

CAE INC.

## CONSOLIDATED FINANCIAL STATEMENTS

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# Management's Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed, under the supervision of and with the participation of the President and Chief Executive Officer as well as the Executive Vice President, Finance and Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with IFRS Accounting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2024 using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). Based on this assessment, management has determined that the Company's internal control over financial reporting was effective as of March 31, 2024.

The effectiveness of the Company's internal control over financial reporting as of March 31, 2024 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein.

**/s/ Marc Parent**  
President and Chief Executive Officer

**/s/ Sonya Branco**  
Executive Vice President, Finance and Chief Financial Officer

May 27, 2024

# Report of Independent Registered Public Accounting Firm

## To the Board of Directors and Shareholders of CAE Inc.

### Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of CAE Inc. and its subsidiaries (together, the Company) as of March 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of March 31, 2024, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2024, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

### Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness 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.

## Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### *Revenue recognition – Estimated costs to complete certain contracts*

As described in Note 1 to the consolidated financial statements, the Company recognizes revenue from contracts with customers for the design, engineering, and manufacturing of training devices over time using the cost input method when management determines that these devices have a sufficient level of customization such that they have no alternative use and the Company has enforceable rights to payment for work completed to date. For the year ended March 31, 2024, a portion of total consolidated revenue of \$4.3 billion related to revenue recognized from contracts with customers over time using the cost input method. For contracts where revenue is recognized over time using the cost input method, management applies judgment in estimating the total costs to complete the contract. The determination of the total costs to complete a contract is based on estimates that can be affected by several factors, including program management and execution difficulties, technological challenges, cost of materials, supply chain disruptions, inflationary pressures, availability of labour and problems with suppliers or subcontractors. The impact of any revisions in cost and revenue estimates is reflected in the period in which the need for a revision becomes known.

The principal considerations for our determination that performing procedures relating to revenue recognition for estimated costs to complete certain contracts is a critical audit matter are that there was judgment applied by management in estimating the total costs to complete the contracts. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to the total costs to complete the contracts estimated by management.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process including controls over the estimation of the total costs to complete the contracts. These procedures also included, among others, testing management's process for estimating the total costs to complete the contracts for a sample of contracts, which included testing the completeness, accuracy and relevance of the data used in the estimate of the work performed to date as a proportion of the total work to be performed; and evaluating the reasonableness of total costs to complete the contracts by considering the factors identified by management as impacting those costs. Evaluating the reasonableness of total costs to complete the contracts involved assessing, on a sample basis, management's ability to reasonably estimate total costs to complete the contracts by comparing changes in estimated costs with the prior year estimate or estimated costs to complete the contracts for new contracts; performing a lookback analysis to assess variances between actual and estimated costs for completed contracts; and performing procedures to evaluate the timely identification of factors which may warrant a modification to a previous cost estimate.

### *Goodwill impairment assessment – Defense and Security cash-generating unit*

As described in Notes 1, and 14 to the consolidated financial statements, the Company's consolidated goodwill balance was \$2.0 billion as of March 31, 2024, of which \$850.5 million relates to the Defense and Security cash-generating unit. Management conducts impairment tests for goodwill annually during the fourth quarter, or more frequently, if events or circumstances indicate the carrying value of goodwill may be impaired. Where the recoverable amount of a cash generating unit (CGU) to which goodwill has been allocated is lower than the CGU's carrying value, the related goodwill is impaired. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. In the fourth quarter, management used significant judgment in determining the recoverable amount of the Defense and Security CGU. The recoverable amount is based on the fair value less costs of disposal calculation using a discounted cash flow model, which includes the use of key assumptions including expected revenue growth, margins projections and the discount rate. As a result of the impairment test performed, the Company recorded a goodwill impairment charge of \$568.0 million on the Defense and Security CGU.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Defense and Security CGU is a critical audit matter are (i) the significant judgment by management when developing the estimate of the recoverable amount for the Defence and Security CGU; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's key assumptions related to expected revenue growth, margins projections, and the discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's annual goodwill impairment assessment, including controls over the valuation of the Defense and Security CGU. These procedures also included, among others, (i) testing management's process for developing the estimate of the recoverable amount for the Defense and Security CGU; (ii) evaluating the appropriateness of the fair value less costs of disposal calculation; (iii) testing the completeness and accuracy of the underlying data used in the discounted cash flow model; and (iv) evaluating the reasonableness of the key assumptions used by management related to expected revenue growth, margins projections and the discount rate. Evaluating the reasonableness of the assumptions used by management related to expected revenue growth and the margins projections involved assessing whether the assumptions used by management were reasonable considering (i) the current and past performance of the Defense and Security CGU; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the discounted cash flow model; and (ii) the reasonableness of the discount rate assumption.

**/s/PricewaterhouseCoopers LLP**

Montréal, Canada  
May 27, 2024

We have served as the Company's auditor since 1991.

# Consolidated Income Statement

Years ended March 31

(amounts in millions of Canadian dollars, except per share amounts)

	Notes	2024	2023
			Reclassified (Note 1)
<b>Continuing operations</b>			
Revenue	4	\$ 4,282.8	\$ 4,010.6
Cost of sales		3,128.3	2,927.1
<b>Gross profit</b>		\$ 1,154.5	\$ 1,083.5
Research and development expenses		149.8	129.0
Selling, general and administrative expenses		535.0	501.5
Other (gains) and losses	5	27.9	(22.4)
Share of after-tax profit of equity accounted investees	4	(72.2)	(53.2)
Restructuring, integration and acquisition costs	6	131.4	62.6
Impairment of goodwill	14	568.0	—
<b>Operating (loss) income</b>		\$ (185.4)	\$ 466.0
Finance expense – net	7	205.0	173.6
<b>(Loss) earnings before income taxes</b>		\$ (390.4)	\$ 292.4
Income tax (recovery) expense	8	(72.8)	62.6
<b>Net (loss) income from continuing operations</b>		\$ (317.6)	\$ 229.8
Net income from discontinued operations	2	21.3	2.1
<b>Net (loss) income</b>		\$ (296.3)	\$ 231.9
Attributable to:			
Equity holders of the Company		\$ (304.0)	\$ 222.7
Non-controlling interests		7.7	9.2
<b>(Loss) earnings per share attributable to equity holders of the Company</b>			
Basic and diluted – continuing operations	9	\$ (1.02)	\$ 0.69
Basic and diluted – discontinued operations	9	0.07	0.01

The accompanying notes form an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Comprehensive Income

Years ended March 31

(amounts in millions of Canadian dollars)

	Notes	2024	2023
			Reclassified (Note 1)
<b>Net (loss) income from continuing operations</b>		<b>\$ (317.6)</b>	<b>\$ 229.8</b>
<b>Items that may be reclassified to net (loss) income</b>			
Foreign currency exchange differences on translation of foreign operations		\$ (4.7)	\$ 325.3
Net gain (loss) on hedges of net investment in foreign operations		8.0	(112.6)
Reclassification to income of gains on foreign currency exchange differences		(1.6)	(6.4)
Net loss on cash flow hedges		(11.9)	(14.0)
Reclassification to income of losses (gains) on cash flow hedges		5.0	(5.5)
Income taxes	8	(1.0)	9.9
		<b>\$ (6.2)</b>	<b>\$ 196.7</b>
<b>Items that will never be reclassified to net (loss) income</b>			
Remeasurement of defined benefit pension plan obligations	20	\$ 16.0	\$ 74.2
Income taxes	8	(4.2)	(19.7)
		<b>\$ 11.8</b>	<b>\$ 54.5</b>
<b>Other comprehensive income from continuing operations</b>		<b>\$ 5.6</b>	<b>\$ 251.2</b>
Net income from discontinued operations	2	\$ 21.3	2.1
Other comprehensive (loss) income from discontinued operations	2	(7.0)	5.8
<b>Total comprehensive (loss) income</b>		<b>\$ (297.7)</b>	<b>\$ 488.9</b>
Attributable to:			
Equity holders of the Company		\$ (305.4)	\$ 475.6
Non-controlling interests		7.7	13.3

The accompanying notes form an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Financial Position

As at March 31

(amounts in millions of Canadian dollars)

	Notes	2024	2023
<b>Assets</b>			
Cash and cash equivalents		\$ 160.1	\$ 217.6
Accounts receivable	10	624.7	615.7
Contract assets	11	537.6	693.8
Inventories	12	573.6	583.4
Prepayments		68.0	64.1
Income taxes recoverable		35.3	48.3
Derivative financial assets		7.2	12.1
<b>Total current assets</b>		<b>\$ 2,006.5</b>	<b>\$ 2,235.0</b>
Property, plant and equipment	13	2,515.6	2,387.1
Right-of-use assets	15	545.8	426.9
Intangible assets	14	3,271.9	4,050.8
Investment in equity accounted investees		588.8	530.7
Employee benefits assets	20	65.7	51.1
Deferred tax assets	8	233.3	125.1
Derivative financial assets		4.2	9.2
Other non-current assets	16	602.3	620.6
<b>Total assets</b>		<b>\$ 9,834.1</b>	<b>\$ 10,436.5</b>
<b>Liabilities and equity</b>			
Accounts payable and accrued liabilities	17	\$ 1,035.3	\$ 1,036.7
Provisions	18	42.6	26.7
Income taxes payable		31.1	21.1
Contract liabilities	11	911.7	905.7
Current portion of long-term debt	19	308.9	214.6
Derivative financial liabilities		28.8	41.9
<b>Total current liabilities</b>		<b>\$ 2,358.4</b>	<b>\$ 2,246.7</b>
Provisions	18	14.0	20.1
Long-term debt	19	2,765.4	3,035.5
Royalty obligations		74.4	119.4
Employee benefits obligations	20	98.7	91.9
Deferred tax liabilities	8	36.6	129.3
Derivative financial liabilities		2.9	6.5
Other non-current liabilities	21	181.1	198.2
<b>Total liabilities</b>		<b>\$ 5,531.5</b>	<b>\$ 5,847.6</b>
<b>Equity</b>			
Share capital	9	\$ 2,252.9	\$ 2,243.6
Contributed surplus		55.4	42.1
Accumulated other comprehensive income	23	154.0	167.2
Retained earnings		1,762.6	2,054.8
Equity attributable to equity holders of the Company		<b>\$ 4,224.9</b>	<b>\$ 4,507.7</b>
Non-controlling interests		77.7	81.2
<b>Total equity</b>		<b>\$ 4,302.6</b>	<b>\$ 4,588.9</b>
<b>Total liabilities and equity</b>		<b>\$ 9,834.1</b>	<b>\$ 10,436.5</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Changes in Equity

