferred and invested in financial assets held in a trust, included in other financial assets in the Corporation's statement of financial position. These financial assets held in a trust are for the ultimate benefit of the employees but are available to the Corporation’s creditors in the event of insolvency and are therefore not considered actuarial gains and losses recorded through other comprehensive income, and instead are recorded in financing expense. Finally, unrealized gains or losses on derivative financial instruments relate to future transactions and therefore are not comparable when included in the current period results.

Management believes these items should be excluded in understanding the underlying operational financial performance achieved by the Corporation. Refer to section 8.8, “Adjusted net earnings”, for reconciliations of net earnings attributable to shareholders to adjusted net earnings.

Backlog

Backlog represents future revenues stemming from existing signed contracts to be completed. Backlog is a supplementary financial measure without a standardized definition within IFRS. Backlog is different from the IFRS definition of unfulfilled performance obligations, as backlog also includes cost-plus contracts without stated ceilings, and cost-plus contracts with ceilings and fixed-price contracts on which work has not yet commenced. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

Free cash flow

Free cash flow (or outflow) is defined as cash flows from operating activities, plus discretionary cash generated by the Corporation from other activities (if any), less lease payments and net capital expenditures.

Free cash flow is a non-IFRS financial measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

Free cash flow provides a consistent and comparable measure of discretionary cash generated by, and available to, the Corporation to service debt, meet other payment obligations and make strategic investments. Refer to section 9.1, “Operating activities and free cash flow”, for reconciliations of free cash flow to cash flows from operating activities.

Days sales outstanding (“DSO”)

DSO represents the average number of days to convert the Corporation's trade receivables (net of sales taxes) and costs and anticipated profits in excess of billings, net of billings in excess of costs and anticipated profits, into cash. DSO is a supplementary financial measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

Net debt to adjusted EBITDA ratio

Net debt to adjusted EBITDA ratio is a capital management measure. Net debt is defined as long-term debt, including current portions but excluding lease liabilities, and net of cash. The Corporation uses this ratio as a measure of financial leverage and it is calculated using the trailing twelve-month adjusted EBITDA.