(amounts in millions of Canadian dollars, except number of shares)	Attributable to equity holders of the Company							Total equity
	Common shares			Accumulated other comprehensive income		Non-controlling interests		
	Notes	Number of shares	Stated value	Contributed surplus	Retained earnings	Total	Non-controlling interests	Total equity
Balances as at March 31, 2022		317,024,123	\$ 2,224.7	\$ 38.6	\$ (31.2)	\$ 1,777.6	\$ 4,009.7	\$ 4,086.6
Net income		—	—	—	—	\$ 222.7	\$ 222.7	\$ 231.9
Other comprehensive income		—	—	—	198.4	54.5	252.9	257.0
Total comprehensive income		—	—	—	\$ 198.4	\$ 277.2	\$ 475.6	\$ 488.9
Exercise of stock options	24	882,167	18.9	(2.6)	—	—	16.3	16.3
Equity-settled share-based payments expense	24	—	—	6.1	—	—	6.1	6.1
Transactions with non-controlling interests		—	—	—	—	—	—	(9.0)
Balances as at March 31, 2023		317,906,290	\$ 2,243.6	\$ 42.1	\$ 167.2	\$ 2,054.8	\$ 4,507.7	\$ 4,588.9
Net (loss) income		—	—	—	—	\$ (304.0)	\$ (304.0)	\$ (296.3)
Other comprehensive (loss) income		—	—	—	(13.2)	11.8	(1.4)	(1.4)
Total comprehensive (loss) income		—	—	—	\$ (13.2)	\$ (292.2)	\$ (305.4)	\$ (297.7)
Exercise of stock options	24	405,943	9.3	(1.5)	—	—	7.8	7.8
Equity-settled share-based payments expense	24	—	—	14.8	—	—	14.8	14.8
Transactions with non-controlling interests		—	—	—	—	—	—	(11.2)
<b>Balances as at March 31, 2024</b>		<b>318,312,233</b>	<b>\$ 2,252.9</b>	<b>\$ 55.4</b>	<b>\$ 154.0</b>	<b>\$ 1,762.6</b>	<b>\$ 4,224.9</b>	<b>\$ 4,302.6</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Cash Flows

Years ended March 31

(amounts in millions of Canadian dollars)

	Notes	2024	2023
<b>Operating activities</b>			
Net (loss) income		\$ (296.3)	\$ 231.9
Adjustments for:			
Depreciation and amortization	4	374.8	342.2
Impairment of goodwill	14	568.0	—
Impairment (reversal) of non-financial assets – net		57.3	(2.4)
Share of after-tax profit of equity accounted investees		(72.2)	(53.2)
Deferred income taxes		(166.5)	10.4
Investment tax credits		(14.8)	(5.4)
Equity-settled share-based payments expense		14.8	6.1
Defined benefit pension plans		8.3	4.8
Other non-current liabilities		(9.7)	(15.9)
Derivative financial assets and liabilities – net		(12.7)	(3.7)
After-tax gain on disposal of discontinued operations	2	(16.5)	—
Other		4.3	8.1
Changes in non-cash working capital	22	128.1	(114.5)
<b>Net cash provided by operating activities</b>		<b>\$ 566.9</b>	<b>\$ 408.4</b>
<b>Investing activities</b>			
Business combinations, net of cash acquired	3	\$ —	\$ (6.4)
Proceeds from disposal of discontinued operations	2	275.3	—
Property, plant and equipment expenditures	13	(329.8)	(268.8)
Proceeds from disposal of property, plant and equipment		4.0	5.7
Advance payments for property, plant and equipment		—	(30.1)
Intangible assets expenditures	14	(147.9)	(126.4)
Net payments to equity accounted investees		(43.9)	(10.9)
Dividends received from equity accounted investees		37.1	40.9
Other		(10.2)	(4.7)
<b>Net cash used in investing activities</b>		<b>\$ (215.4)</b>	<b>\$ (400.7)</b>
<b>Financing activities</b>			
Net (repayment of) proceeds from borrowing under revolving credit facilities	19	\$ (396.7)	\$ 44.5
Proceeds from long-term debt	19	433.5	31.2
Repayment of long-term debt	19	(370.4)	(161.0)
Repayment of lease liabilities	19	(69.5)	(83.4)
Net proceeds from the issuance of common shares		7.8	16.3
Other		—	(0.2)
<b>Net cash used in financing activities</b>		<b>\$ (395.3)</b>	<b>\$ (152.6)</b>
<b>Effect of foreign currency exchange differences on cash and cash equivalents</b>		<b>\$ (13.7)</b>	<b>\$ 16.4</b>
<b>Net decrease in cash and cash equivalents</b>		<b>\$ (57.5)</b>	<b>\$ (128.5)</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>217.6</b>	<b>346.1</b>
<b>Cash and cash equivalents, end of year</b>		<b>\$ 160.1</b>	<b>\$ 217.6</b>

The Company has elected to present a consolidated statement of cash flows that includes both continuing and discontinued operations. Amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 2.

The accompanying notes form an integral part of these Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

(Unless otherwise stated, all tabular amounts are in millions of Canadian dollars)

The consolidated financial statements were authorized for issue by the board of directors on May 27, 2024.

## NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

### Nature of operations

CAE equips people in critical roles with the expertise and solutions to create a safer world. As a technology company, CAE digitalizes the physical world, deploying software-based simulation training and critical operations support solutions.

CAE Inc. and its subsidiaries' (CAE or the Company) operations are managed through two segments:

- (i) Civil Aviation – Provides comprehensive training solutions for flight, cabin, maintenance and ground personnel in commercial, business and helicopter aviation, a complete range of flight simulation training devices, ab initio pilot training and crew sourcing services, as well as aircraft flight operations solutions;
- (ii) Defense and Security – A global training and simulation provider delivering scalable, platform-independent solutions that enable and enhance force readiness and security.

On February 16, 2024, the Company announced the closing of the sale of its Healthcare business and presented the Healthcare segment as discontinued operations (Note 2).

CAE Inc. is incorporated and domiciled in Canada with its registered and main office located at 8585 Côte-de-Liesse, Saint-Laurent, Québec, Canada, H4T 1G6. CAE common shares are traded on the Toronto Stock Exchange (TSX) and on the New York Stock Exchange (NYSE).

### Basis of preparation

The material accounting policies applied in the preparation of these consolidated financial statements are described below. These policies have been consistently applied to all years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with Part I of the CPA Canada Handbook – Accounting and IFRS Accounting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention, except for the following items measured at fair value: contingent consideration, derivative financial instruments, financial instruments at fair value through profit and loss, financial instruments at fair value through other comprehensive income (OCI) and liabilities for cash-settled share-based arrangements.

### Basis of consolidation

#### Subsidiaries

Subsidiaries are all entities over which the Company has control. Control exists when the Company is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through the power over the entity. Subsidiaries are fully consolidated from the date control is obtained and they are no longer consolidated on the date control ceases. All intercompany accounts and transactions have been eliminated.

As at March 31, 2024, the Company's principal subsidiaries, including all subsidiaries representing individually more than 5% of total consolidated assets and 5% of consolidated revenue, are as follows:

Subsidiary	Country of incorporation	% equity interest
CAE USA Inc.	United States	100 %
CAE SimuFlite Inc.	United States	100 %

#### Joint arrangements

Joint arrangements are arrangements in which the Company exercises joint control as established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangement's returns. When the Company has the rights to the net assets of the arrangement, the arrangement is classified as a joint venture and is accounted for using the equity method. When the Company has rights to the assets and obligations for the liabilities relating to an arrangement, the arrangement is classified as a joint operation and the Company accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profits or losses and movements in OCI of the investee. When the Company's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Company does not recognize further losses, unless it will incur obligations or make payments on behalf of the joint ventures. During the year ended March 31, 2024, the Company's unrecognized share of profit in joint ventures was \$2.0 million (2023 – losses of \$0.1 million). As at March 31, 2024, the cumulative unrecognized share of losses for these joint ventures was \$10.3 million (2023 – \$12.3 million) and the cumulative unrecognized share of comprehensive loss of these joint ventures was \$9.3 million (2023 – \$11.4 million).

Unrealized gains resulting from transactions with joint ventures are eliminated, to the extent of the Company's share in the joint venture. For sales of products or services from the Company to its joint ventures, the elimination of unrealized profits is considered in the carrying value of the investment in equity accounted investees in the consolidated statement of financial position and in the share in profit or loss of equity accounted investees in the consolidated income statement.

As at March 31, 2024, the Company does not have any investment in equity accounted investees representing individually more than 5% of total consolidated assets.

### **Business combinations**

Business combinations are accounted for under the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company, if any, at the date control is obtained. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than share and debt issue costs incurred to issue financial instruments that form part of the consideration transferred, are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. If a business combination is achieved in stages, the Company remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in income.

Contingent consideration classified as a liability is measured at fair value, with subsequent changes recognized in income. If the contingent consideration is classified as equity, it is not remeasured and its subsequent settlement is recorded within equity.

New information obtained during the measurement period, up to 12 months following the acquisition date, about facts and circumstances existing at the acquisition date affect the acquisition accounting.

### **Non-controlling interests**

Non-controlling interests (NCI) represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

The Company treats transactions with non-controlling interests as transactions with equity owners of the Company. For interests purchased from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

### **Financial instruments and hedging relationships**

#### ***Recognition, classification and measurement***

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial assets and financial liabilities, including derivatives, are recognized in the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. On initial recognition, all financial instruments are measured at fair value.

Financial instruments are subsequently measured based on their classification, which are:

- Financial instruments measured at amortized cost;
- Financial instruments measured at fair value through profit or loss (FVTPL);
- Financial instruments measured at fair value through other comprehensive income (FVOCI).

#### ***Financial assets***

A financial asset is measured at amortized cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in income when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include accounts receivable and advances to a portfolio investment.

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, and financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the income statement. The Company's financial assets at FVTPL include cash and cash equivalents, and derivative instruments not designated as hedging instruments in a hedge relationship.

Financial assets at FVOCI are equity investments the Company has irrevocably elected to classify at FVOCI. This classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never transferred to income. Dividends are recognized in the income statement when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing a specific financial asset.

#### *Financial liabilities*

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in a hedge relationship. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the income statement. The Company's financial liabilities measured at FVTPL include contingent liabilities arising on business combinations and also derivative instruments not designated as hedging instruments in a hedge relationship.

Financial liabilities at amortized cost are subsequently measured using the EIR method. Gains and losses are recognized in income when the liabilities are derecognized as well as through the EIR amortization process. The Company's financial liabilities at amortized cost include accounts payables, accrued liabilities, long-term debt, including interest payable, and royalty obligations.

#### *Transaction costs*

Transaction costs that are directly related to the acquisition or issuance of financial assets and financial liabilities (other than those classified as FVTPL and FVOCI) are included in the fair value initially recognized for those financial instruments. These costs are amortized to income using the EIR method.

#### *Offsetting of financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when the Company has an unconditional and legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

#### **Hedge accounting**

The Company uses derivative financial instruments, such as forward currency contracts, cross currency swaps and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. A hedging relationship qualifies for hedge accounting when it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantities of:
  - The hedged item that the Company actually hedges; and
  - The hedging instrument that the Company actually uses to hedge that quantity of hedged item.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment;
- Hedges of a net investment in a foreign operation;
- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.

#### *Documentation*

At the inception of a hedge relationship, the Company formally documents the designation of the hedge, the risk management objectives and strategy, the hedging relationship between the hedged item and hedging item and the method for testing the effectiveness of the hedge, which must be reasonably assured over the term of the hedging relationship and can be reliably measured. The Company formally assesses, both at inception of the hedge relationship and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items in relation to the hedged risk.

*Cash flow hedge*

The effective portion of changes in the fair value of derivative instruments that are designated and qualify as cash flow hedges is recognized in OCI, while the ineffective portion is recognized immediately in income. Amounts accumulated in OCI are reclassified to income in the period in which the hedged item affects income. However, when the forecasted transactions that are hedged items result in recognition of non-financial items, gains and losses previously recognized in OCI are included in the initial carrying value of the related non-financial assets acquired or liabilities incurred. The deferred amounts are ultimately recognized in income as the related non-financial items are derecognized or amortized.

Hedge accounting is discontinued prospectively when the hedging relationship no longer meets the criteria for hedge accounting, when the designation is revoked, or when the hedging instrument expires or is sold. Any cumulative gain or loss directly recognized in OCI at that time remains in OCI until the hedged item is recognized in income. When it is probable that a hedged transaction will not occur, the cumulative gain or loss that was recognized in OCI is recognized in income immediately.

*Hedge of net investments in foreign operations*

The Company has designated certain long-term debts, fixed to fixed cross currency principal and interest rate swap agreements and forward currency contracts as a hedging item of the Company's overall net investments in foreign operations whose activities are denominated in a currency other than the Company's functional currency. The portion of gains or losses on the hedging item that is determined to be an effective hedge is recognized in OCI and is limited to the translation gain or loss on the net investment.

**Derecognition***Financial assets*

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company is involved in a program in which it sells interests in certain of its accounts receivable. The Company continues to act as a collection agent. Under the program, the Company transfers some significant risks and rewards of the accounts receivable it sells and retains others. The accounts receivable are derecognized up to an amount corresponding to the extent of the Company's continuing involvement, which represents its maximum retained exposure.

*Impairment of financial assets*

The Company uses the expected credit loss (ECL) model for calculating impairment of financial assets and recognizes expected credit losses as loss allowances for assets measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original or credit adjusted effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies the simplified approach permitted by IFRS 9 - *Financial Instruments*, which requires expected lifetime losses to be recognized from initial recognition of the assets.

*Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

**Foreign currency translation*****Foreign operations***

CAE Inc.'s consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which they operate. Determination of the functional currency may involve certain judgements to determine the primary economic environment in which the subsidiary operates. Assets and liabilities of subsidiaries that have a functional currency other than the Canadian dollar are translated from their functional currency to Canadian dollars at exchange rates in effect at the reporting date. Revenue and expenses are translated at the average exchange rates. The resulting translation adjustments are included in OCI.

When CAE Inc. and its subsidiaries have a long-term intercompany balance receivable from or payable to a foreign operation for which settlement is not planned in the foreseeable future, such item is considered, in substance, a part of the Company's net investment in that foreign operation. Gains or losses arising from the translation of those intercompany balances denominated in foreign currencies are also included in OCI.

### **Transactions and balances**

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities, and revenue and expense items denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in income, except when deferred in OCI as qualifying cash flow hedges and qualifying net investment hedges.

### **Cash and cash equivalents**

Cash and cash equivalents consist of cash and highly-liquid investments with original terms to maturity of 90 days or less at the date of purchase.

### **Accounts receivable**

Receivables are initially recognized at fair value and are subsequently carried at amortized cost, net of credit loss allowances, based on expected recoverability. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The loss is recognized in income. Subsequent recoveries of amounts previously provided for or written-off are recognized in income.

### **Inventories**

Raw materials are valued at the lower of average cost and net realizable value. Spare parts to be used in the normal course of business are valued at the lower of cost, determined on a specific identification basis, and net realizable value. Work in progress is stated at the lower of cost, determined on a specific identification basis, and net realizable value. The cost of work in progress includes material, labour and an allocation of manufacturing overhead, which is based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to generate revenue. In the case of raw materials and spare parts, the replacement cost is the best measure of net realizable value.

### **Property, plant and equipment**

Property, plant and equipment are recorded at cost less any accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition or manufacturing of the item. The cost of an item of property, plant and equipment that is initially recognized includes, when applicable, the initial present value estimate of the costs required to dismantle and remove the asset and restore the site on which it is located at the end of its useful life. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Subsequent costs, such as updates on training devices, are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits will flow to the Company and the cost of the item can be reliably measured; otherwise, they are expensed.

A loss on disposal is recognized in income when the carrying value of a replaced item is derecognized, unless the item is transferred to inventories. If it is not practicable to determine the carrying value, the cost of the replacement and the accumulated depreciation calculated by reference to that cost will be used to derecognize the replaced part. The costs of day-to-day servicing of property, plant and equipment are recognized in income as incurred. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with its carrying amount, and are recognized within other gains and losses.

The different components of property, plant and equipment are recognized separately when their useful lives are materially different and such components are depreciated separately in income.

Land is not depreciated. The estimated useful lives, residual values and depreciation methods are as follows:

	Method	Depreciation rate/period
Buildings and improvements	Declining balance/Straight-line	2.5% to 10%/3 to 40 years
Simulators	Straight-line (10% residual)	Not exceeding 25 years
Machinery and equipment	Declining balance/Straight-line	20% to 35%/2 to 15 years
Aircraft	Straight-line (residual not exceeding 15%)	Not exceeding 25 years
Aircraft engines	Based on utilization	Not exceeding 3500 hours

As at March 31, 2024, the average remaining depreciation period for full-flight simulators is 11.2 years (2023 – 11.6 years).

Depreciation methods, useful lives and residual values are reviewed and adjusted, if appropriate, on a prospective basis at each reporting date.

## Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **The Company as a lessee**

The Company recognizes a right-of-use asset and liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If it is reasonably certain that the Company will obtain ownership by the end of the lease term through a purchase option, the leased asset is depreciated over its useful life. The depreciation periods, residual values (only applicable when it is reasonably certain that the Company will obtain ownership by the end of the lease term) and depreciation methods are as follows:

	Method	Depreciation period
Buildings and land	Straight-line	Not exceeding 50 years
Simulators	Straight-line (10% residual)	Not exceeding 25 years
Machinery and equipment	Straight-line	Not exceeding 7 years
Aircraft	Straight-line (residual not exceeding 15%)	Not exceeding 25 years
Aircraft engines	Based on utilization	Not exceeding 3500 hours

In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Lease payments comprise of fixed payments, including in-substance fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period that the Company is reasonably certain to exercise and penalties for early termination of a lease if the Company is reasonably certain to terminate.

The lease liability is subsequently measured at amortized cost using the effective interest method and is remeasured when there is a change in future lease payments arising from a change in an index or rate, the estimate of the amount expected to be payable under a residual value guarantee or the Company's assessment of whether it will exercise a purchase, renewal or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### *Lease modifications*

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of its original terms and conditions. A lease modification is accounted for as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price that reflects the circumstances of the contract. Any other modification is not accounted for as a separate lease.

For a lease modification resulting in a decrease in the scope of the lease, the lease liability is remeasured, using a revised discount rate, to reflect the modified lease payments and the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. The difference between the reduction in the lease liability and the reduction in the corresponding right-of-use asset's carrying value is recognized in profit or loss.

For all other lease modifications, the lease liability is remeasured, using a revised discount rate, to reflect the modified lease payments, with a corresponding adjustment to the right-of-use asset.

### *Short-term leases and leases of low-value assets*

The Company recognizes the payments associated with short-term leases and leases of low-value assets as an expense on a straight-line basis over the lease term.

**Sale and leaseback transaction**

In a sale and leaseback transaction, the transfer of an asset is recognized as a sale when the customer has obtained control of the underlying asset which is aligned with the Company's revenue recognition policy, otherwise the Company continues to recognize the transferred asset on the balance sheet and record a financial liability equal to the proceeds transferred. When the transfer of an asset satisfies the Company's revenue recognition policy to be accounted for as revenue, a partial recognition of the profit from the sale is recorded immediately after the sale, which is equivalent to the proportion of the asset not retained by the Company through the lease. The proportion of the asset retained by the Company through the lease is recognized as a right-of-use asset and the lease liability is measured as the present value of future lease payments.

**The Company as a lessor**

The Company determines, at lease commencement, whether each lease is a finance or an operating lease. Leases in which substantially all the risks and rewards of ownership are transferred are classified as finance leases. All other leases are accounted for as operating leases.

With regards to finance leases, the asset is derecognized at the commencement of the lease. The net present value of the minimum lease payments and any discounted unguaranteed residual values of leased assets are presented as investment in finance leases. Finance income is recognized over the term of the lease based on the effective interest method. Revenue from operating leases is recognized on a straight-line basis over the term of the corresponding lease.

When the Company subleases one of its leases, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

**Intangible assets****Goodwill**

Goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the aggregate of the cost of an acquisition, including the Company's best estimate of the fair value of contingent consideration and the acquisition-date fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets of the acquiree at the acquisition date.

Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

**Research and development (R&D)**

Research costs are expensed as incurred. Development costs are also charged to income in the period incurred unless they meet all the specific capitalization criteria established in IAS 38, *Intangible Assets*. Capitalized development costs are stated at cost and net of accumulated amortization and accumulated impairment losses, if any. Amortization of the capitalized development costs commences when the asset is available for use as intended by management and is included in research and development expenses.

**Other intangible assets**

Intangible assets acquired separately are measured at cost upon initial recognition. The cost of intangible assets acquired in a business combination is the fair value as at the acquisition date. Following initial recognition, intangible assets are carried at cost, net of accumulated amortization and accumulated impairment losses, if any.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Gains and losses on disposal of intangible assets are determined by comparing the proceeds from disposal with its carrying amount and are recognized within other gains and losses.

Configuration or customization costs in a cloud computing arrangement are also included when they meet the specific capitalization criteria.

**Amortization**

Amortization is calculated using the straight-line method for all intangible assets over their estimated useful lives as follows:

	Amortization period
Capitalized development costs	3 to 10 years
Customer relationships	3 to 20 years
Licenses	3 to 20 years
Technology, software and ERP	3 to 12 years
Other intangible assets	2 to 40 years

As at March 31, 2024, the average remaining amortization period for the capitalized development costs is 6.8 years (2023 - 6.3 years). Amortization methods and useful lives are reviewed and adjusted, if appropriate, on a prospective basis at each reporting date.

### **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill and assets that are not yet available for use are tested for impairment annually or at any time if an indicator of impairment exists.

The recoverable amount of an asset or a cash-generating unit (CGU) is the greater of its value in use and its fair value less costs of disposal. The recoverable amount is determined for an individual asset; unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In such cases, the CGU that the asset belongs to is used to determine the recoverable amount.

For the purposes of impairment testing, the goodwill acquired in a business combination is allocated to CGUs or groups of CGUs, which generally corresponds to its operating segments or one level below, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Where the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU's carrying amount, the related goodwill is impaired. Any remaining amount of impairment exceeding the impaired goodwill is recognized on a pro rata basis of the carrying amount of the other assets in the respective CGU. Impairment losses are recognized in income.

The Company evaluates impairment losses, other than goodwill impairment, for potential reversals at each reporting date. An impairment loss is reversed if there is any indication that the loss has decreased or no longer exists due to changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Such reversal is recognized in income.

### **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset. A qualifying asset is one that takes a substantial period of time to get ready for its intended use. Capitalization of borrowing costs ceases when the asset is completed and ready for use as intended by management. All other borrowing costs are recognized as finance expense in income, as incurred.

### **Other assets**

#### ***Restricted cash***

The Company is required to hold a defined amount of cash as collateral under the terms of certain subsidiaries' external bank financing, government-related sales contracts and business combination arrangements.

#### ***Deferred financing costs***

Deferred financing costs related to the revolving credit facilities, when it is probable that some or all of the facilities will be drawn down, and deferred financing costs related to sale and leaseback agreements are included in other assets at cost and are amortized on a straight-line basis over the term of the related financing agreements.

### **Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as a finance expense. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

#### ***Estimated contract losses***

Provisions for estimated contract losses are recognized as an onerous contract provision in the period in which it is determined that the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

### **Restoration and simulator removal**

In certain situations, simulators are installed at locations that are not owned by the Company. In some of these cases, the Company has an obligation to dismantle and remove the simulators from these sites and to restore the location to its original condition. A provision is recognized for the present value of estimated costs to be incurred to dismantle and remove the simulators from these sites and restore the location. The provision also includes amounts relating to leased land and buildings where restoration costs are contractually required at the end of the lease. Where such costs arise as a result of capital expenditure, these restoration costs are also capitalized.

### **Restructuring**

Restructuring costs consist mainly of severances and other related costs.

### **Legal claims**

The amount represents a provision for certain legal claims brought against the Company. The corresponding charge is recognized in income. Management's best estimate is that the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at March 31, 2024.

### **Warranties**

A provision is recognized for expected warranty claims on products sold based on historical experience of the level of repairs and returns. It is expected that most of these costs will be incurred in a period ranging from 1 to 3 years. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period of products sold.

### **Long-term debt**

Long-term debt is recognized initially at fair value, net of transaction costs incurred. They are subsequently stated at amortized cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognized in income over the period of borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In these cases, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

### **Share capital**

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax, is recognized as a deduction from equity.

### **Revenue recognition**

The Company recognizes revenue when it transfers the control of the promised goods or services to the customer. The transaction price is the amount of consideration to which the Company is expected to be entitled to in exchange for transferring promised goods or services. Variable consideration is included in the transaction price when it is highly probable that there will be no significant reversal of revenue in the future. Variable consideration is usually derived from sales incentives, in the form of discounts or volume rebates, and penalties. The Company identifies the various performance obligations of the contract and allocates the transaction price based on the estimated relative stand-alone selling prices of the promised goods or services underlying each performance obligation.

The Company's performance obligations are satisfied over time or at a point in time depending on the transfer of control to the customer.

#### **Sales of goods and services**

##### *Customized training devices*

Revenue from contracts with customers for the design, engineering, and manufacturing of training devices are recognized over time using the cost input method when the Company determines that these devices have a sufficient level of customization such that they have no alternative use and the Company has enforceable rights to payment for work completed to date. The measure of progress toward complete satisfaction of the performance obligation is generally determined by comparing the actual direct costs incurred to date to the total estimated direct costs for the entire contract. When the Company determines that there is an alternative use for these devices, revenue is recognized at a point in time, when the customer obtains control of the device.

##### *Standardized training devices*

Revenue from contracts with customers for the manufacturing of standardized training devices is recognized at a point in time, when the customer obtains control of the device.

**Training services**

Revenue from the sale of training hours or training courses are recognized at a point in time, when services are rendered. For flight schools, cadet training courses are offered mainly by way of ground school and live aircraft flight. For both phases, revenue is recognized over time, using the time elapsed input method.

**Product maintenance, support and updates**

Revenue from the sale of product maintenance services and post-delivery customer support are recognized over time, using the time elapsed output method or costs incurred method. Revenue from update services, to enhance a training device currently owned by a customer, are recognized over time, using the cost input method.

**Spare parts**

Revenue from the sale of spare parts is recognized at a point in time, which is generally on delivery to the customer.

**Software arrangements**

Revenue from software arrangements that provide the Company's customers with the right to use the software without any significant development or integration work is recognized at a point in time, on delivery. Revenue from fixed-price software arrangements and software customization contracts that require significant production, modification, or customization of software is recognized over time using the cost input method. Revenue from Software as a service (SaaS) arrangements provide the Company's customers with the right to access a cloud-based environment that the Company provides and manages, the right to receive support and to use the software, however the customer does not have the right to control the software. Revenue from SaaS arrangements is recognized over time, using the time elapsed output method.

**Other****Significant financing component**

The Company accounts for a significant financing component on contracts of more than 12 months where timing of cash receipts and revenue recognition differ substantially. The transaction price for such contracts is adjusted for the time value of money, using the rate that would be reflected in a separate financing transaction between the Company and its customers at contract inception, to take into consideration the significant financing component.

**Non-monetary transactions**

The Company may also enter into sales arrangements where little or no monetary consideration is involved. The non-monetary transactions are measured at the most reliable measure of the fair value of the asset or service given up or fair value of the asset or service received.

**Contract modifications**

Contract modifications, which consist of an increase in the scope or price of a contract, are accounted for as a separate contract when the additional goods or services to be delivered are distinct from those delivered prior to the contract modification and when the price increases by an amount of consideration that reflects its stand-alone selling price. Contract modifications are treated prospectively when the additional goods or services are distinct, but the price increase does not reflect the stand-alone selling price. When the remaining goods or services are not distinct, the Company recognizes an adjustment to revenue of the initial contract on a cumulative catch-up basis at the date of the contract modification.

**Costs to obtain and to fulfill a contract**

The Company recognizes incremental costs of obtaining a contract as an asset when they are expected to be recovered over a period of more than one year. The Company recognizes costs directly related to fulfilling a contract with a customer as an asset when they generate or enhance resources that will be used to satisfy the performance obligation in the future, and they are expected to be recovered. These assets are amortized on a systematic basis that is consistent with the Company's transfer of the related goods or services to the customer.

**Right to invoice**

If the Company has the right to invoice a customer in an amount that directly corresponds with the value of the Company's performance to date, then revenue can be recognized at the invoice amount.

**Contract balances**

The timing of revenue recognition, billing and cash collections results in accounts receivable, contract assets and contract liabilities on the consolidated financial position.

Contract assets are recognized when revenue is recognized in excess of billings or when the Company has a right to consideration and that right is conditional to something other than the passage of time. Contract assets are subsequently transferred to accounts receivable when the right to payment becomes unconditional.

Contract liabilities are recognized when payments received from customers are in excess of revenue recognized. Contract liabilities are subsequently recognized in revenue when the Company satisfies its performance obligations.

Contract assets and contract liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period and are classified as current based on the Company's normal operating cycle.

## **Employee benefits**

### ***Defined benefit pension plans***

The Company maintains defined benefit pension plans that provide benefits based on length of service and final average earnings.

The defined benefit asset or liability comprises the present value of the defined benefit obligation at the reporting date less the fair value of plan assets out of which the obligations are to be settled. The defined benefit obligations are actuarially determined for each plan using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rate of high-quality corporate bonds that are denominated in the currency in which the benefit will be paid and that have terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The value of any employee benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan (asset ceiling test). Minimum funding requirements may give rise to an additional liability to the extent that they require paying contributions to cover an existing shortfall. Plan assets can only be used to fund employee benefits, are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information.

The Company determines the net pension cost of its Canadian defined benefit plans utilizing individual discount rates derived from the yield curve.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and the effect of any asset ceiling and minimum liability are recognized to OCI in the period in which they arise. Past service costs are recognized as an expense as incurred at the earlier of when the plan amendment or curtailment occurs and when the entity recognizes related termination benefits.

### ***Defined contribution pension plans***

The Company also maintains defined contribution plans for which the Company pays fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay the benefits to all employees. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in income as the services are provided.

### ***Termination benefits***

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense, if the Company has made an offer of voluntary redundancy, based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

## **Share-based payment transactions**

The Company's share-based payment plans consist of two categories: equity-settled share-based payment plans comprised of the stock option plan, a restricted share units (RSU) plan and a performance share units (PSU) plan; and cash-settled share-based payments plans that include the stock purchase plan, deferred share units (DSU) plans, a restricted share units (RSU) plan and a performance share units (PSU) plan.

For both categories, the fair value of the employee services received in exchange is recognized as an expense in income. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

### ***Stock options***

The cost of stock option transactions is measured at fair value using the Black-Scholes option pricing model. The compensation expense is measured at the grant date and recognized over the service period with a corresponding increase to contributed surplus. The cumulative expenses recognized for stock option transactions at each reporting date represents the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. For options with graded vesting, each tranche is considered a separate grant with a different vesting date and fair value, and each tranche is accounted for separately. When the stock options are exercised, the Company issues new common shares and the proceeds received net of any directly attributable transaction costs are credited to share capital.

### ***Equity-settled RSU and PSU plans***

The cost of RSU and PSU transactions is measured at fair value using the Company's share price on the date of the grant. The number of units expected to vest are estimated at the grant date and subsequently re-measured at the end of each reporting period. The resulting compensation expense, adjusted for expectations related to attainment of performance criteria, if any, and cancellations, is recognized over the vesting period, with a corresponding increase to contributed surplus, on a straight-line basis.

**Cash-settled plans**

For cash-settled plans, a corresponding liability is recognized. The fair value of employee services received is calculated by multiplying the number of units expected to vest with the fair value of one unit as of grant date based on the market price of the Company's common shares. The fair value of the stock purchase plan is a function of the Company's contributions. Until the liability is settled, the Company re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in income for the period. The Company has entered into equity swap agreements in order to reduce its earnings exposure related to the fluctuation in the Company's share price relating to the DSU plans, RSU plan and PSU plan.

**Restructuring, integration and acquisition costs****Restructuring costs**

Restructuring costs are part of a program that is planned and controlled by management, and materially changes either the scope of a business undertaken by the Company or the manner in which that business is conducted. Restructuring costs include costs directly related to significant exit activities, such as the sale or termination of a line of business, the closure of business locations or the relocation of business activities, significant changes in management structure, or fundamental reorganizations that have a material effect on the nature and focus of the Company's operations.

For the Company, restructuring costs include severances and other employee related costs, cost associated with the impairment (or reversal of impairment) of non-financial assets, including property, plant and equipment, right-of-use assets, intangible assets and inventory, and other direct costs associated with the closing or relocation of facilities, the closing of a product line or activity, or the downsizing of operations.

Restructuring costs are expensed when incurred, or when a legal or constructive obligation exists. A restructuring provision is only recognized when an obligating event has arisen.

**Integration costs**

Integration costs represent incremental costs directly related to the integration of acquired businesses in the Company's ongoing activities. This primarily includes expenditures related to regulatory and process standardization, systems integration and other activities.

**Acquisition costs**

Acquisition costs represent costs directly related to business combinations, successful or not. These costs include expenses, fees, commissions and other costs associated with the collection of information, negotiation of contracts, risk assessments, and the services of lawyers, advisors and specialists.

**Current and deferred income tax**

Income tax expense comprises current and deferred tax. An income tax expense is recognized in income except to the extent that it relates to items recognized in OCI or directly in equity, in which case it is recognized in OCI or directly in equity, respectively.

Current tax is the amount expected to be paid or recovered from taxation authorities on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income, and any adjustment to tax payable or receivable in respect of previous years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized using the financial position liability method, providing for temporary differences between the tax bases of assets or liabilities and their carrying amounts in the consolidated financial statements, except for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses. The recognition of deferred tax assets are limited to the amount which is probable to be realized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that a recognized deferred tax asset will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that an unrecognized deferred tax asset will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend to settle current tax liabilities and assets on a net basis or if their tax assets and liabilities will be realized simultaneously.

Taxes on income in the interim periods are accrued by jurisdiction using the effective tax rate that would be applicable to expected total annual profit or loss of the jurisdiction.

### **Discontinued operations and assets and liabilities held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this measurement requirement.

A disposal group qualifies as discontinued operations if it is a component of the entity that has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of disposal and when the operation meets the criteria to be classified as held for sale.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

Non-current assets, including those that are part of a disposal group, are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount of net income from discontinued operations in the consolidated income statement and a single amount of other comprehensive income from discontinued operations in the consolidated statement of comprehensive income.

When an operation is classified as a discontinued operation, the comparative consolidated income statement and consolidated statement of comprehensive income are reclassified as if the operation had been discontinued from the beginning of the comparative year.

### **Earnings per share**

Earnings per share is calculated by dividing the net income for the period attributable to the equity holders of the Company by the weighted average number of common shares outstanding during the period. The diluted weighted average number of common shares outstanding is calculated by taking into account the dilution that would occur if the securities or other agreements for the issuance of common shares were exercised or converted into common shares at the later of the beginning of the period or the issuance date unless it is anti-dilutive. The treasury stock method is used to determine the dilutive effect of stock options and other equity-settled share-based payments. The treasury stock method is a method of recognizing the use of proceeds that could be obtained upon the exercise of stock options in computing diluted earnings per share. It assumes that any proceeds would be used to purchase common shares at the average market price during the period. The Company's stock options, equity-settled restricted share units (RSU) and equity-settled performance share units (PSU) have a dilutive potential on common shares.

### **Government participation**

Government contributions are recognized when there is reasonable assurance that the contributions will be received, and all attached conditions will be complied with by the Company. Government contributions related to the acquisition of non-financial assets are recorded as a reduction of the cost of the related asset while government contributions related to current expenses are recorded as a reduction of the related expenses.

### **Royalty obligations**

The Company receives partial funding from government entities for eligible spending related to specified R&D projects. In exchange, the Company repays a percentage of certain revenue during specified years. The initial measurement of the royalty obligation is discounted using the prevailing market rates of interest, at that time, for a similar instrument (similar as to currency, term, type of interest rate, guarantees or other factors) with a similar credit rating and range from 7.5% to 8.5%. The difference between the funding received and the discounted value of the royalty obligation is accounted for as a government contribution. The current portion of the royalty obligation is included as part of accrued liabilities.

### **R&D obligations**

The Company enters into loans with below market interest rates with government entities to fund a portion of eligible spending related to specified R&D projects. The initial measurement of the R&D obligation is discounted using the prevailing market rates of interest, at that time, for a similar instrument (similar as to currency, term, type of interest rate, guarantees or other factors) with a similar credit rating. The difference between the funding received and the discounted value of the R&D obligation is accounted for as a government contribution. R&D obligations are presented as part of the long-term debt.

**Investment tax credits**

Investment tax credits are deemed to be equivalent to government contributions. These government contributions are received for costs incurred in R&D projects. Investment tax credits expected to be recovered beyond 12 months are classified in Other non-current assets.

**Comparative figures**

Comparative amounts in the consolidated income statement and consolidated statement of comprehensive income have been reclassified as a result of the Healthcare segment being presented as discontinued operations (Note 2).

**New and amended standards adopted by the Company****Amendments to IAS 12 - *International Tax Reform – Pillar Two Model Rules***

In May 2023, the IASB issued *International Tax Reform – Pillar Two Model Rules*, which amends IAS 12 - *Income taxes* to introduce a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. This amendment to IAS 12 was adopted by the Company in the first quarter of fiscal 2024 and the exception has been applied retrospectively but no adjustments to previously reported figures were required.

Certain other amendments to accounting standards were applied for the first time on April 1, 2023, but did not have a significant impact on the consolidated financial statements of the Company.

**New and amended standards not yet adopted by the Company**

Certain amendments to accounting standards have been published that are not mandatory for March 31, 2024 reporting periods and have not been early adopted by the Company. These amendments are not expected to have a material impact on the consolidated financial statements of the Company in the current or future reporting periods and on foreseeable future transactions.

**Amendments to IAS 1 - *Presentation of Financial Statements***

In January 2020, IASB issued a narrow-scope amendment to IAS 1 - *Presentation of Financial Statements*, which clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. Classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In October 2022, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements*, which specify that for long-term debt with covenants to be complied with after the reporting date, such covenants do not affect the classification of debt as current or non-current at the reporting date, but do require disclosures in the notes to the financial statements.

For the Company, amendments to IAS 1 will be effective for the fiscal period beginning on April 1, 2024.

**Use of judgements, estimates and assumptions**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses for the period reported. It also requires management to exercise its judgement in applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below. Actual results could differ from those estimates. Changes will be reported in the period in which they are identified.

**Business combinations**

Business combinations are accounted for in accordance with the acquisition method as of the date control is transferred. The consideration transferred and the acquiree's identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition, which may be estimated using an income, market or cost valuation method. Depending on the complexity of determining these valuations, the Company either consults with independent experts or develops the fair value internally by using appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. These evaluations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate. Contingent consideration is measured at fair value using a discounted cash flow model.

The judgments made in determining the estimated fair value assigned to the net identifiable assets acquired, as well as the estimated useful life of non-financial assets, could impact the net income of subsequent periods through depreciation and amortization, and in certain instances through impairment charges. The Company believes that the estimated fair values assigned to the net identifiable assets acquired are based on reasonable assumptions that a marketplace participant would use. While the Company uses its best estimates and assumptions to accurately value the net identifiable assets acquired at the acquisition date, estimates are inherently uncertain and subject to refinement.

During the measurement period, for up to 12 months following the acquisition, the Company records adjustments to the initial estimate of the net identifiable assets acquired based on new information obtained that would have existed as of the date of the acquisition. Any adjustment that arises from information obtained that did not exist as of the date of the acquisition will be recorded in the period the adjustment arises.

### **Development costs**

Development costs are recognized as intangible assets and are amortized over their useful lives when they meet the criteria for capitalization. Forecasted revenue and profitability for the relevant projects are used to assess compliance with the capitalization criteria and to assess the recoverable amount of the assets.

### **Impairment of non-financial assets**

The Company's impairment test for goodwill is based on estimates of the recoverable amount of the CGU or group of CGUs to which goodwill has been allocated and uses valuation models such as the discounted cash flows model (level 3). Management applies significant judgement in developing the cash flow model, which includes the use of key assumptions including expected revenue growth, margin projections and the discount rates. Management also applies judgement when reflecting the impact surrounding current market view of risk and uncertainty and macroeconomic conditions. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment.

Likewise, whenever property, plant and equipment and intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management and can have a material impact on the respective values and ultimately the amount of any impairment.

### **Revenue recognition**

#### *Transaction price allocated to performance obligations*

In allocating the transaction price for contracts with multiple performance obligations, the Company estimates the stand-alone selling price using the expected cost plus a margin approach if they are not directly observable.

#### *Determining the measure of progress of performance obligations satisfied over time*

For contracts where revenue is recognized over time using the cost input method, the Company applies judgement in estimating the total costs to complete the contract.

The determination of the total costs to complete a contract is based on estimates that can be affected by several factors, including program management and execution difficulties, technological challenges, cost of materials, supply chain disruptions, inflationary pressures, availability of labour and problems with suppliers or subcontractors.

Management conducts monthly reviews of its estimated costs to complete as well as its revenue and margins recognized, on a contract-by-contract basis. The impact of any revisions in cost and revenue estimates is reflected in the period in which the need for a revision becomes known.

### **Defined benefit pension plans**

The cost of defined benefit pension plans and the present value of the employee benefit obligations are determined using actuarial valuations. Actuarial valuations involve, amongst others, making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. Any changes in these assumptions will impact the carrying amount of the employee benefit obligations and the cost of the defined benefit pension plans. In determining the appropriate discount rate, management considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Individual discount rates are derived from the yield curve and are used to determine the service cost and interest cost of the Canadian defined benefit pension plans at the beginning of the year. The present value of the employee benefit obligations for these Canadian plans is determined based on the individual discount rates derived from the yield curve at the end of the year. Other key assumptions for pension obligations are based, in part, on current market conditions. See Note 20 for further details regarding assumptions used.

### **Income taxes**

The Company is subject to income tax laws in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. The determination of tax liabilities and assets involves uncertainties in the interpretation of complex tax regulations. The Company provides for potential tax liabilities based on the weighted average probability of the possible outcomes. Differences between actual results and those estimates could influence the income tax liabilities and deferred tax liabilities in the period in which such determinations are made.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against the losses that can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The recorded amount of total deferred tax assets could be altered if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize future tax benefits.

**NOTE 2 – DISCONTINUED OPERATIONS**

On February 16, 2024, the Company announced the closing of the sale of its Healthcare business to Madison Industries. The total consideration, after preliminary working capital and selling price adjustments, amounted to \$293.4 million and is subject to further working capital adjustments based on closing accounts. The final determination of the working capital adjustment will be concluded during fiscal 2025.

The Healthcare business, which offers healthcare students and clinical professionals integrated physical, digital and virtual education and training solutions, is reported as discontinued operations.

The after-tax gain on disposal of the Healthcare business is as follows:

Consideration received in cash	\$	275.3
Short-term holdback receivable		8.0
Long-term non-contingent receivable		10.1
<b>Total consideration</b>	<b>\$</b>	<b>293.4</b>
Net assets disposed	\$	269.6
Impairment of non-financial assets of the disposal group excluded from the sale		7.8
Reclassification to income of gains on foreign currency exchange differences from OCI		(2.5)
Transaction fees and other costs		12.2
Gain on disposal of discontinued operations before income taxes	\$	6.3
Income tax recovery		(10.2)
<b>After-tax gain on disposal of discontinued operations</b>	<b>\$</b>	<b>16.5</b>

The net income and other comprehensive (loss) income from discontinued operations are as follows:

	2024	2023
Revenue	\$ 131.7	\$ 192.7
Expenses	132.7	184.7
Operating (loss) income	\$ (1.0)	\$ 8.0
Finance expense	3.6	4.1
(Loss) earnings before income taxes	\$ (4.6)	\$ 3.9
Income tax (recovery) expense	(9.4)	1.8
<b>Net income from discontinued operations before after-tax gain on disposal</b>	<b>\$ 4.8</b>	<b>\$ 2.1</b>
After-tax gain on disposal of discontinued operations	16.5	—
<b>Net income from discontinued operations</b>	<b>\$ 21.3</b>	<b>\$ 2.1</b>

For the year ended March 31, 2024, depreciation and amortization of \$6.1 million (2023 – \$12.0 million) is included in net income from discontinued operations.

	2024	2023
Foreign currency exchange differences on translation of foreign operations	\$ 0.9	\$ 5.8
Reclassification to income of gains on foreign currency exchange differences	(2.5)	—
Income taxes	(5.4)	—
<b>Other comprehensive (loss) income from discontinued operations</b>	<b>\$ (7.0)</b>	<b>\$ 5.8</b>

No amount of net income and other comprehensive (loss) income from discontinued operations are attributable to non-controlling interest.

As part of the transaction, the major classes of assets and liabilities disposed were as follows:

Current assets	\$	112.3
Property, plant and equipment		6.9
Right-of-use assets		9.8
Intangible assets, including goodwill of \$120.4 million		168.0
Deferred tax assets		26.5
Other non-current assets		14.5
<b>Assets disposed</b>	<b>\$</b>	<b>338.0</b>
Current liabilities		37.1
Long-term debt (lease liabilities), including current portion		12.2
Deferred tax liabilities		1.4
Other non-current liabilities		17.7
<b>Liabilities disposed</b>	<b>\$</b>	<b>68.4</b>
<b>Net assets disposed</b>	<b>\$</b>	<b>269.6</b>

As a result of the closing of the sale, royalty obligations related to the discontinued operations of \$36.9 million previously presented as liabilities held for sale were converted into R&D obligations (Note 19).

The net cash flows from discontinued operations are as follows:

	2024	2023
Operating activities	\$ 0.4	\$ 3.6
Investing activities	261.6	(12.4)
Financing activities	(1.3)	(1.4)
<b>Net cash flows provided by (used in) discontinued operations</b>	<b>\$ 260.7</b>	<b>\$ (10.2)</b>

### NOTE 3 – BUSINESS COMBINATIONS

During the year ended March 31, 2023, the Company completed its assessment of the fair value of assets acquired and liabilities assumed of L3Harris Technologies' Military Training business (L3H MT) and Sabre's AirCentre airline operations portfolio (AirCentre) acquired in fiscal 2022.

Adjustments to the purchase price allocations of the L3H MT and AirCentre acquisitions resulted in increases of intangible assets of \$27.0 million, other long-term liabilities of \$6.4 million, and current liabilities of \$4.0 million, and decreases of current assets of \$11.9 million, other long-term assets of \$2.6 million and deferred tax assets of \$2.1 million.

During the year ended March 31, 2023, cash consideration of \$6.4 million was paid for an acquisition realized in fiscal 2021.

### NOTE 4 – OPERATING SEGMENTS AND GEOGRAPHIC INFORMATION

The Company elected to organize its operating segments principally on the basis of its customer markets. The Company manages its operations through its two segments: Civil Aviation and Defense and Security. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The Company has decided to disaggregate revenue from contracts with customers by segment, by products and services and by geographic regions as the Company believes it best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors.

#### Results by segment

The profitability measure employed by the Company for making decisions about allocating resources to segments and assessing segment performance is adjusted segment operating income. Adjusted segment operating income is calculated by taking operating income and adjusting for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events, which gives an indication of the profitability of each segment because it does not include the impact of items not specifically related to the segment's performance. For the years ended March 31, 2024 and 2023, impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment of goodwill (Note 14), the impairment of technology and other non-financial assets (Note 5) and the impairment reversal of non-financial assets following their repurposing and optimization (Note 6).

The accounting principles used to prepare the information by operating segments are the same as those used to prepare the Company's consolidated financial statements. The method used for the allocation of assets jointly used by operating segments and costs and liabilities jointly incurred (mostly corporate costs) between operating segments is based on the level of utilization when determinable and measurable, otherwise the allocation is based on a proportion of each segment's cost of sales and revenue.

	Civil Aviation		Defense and Security		Total	
	2024	2023	2024	2023	2024	2023
External revenue	\$ 2,435.8	\$ 2,166.4	\$ 1,847.0	\$ 1,844.2	\$ 4,282.8	\$ 4,010.6
Depreciation and amortization	272.0	243.4	96.7	86.8	368.7	330.2
Share of after-tax profit of equity accounted investees	60.8	47.0	11.4	6.2	72.2	53.2
Operating income (loss)	442.0	430.3	(627.4)	35.7	(185.4)	466.0
Adjusted segment operating income	548.9	485.3	0.8	53.1	549.7	538.4

Reconciliation of adjusted segment operating income is as follows:

	Civil Aviation		Defense and Security		Total	
	2024	2023	2024	2023	2024	2023
Operating income (loss)	\$ 442.0	\$ 430.3	\$ (627.4)	\$ 35.7	\$ (185.4)	\$ 466.0
Restructuring, integration and acquisition costs (Note 6)	106.9	52.0	24.5	10.6	131.4	62.6
Impairments and other gains and losses arising from significant strategic transactions or specific events:						
Impairment of goodwill (Note 14)	—	—	568.0	—	568.0	—
Impairment of technology and other non-financial assets (Note 5)	—	—	35.7	—	35.7	—
Impairment reversal of non-financial assets following their repurposing and optimization (Note 6)	—	3.0	—	6.8	—	9.8
Adjusted segment operating income	\$ 548.9	\$ 485.3	\$ 0.8	\$ 53.1	\$ 549.7	\$ 538.4

Capital expenditures by segment, which consist of property, plant and equipment expenditures and intangible assets expenditures (excluding those acquired in business combinations), are as follows:

	2024	2023
Civil Aviation	\$ 335.3	\$ 329.2
Defense and Security	128.7	53.6
Discontinued operations (Note 2)	13.7	12.4
Total capital expenditures	\$ 477.7	\$ 395.2

### Assets and liabilities employed by segment

The Company uses assets employed and liabilities employed to assess resources allocated to each segment. Assets employed include accounts receivable, contract assets, inventories, prepayments, property, plant and equipment, right-of-use assets, intangible assets, investment in equity accounted investees, derivative financial assets and other non-current assets. Liabilities employed include accounts payable and accrued liabilities, provisions, contract liabilities, derivative financial liabilities and other non-current liabilities.

Assets and liabilities employed by segment are reconciled to total assets and liabilities as follows:

	2024	2023
<b>Assets employed</b>		
Civil Aviation	\$ 6,131.8	\$ 5,852.4
Defense and Security	2,869.3	3,436.2
Assets not included in assets employed by segment	833.0	1,147.9
Total assets	\$ 9,834.1	\$ 10,436.5
<b>Liabilities employed</b>		
Civil Aviation	\$ 1,260.1	\$ 1,142.0
Defense and Security	828.1	871.2
Liabilities not included in liabilities employed by segment	3,443.3	3,834.4
Total liabilities	\$ 5,531.5	\$ 5,847.6

**Products and services information**

The Company's revenue from external customers for its products and services are as follows:

	2024	2023
Products	\$ 1,495.3	\$ 1,396.3
Training, software and services	2,787.5	2,614.3
Total external revenue	\$ 4,282.8	\$ 4,010.6

**Geographic information**

The Company markets its products and services globally. Revenues are attributed to geographical regions based on the location of customers. Non-current assets other than financial instruments and deferred tax assets are attributed to geographical regions based on the location of the assets, excluding goodwill. Goodwill is presented by geographical regions based on the Company's allocation of the related purchase price.

	2024	2023
External revenue		
Canada	\$ 460.7	\$ 361.2
United States	2,076.3	2,059.5
United Kingdom	271.1	251.1
Rest of Americas	98.8	86.1
Europe	645.1	559.7
Asia	566.1	603.7
Oceania and Africa	164.7	89.3
	\$ 4,282.8	\$ 4,010.6

	2024	2023
Non-current assets other than financial instruments, deferred tax assets and employee benefits assets		
Canada	\$ 1,527.7	\$ 1,641.2
United States	3,623.5	4,049.8
United Kingdom	360.5	383.9
Rest of Americas	201.9	180.8
Europe	985.5	982.4
Asia	532.0	519.8
Oceania and Africa	108.9	112.5
	\$ 7,340.0	\$ 7,870.4

**NOTE 5 – OTHER (GAINS) AND LOSSES**

	2024	2023
Impairment of technology and other non-financial assets	\$ 35.7	\$ —
Net gain on foreign currency exchange differences	(2.4)	(12.6)
Remeasurement of royalty obligations	(6.1)	(7.4)
Remeasurement of contingent consideration arising on business combinations	—	2.6
Settlement gain on annuity purchase transaction (Note 20)	(5.2)	—
Other	5.9	(5.0)
Other (gains) and losses	\$ 27.9	\$ (22.4)

**Impairment of technology and other non-financial assets**

During the fourth quarter of fiscal 2024, the Company considered the impact of general economic headwinds, the re-baselining of its Defense and Security business and the reduced pursuit of certain types of opportunities as part of its review of impairment indicators for non-financial assets. As a result of this review, the Company recorded impairment charges totaling \$35.7 million in the Defense and Security segment, consisting of \$31.4 million of internally developed intangible assets and \$4.3 million of simulators included in property, plant and equipment.

**NOTE 6 – RESTRUCTURING, INTEGRATION AND ACQUISITION COSTS**

	<b>2024</b>	<b>2023</b>
Integration and acquisition costs	\$ 79.9	\$ 65.8
Severances and other employee related costs	31.2	2.0
Impairment of non-financial assets – net	19.2	1.8
Other costs	1.1	2.8
Impairment reversal of non-financial assets following their repurposing and optimization	—	(9.8)
<b>Total restructuring, integration and acquisition costs</b>	<b>\$ 131.4</b>	<b>\$ 62.6</b>

On February 16, 2024, concurrent with the sale of its Healthcare business, the Company announced that it will further streamline its operating model and portfolio, optimize its cost structure and create efficiencies. For the year ended March 31, 2024, costs related to this restructuring program totalled \$39.3 million and included \$15.8 million of severances and other employee related costs and \$16.8 million of impairment of intangible assets related to the termination of certain product offerings within the Civil Aviation segment.

For the year ended March 31, 2024, restructuring, integration and acquisition costs associated with the fiscal 2022 acquisition of AirCentre amounted to \$76.8 million (2023 – \$48.9 million) and those related to the fiscal 2022 acquisition of L3H MT amounted to \$12.9 million (2023 – \$17.6 million).

For the year ended March 31, 2023, restructuring, integration and acquisition costs include gains on the reversal of impairment of an intangible asset of \$6.8 million in the Defense and Security segment and property, plant and equipment of \$3.0 million in the Civil Aviation segment, following their repurposing and optimization and new customer contracts and opportunities.

**NOTE 7 – FINANCE EXPENSE – NET**

	<b>2024</b>	<b>2023</b>
Finance expense:		
Long-term debt (other than lease liabilities)	\$ 160.4	\$ 141.6
Lease liabilities	26.8	17.6
Royalty obligations	7.0	7.6
Employee benefits obligations (Note 20)	1.8	3.3
Other	33.5	24.8
Borrowing costs capitalized	(7.0)	(7.9)
<b>Finance expense</b>	<b>\$ 222.5</b>	<b>187.0</b>
Finance income:		
Loans and investment in finance leases	\$ (11.0)	\$ (10.3)
Other	(6.5)	(3.1)
<b>Finance income</b>	<b>\$ (17.5)</b>	<b>\$ (13.4)</b>
<b>Finance expense – net</b>	<b>\$ 205.0</b>	<b>\$ 173.6</b>

**NOTE 8 – INCOME TAXES****Income tax expense**

The reconciliation of income taxes at Canadian statutory rates with the income tax (recovery) expense is as follows:

	2024	2023
(Loss) earnings before income taxes	\$ (390.4)	\$ 292.4
Canadian statutory income tax rates	26.50 %	26.53 %
Income taxes at Canadian statutory rates	\$ (103.5)	\$ 77.6
Effect of differences in tax rates in other jurisdictions	7.4	(4.0)
Non-deductible impairment of goodwill	41.6	—
Unrecognized tax benefits	18.3	0.9
Non-taxable revenues	(4.1)	(3.2)
Tax impact on after-tax profit of equity accounted investees	(18.8)	(13.0)
Prior years' tax adjustments	(14.4)	1.1
Other	0.7	3.2
Income tax (recovery) expense	\$ (72.8)	\$ 62.6
Effective tax rate	19 %	21 %

The Company's applicable tax rate corresponds to the combined Canadian tax rates applicable in the provinces where the Company operates. The decrease is due to a change in the allocation of income in the jurisdictions it operates.

Significant components of the provision for the income tax (recovery) expense are as follows:

	2024	2023
Current income tax expense :		
Current year	\$ 74.0	\$ 49.9
Prior years' tax adjustments	68.2	0.7
Deferred income tax (recovery) expense:		
Tax benefit not previously recognized used to reduce the deferred tax expense	18.3	(2.2)
Origination and reversal of temporary differences	(233.3)	14.2
Income tax (recovery) expense	\$ (72.8)	\$ 62.6

**Tax court decision related to the Strategic Aerospace and Defence Initiative (SADI) program**

During the year ended March 31, 2024, a tax court decision rendered in May 2023 related to the SADI program resulted in a current income tax expense of \$57.4 million and a deferred income tax recovery of \$61.9 million.

**Deferred tax assets and liabilities**

During the year ended March 31, 2024, movements in temporary differences are as follows:

	Balance beginning of year	Recognized in income	Recognized in OCI	Disposal of discontinued operations	Foreign currency exchange differences	Balance end of year
Non-capital loss carryforwards	\$ 98.2	\$ 59.4	\$ —	\$ (14.6)	\$ (0.5)	\$ 142.5
Unclaimed research & development expenditures	162.3	13.5	—	(13.7)	—	162.1
Investment tax credits	(82.1)	5.8	—	2.1	0.4	(73.8)
Property, plant and equipment and right-of-use of assets	(114.8)	(41.0)	—	1.1	0.6	(154.1)
Intangible assets	(114.7)	64.6	—	10.5	0.6	(39.0)
Amounts not currently deductible	80.3	3.0	—	(6.9)	0.5	76.9
Government participation	(32.6)	118.7	—	0.3	—	86.4
Other	(0.8)	9.7	(10.6)	(3.9)	1.3	(4.3)
Net deferred tax assets (liabilities)	\$ (4.2)	\$ 233.7	\$ (10.6)	\$ (25.1)	\$ 2.9	\$ 196.7

For the year ended March 31, 2024, deferred tax recovery of \$18.7 million has been recorded in net income from discontinued operations.

During the year ended March 31, 2023, movements in temporary differences are as follows:

	Balance beginning of year	Recognized in income	Recognized in OCI	Business combinations	Foreign currency exchange differences	Balance end of year
Non-capital loss carryforwards	\$ 96.9	\$ (4.4)	\$ —	\$ —	\$ 5.7	\$ 98.2
Unclaimed research & development expenditures	86.6	75.8	—	—	(0.1)	162.3
Investment tax credits	(85.4)	3.3	—	—	—	(82.1)
Property, plant and equipment and right-of-use of assets	(82.7)	(22.9)	—	(2.8)	(6.4)	(114.8)
Intangible assets	(90.2)	(19.7)	—	—	(4.8)	(114.7)
Amounts not currently deductible	83.1	(4.7)	—	—	1.9	80.3
Government participation	(24.0)	(8.6)	—	—	—	(32.6)
Other	39.4	(29.2)	(9.8)	0.7	(1.9)	(0.8)
Net deferred tax assets (liabilities)	\$ 23.7	\$ (10.4)	\$ (9.8)	\$ (2.1)	\$ (5.6)	\$ (4.2)

For the year ended March 31, 2023, deferred tax recovery of \$1.6 million has been recorded in net income from discontinued operations.

As at March 31, 2024, net deferred tax assets of \$199.4 million (2023 – \$81.5 million) were recognized in jurisdictions that incurred losses this fiscal year or the preceding fiscal year. Based upon the level of historical taxable income or projections for future taxable income, management believes it is probable that the Company will realize the benefits of these net deferred tax assets.

As at March 31, 2024, a deferred income tax liability on taxable temporary differences of \$3,065.5 million (2023 – \$2,866.1 million) related to investments in subsidiaries and interests in joint ventures has not been recognized, because the Company controls the timing of the reversal of the temporary differences and believes it is probable that the temporary differences will not be reversed in the foreseeable future.

The non-capital losses incurred in various jurisdictions expire as follows:

Expiry date	Unrecognized	Recognized
2025-2029	\$ 28.8	\$ 20.6
2030-2044	26.0	264.8
No expiry date	140.4	290.0
	\$ 195.2	\$ 575.4

As at March 31, 2024, the Company has \$139.6 million (2023 – \$115.5 million) of deductible temporary differences for which deferred tax assets have not been recognized. The Company also has \$180.2 million (2023 – \$19.9 million) of capital losses for which deferred tax assets have not been recognized with no expiry date.

### Pillar Two

Pillar Two has been enacted or substantively enacted in certain jurisdictions in which the Company operates, effective for the Company's group financial year beginning April 1, 2024. The determination of the minimum tax impact will require significant interpretation of each country's new legislation to determine the ultimate tax liability for the group of companies as a whole. Based on its preliminary assessment of the 15% minimum tax, the Company expects an increase in the effective income tax rate, however, it is not expected to have a material impact on the Company's financial statements.

**NOTE 9 – SHARE CAPITAL AND EARNINGS PER SHARE****Share capital****Authorized and issued shares**

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value, issuable in series.

The preferred shares may be issued with rights and conditions to be determined by the Board of Directors, prior to their issue. To date, the Company has not issued any preferred shares.

As at March 31, 2024, the number of common shares issued and fully paid was 318,312,233 (2023 – 317,906,290).

**Earnings per share computation**

The denominators for the basic and diluted earnings per share computations are as follows:

	2024	2023
Weighted average number of common shares outstanding	318,191,697	317,660,608
Effect of dilutive stock options and equity-settled share-based payments	—	756,871
Weighted average number of common shares outstanding for diluted earnings per share calculation	318,191,697	318,417,479

As at March 31, 2024, stock options to acquire 6,459,922 common shares (2023 – 2,176,800) have been excluded from the above calculation since their inclusion would have had an anti-dilutive effect.

**NOTE 10 – ACCOUNTS RECEIVABLE**

Details of accounts receivable are as follows:

	2024	2023
Current trade receivables	\$ 232.3	\$ 280.6
Past due trade receivables		
1-30 days	132.1	68.4
31-60 days	33.7	28.3
61-90 days	16.0	16.8
Greater than 90 days	59.7	85.2
Total trade receivables	\$ 473.8	\$ 479.3
Investment in finance leases (Note 15)	11.9	13.5
Receivables from related parties (Note 31)	58.2	57.5
Other receivables	101.7	90.9
Credit loss allowances	(20.9)	(25.5)
Total accounts receivable	\$ 624.7	\$ 615.7

Changes in credit loss allowances are as follows:

	2024	2023
Credit loss allowances, beginning of year	\$ (25.5)	\$ (27.9)
Additions	(8.3)	(3.2)
Amounts charged off	9.4	4.7
Unused amounts reversed	2.2	1.9
Disposal of discontinued operations (Note 2)	0.9	—
Foreign currency exchange differences	0.4	(1.0)
Credit loss allowances, end of year	\$ (20.9)	\$ (25.5)

**NOTE 11 – BALANCE FROM CONTRACTS WITH CUSTOMERS**

Net contract liabilities are as follows:

	2024	2023
Contract assets - current	\$ 537.6	\$ 693.8
Contract assets - non-current (Note 16)	41.6	41.9
Contract liabilities - current	(911.7)	(905.7)
Contract liabilities - non-current (Note 21)	(99.8)	(94.0)
Net contract liabilities	\$ (432.3)	\$ (264.0)

During the year ended March 31, 2024, the Company recognized revenue of \$712.6 million (2023 – \$632.2 million) that was included in the contract liability balance at the beginning of the year.

During the year ended March 31, 2024, the Company recognized a reduction of revenue of \$86.6 million (2023 – \$11.3 million) related to performance obligations partially satisfied in previous years. This primarily related to revisions to estimated costs to complete certain contracts that impacted revenue and measures of completion.

**Remaining performance obligations**

As at March 31, 2024, the amount of the revenues expected to be realized in future years from performance obligations that are unsatisfied, or partially unsatisfied, was \$6,403.6 million. The Company expects to recognize approximately 42% of these remaining performance obligations as revenue by March 31, 2025, an additional 19% by March 31, 2026 and the balance thereafter.

**NOTE 12 – INVENTORIES**

	2024	2023
Work in progress	\$ 356.5	\$ 282.4
Raw materials, supplies and manufactured products	217.1	301.0
Total inventories	\$ 573.6	\$ 583.4

During the year ended March 31, 2024, the use of inventory recognized in cost of sales amounted to \$485.1 million (2023 - \$400.2 million), the impairment of inventories to net realizable value amounted to \$2.5 million (2023 – \$6.2 million) and inventory recognized in discontinued operations amounted to \$55.8 million (2023 – \$93.2 million).

**NOTE 13 – PROPERTY, PLANT AND EQUIPMENT**

	Buildings and land	Simulators	Machinery and equipment	Aircraft	Assets under construction	Total
Net book value as at March 31, 2022	\$ 320.1	\$ 1,415.1	\$ 66.2	\$ 71.5	\$ 256.4	\$ 2,129.3
Additions	34.6	20.1	16.7	0.2	197.2	268.8
Disposals	(3.6)	(3.2)	(0.1)	(0.6)	—	(7.5)
Depreciation	(23.3)	(113.2)	(21.2)	(5.4)	—	(163.1)
(Impairment) reversal – net	—	2.1	(0.1)	(0.3)	—	1.7
Purchase of assets under lease (Note 15)	—	34.6	—	—	—	34.6
Transfers and others	27.6	208.8	(5.5)	6.0	(231.5)	5.4
Foreign currency exchange differences	13.7	88.6	3.1	5.1	7.4	117.9
Net book value as at March 31, 2023	\$ 369.1	\$ 1,652.9	\$ 59.1	\$ 76.5	\$ 229.5	\$ 2,387.1
Additions	22.0	33.5	19.1	14.0	241.2	329.8
Disposals	(0.2)	(3.6)	(0.2)	(0.3)	—	(4.3)
Disposal of discontinued operations (Note 2)	(0.4)	(2.3)	(3.9)	—	(0.3)	(6.9)
Depreciation	(27.1)	(127.3)	(22.6)	(5.8)	—	(182.8)
Impairment	—	(4.4)	(0.2)	(0.6)	—	(5.2)
Transfers and others	22.3	170.5	10.1	(4.4)	(211.1)	(12.6)
Foreign currency exchange differences	1.3	8.5	0.2	0.2	0.3	10.5
<b>Net book value as at March 31, 2024</b>	<b>\$ 387.0</b>	<b>\$ 1,727.8</b>	<b>\$ 61.6</b>	<b>\$ 79.6</b>	<b>\$ 259.6</b>	<b>\$ 2,515.6</b>

Notes to the Consolidated Financial Statements

	Buildings and land	Simulators	Machinery and equipment	Aircraft	Assets under construction	Total
Cost	\$ 623.9	\$ 2,558.1	\$ 208.9	\$ 103.1	\$ 229.5	\$ 3,723.5
Accumulated depreciation and impairment	(254.8)	(905.2)	(149.8)	(26.6)	—	(1,336.4)
<b>Net book value as at March 31, 2023</b>	<b>\$ 369.1</b>	<b>\$ 1,652.9</b>	<b>\$ 59.1</b>	<b>\$ 76.5</b>	<b>\$ 229.5</b>	<b>\$ 2,387.1</b>
Cost	\$ 666.9	\$ 2,694.0	\$ 223.5	\$ 108.6	\$ 259.6	\$ 3,952.6
Accumulated depreciation and impairment	(279.9)	(966.2)	(161.9)	(29.0)	—	(1,437.0)
<b>Net book value as at March 31, 2024</b>	<b>\$ 387.0</b>	<b>\$ 1,727.8</b>	<b>\$ 61.6</b>	<b>\$ 79.6</b>	<b>\$ 259.6</b>	<b>\$ 2,515.6</b>

During the year ended March 31, 2024, depreciation of \$180.9 million (2023 – \$160.7 million) has been recorded in cost of sales, \$0.5 million (2023 – \$0.2 million) in selling, general and administrative expenses and \$1.4 million (2023 – \$2.2 million) in net income from discontinued operations.

**NOTE 14 – INTANGIBLE ASSETS**

	Goodwill	Capitalized development costs	Customer relationships	Licenses	Technology, software and ERP	Other intangible assets	Total
Net book value as at March 31, 2022	\$ 2,464.3	\$ 234.4	\$ 575.0	\$ 262.8	\$ 243.7	\$ 16.1	\$ 3,796.3
Additions – internal development	—	87.1	—	—	39.3	—	126.4
Business combinations (Note 3)	35.8	—	(11.8)	—	3.0	—	27.0
Amortization	—	(31.1)	(44.4)	(16.1)	(29.5)	(1.8)	(122.9)
Impairment reversal – net	—	6.3	—	—	—	—	6.3
Transfers and others	—	(3.7)	(1.3)	—	(0.9)	0.4	(5.5)
Foreign currency exchange differences	163.2	1.7	36.8	6.7	14.0	0.8	223.2
<b>Net book value as at March 31, 2023</b>	<b>\$ 2,663.3</b>	<b>\$ 294.7</b>	<b>\$ 554.3</b>	<b>\$ 253.4</b>	<b>\$ 269.6</b>	<b>\$ 15.5</b>	<b>\$ 4,050.8</b>
Additions – internal development	—	114.5	—	—	24.6	—	139.1
Additions – acquired separately	—	—	—	8.8	—	—	8.8
Disposal of discontinued operations (Note 2)	(120.4)	(39.1)	(1.5)	—	(5.2)	(1.8)	(168.0)
Amortization	—	(37.7)	(42.9)	(15.8)	(30.5)	(2.5)	(129.4)
Impairment	(568.0)	(38.8)	(2.6)	—	(4.2)	(2.7)	(616.3)
Transfers and others	—	(6.5)	—	(0.3)	(0.9)	—	(7.7)
Foreign currency exchange differences	(3.6)	0.1	(2.1)	0.2	—	—	(5.4)
<b>Net book value as at March 31, 2024</b>	<b>\$ 1,971.3</b>	<b>\$ 287.2</b>	<b>\$ 505.2</b>	<b>\$ 246.3</b>	<b>\$ 253.4</b>	<b>\$ 8.5</b>	<b>\$ 3,271.9</b>

	Goodwill	Capitalized development costs	Customer relationships	Licenses	Technology, software and ERP	Other intangible assets	Total
Cost	\$ 2,699.7	\$ 573.3	\$ 829.6	\$ 320.9	\$ 513.2	\$ 54.0	\$ 4,990.7
Accumulated amortization and impairment	(36.4)	(278.6)	(275.3)	(67.5)	(243.6)	(38.5)	(939.9)
<b>Net book value as at March 31, 2023</b>	<b>\$ 2,663.3</b>	<b>\$ 294.7</b>	<b>\$ 554.3</b>	<b>\$ 253.4</b>	<b>\$ 269.6</b>	<b>\$ 15.5</b>	<b>\$ 4,050.8</b>
Cost	\$ 2,539.3	\$ 535.5	\$ 781.8	\$ 329.2	\$ 499.8	\$ 37.3	\$ 4,722.9
Accumulated amortization and impairment	(568.0)	(248.3)	(276.6)	(82.9)	(246.4)	(28.8)	(1,451.0)
<b>Net book value as at March 31, 2024</b>	<b>\$ 1,971.3</b>	<b>\$ 287.2</b>	<b>\$ 505.2</b>	<b>\$ 246.3</b>	<b>\$ 253.4</b>	<b>\$ 8.5</b>	<b>\$ 3,271.9</b>

During the year ended March 31, 2024, amortization of \$92.3 million (2023 – \$89.6 million) has been recorded in cost of sales, \$32.8 million (2023 – \$24.5 million) in research and development expenses, \$0.2 million (2023 – nil) in selling, general and administrative expenses and \$4.1 million (2023 – \$8.8 million) in net income from discontinued operations.

**Goodwill**

The carrying amount of goodwill allocated to the Company's CGUs per operating segment is as follows:

	Civil Aviation	Defense and Security	Discontinued operations	Total
Net book value as at March 31, 2022	\$ 1,046.8	\$ 1,305.8	\$ 111.7	\$ 2,464.3
Business combinations (Note 3)	25.6	10.2	—	35.8
Foreign currency exchange differences	53.2	101.3	8.7	163.2
Net book value as at March 31, 2023	\$ 1,125.6	\$ 1,417.3	\$ 120.4	\$ 2,663.3
Disposal of discontinued operations (Note 2)	—	—	(120.4)	(120.4)
Impairment	—	(568.0)	—	(568.0)
Foreign currency exchange differences	(4.8)	1.2	—	(3.6)
<b>Net book value as at March 31, 2024</b>	<b>\$ 1,120.8</b>	<b>\$ 850.5</b>	<b>\$ —</b>	<b>\$ 1,971.3</b>

Goodwill is allocated to CGUs or a group of CGUs, which generally corresponds to the Company's operating segments or one level below.

The Company performed its annual impairment test for goodwill during the fourth quarter of fiscal 2024. The Company determined the recoverable amount of each of its CGUs based on fair value less costs of disposal calculations using a discounted cash flow model. The recoverable amount of each CGU is calculated using estimated cash flows derived from the Company's five-year strategic plan as approved by the Board of Directors. The cash flows are based on expectations of market growth, industry reports and trends, and past performance. Cash flows subsequent to the five-year period were extrapolated using a constant terminal value growth rate of 2%, which is consistent with forecasts included in industry reports specific to the industry in which each CGU operates. The discount rates used to calculate the recoverable amounts reflect each CGUs' specific risks and market conditions, including the market view of risk for each CGU, and range from 9.0% to 10.9%.

In fiscal 2024, the assumptions used in determining the recoverable amount of the Defense and Security CGU using the discounted cash flow model, including expected revenue growth, margin projections and the discount rate, were impacted by the general economic headwinds and the re-baselining of the Defense and Security business resulting in the delayed recovery and growth of the CGU. As a result of the impairment test performed, the Company recorded a goodwill impairment charge of \$568.0 million. The recoverable amount of the Defense and Security CGU after the impairment, based on the fair value less costs of disposal calculation, was \$2.1 billion.

Variations in the Company assumptions and estimates, particularly in the expected revenue growth, margin projections and the discount rate could have a significant impact on fair value. For the Defense and Security CGU, a decrease of 1% in expected revenue growth would have resulted in an additional impairment of approximately \$85 million, a decrease of 1% in margin projections would have resulted in an additional impairment of approximately \$190 million, and an increase of 1% in the discount rate of 10.9% would have resulted in an additional impairment of approximately \$245 million.

No impairment charge was identified for the CGUs included in the Civil Aviation segment. A decrease of 1% in expected revenue growth, a decrease of 1% in margin projections, or an increase of 1% in the discount rate would not have resulted in an impairment charge for any of the Civil Aviation CGUs.

**NOTE 15 – LEASES****Leases as lessee****Right-of-use assets**

	Buildings and land	Simulators	Machinery and equipment	Aircraft	Total
Net book value as at March 31, 2022	\$ 255.3	\$ 90.5	\$ 15.5	\$ 11.7	\$ 373.0
Additions and remeasurements	120.9	7.3	—	—	128.2
Depreciation	(36.6)	(9.9)	(2.8)	(0.8)	(50.1)
Purchase of assets under lease (Note 13)	—	(34.6)	—	—	(34.6)
Transfers and others	(6.1)	(2.3)	(0.3)	—	(8.7)
Foreign currency exchange differences	13.2	5.9	—	—	19.1
Net book value as at March 31, 2023	\$ 346.7	\$ 56.9	\$ 12.4	\$ 10.9	\$ 426.9
Additions and remeasurements	168.0	8.7	0.5	—	177.2
Disposal of discontinued operations (Note 2)	(9.8)	—	—	—	(9.8)
Depreciation	(39.9)	(9.8)	(3.0)	(0.8)	(53.5)
Impairment	(1.3)	—	—	—	(1.3)
Transfers and others	9.3	(3.8)	—	—	5.5
Foreign currency exchange differences	0.9	(0.1)	—	—	0.8
<b>Net book value as at March 31, 2024</b>	<b>\$ 473.9</b>	<b>\$ 51.9</b>	<b>\$ 9.9</b>	<b>\$ 10.1</b>	<b>\$ 545.8</b>

During the year ended March 31, 2024, depreciation of \$51.4 million (2023 – \$47.5 million) has been recorded in cost of sales, \$1.5 million (2023 – \$1.6 million) in selling, general and administrative expenses and \$0.6 million (2023 – \$1.0 million) in net income from discontinued operations.

**Short-term leases, leases of low-value assets and variable lease payments**

During the year ended March 31, 2024, expenses of \$16.4 million (2023 – \$16.7 million) have been recognized in net income relating to short-term leases, leases of low-value assets and variable lease payments not included in the measurement of lease liabilities.

**Leases as lessor****Operating Leases**

As at March 31, 2024, the net book value of simulators leased under operating leases to third parties was \$130.4 million (2023 – \$76.1 million).

Undiscounted lease payments to be received under operating leases are as follows:

	2024	2023
Less than 1 year	\$ 63.0	\$ 33.0
Between 1 and 2 years	51.7	32.6
Between 2 and 3 years	43.3	30.0
Between 3 and 4 years	35.0	21.7
Between 4 and 5 years	21.4	16.5
More than 5 years	33.4	13.8
Total undiscounted lease payments receivable	\$ 247.8	\$ 147.6

**Finance Leases**

Undiscounted lease payments to be received under finance leases are as follows:

	2024	2023
Less than 1 year	\$ 16.4	\$ 16.6
Between 1 and 2 years	22.8	14.6
Between 2 and 3 years	17.4	15.1
Between 3 and 4 years	16.0	16.3
Between 4 and 5 years	16.0	13.6
More than 5 years	128.9	128.2
Total undiscounted lease payments receivable	\$ 217.5	\$ 204.4
Unearned finance income	(56.9)	(68.0)
Discounted unguaranteed residual values of leased assets	(12.8)	(10.7)
<b>Total investment in finance leases</b>	<b>\$ 147.8</b>	<b>\$ 125.7</b>
<b>Current portion (Note 10)</b>	<b>11.9</b>	<b>13.5</b>
<b>Non-current portion (Note 16)</b>	<b>\$ 135.9</b>	<b>\$ 112.2</b>

**NOTE 16 – OTHER NON-CURRENT ASSETS**

	2024	2023
Contract assets (Note 11)	\$ 41.6	\$ 41.9
Advance payments for property, plant and equipment	30.0	30.7
Investment in finance leases (Note 15)	135.9	112.2
Non-current receivables	61.5	42.8
Investment tax credits	268.6	325.3
Other	64.7	67.7
	<b>\$ 602.3</b>	<b>\$ 620.6</b>

**NOTE 17 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2024	2023
Accounts payable trade	\$ 561.7	\$ 522.1
Accrued and other liabilities	458.0	498.6
Amount due to related parties (Note 31)	4.7	5.7
Current portion of royalty obligations	10.9	10.3
	<b>\$ 1,035.3</b>	<b>\$ 1,036.7</b>

**NOTE 18 – PROVISIONS**

Changes in provisions are as follows:

	Restoration and simulator removal		Restructuring	Legal	Warranties	Onerous contracts and other	Total
Provisions, as at March 31, 2023	\$ 9.2	\$ 1.1	\$ 1.8	\$ 23.9	\$ 10.8	\$ 46.8	
Additions	0.2	27.7	0.1	8.8	14.0	50.8	
Amount used	(0.1)	(13.5)	(1.0)	(14.9)	(3.6)	(33.1)	
Reversal of unused amounts	—	(0.1)	(0.6)	—	(2.2)	(2.9)	
Disposal of discontinued operations (Note 2)	—	—	—	(0.5)	—	(0.5)	
Foreign currency exchange differences	0.1	—	—	—	(0.1)	—	
Transfers and others	0.3	0.1	—	(2.7)	(2.2)	(4.5)	
<b>Provisions, as at March 31, 2024</b>	<b>\$ 9.7</b>	<b>\$ 15.3</b>	<b>\$ 0.3</b>	<b>\$ 14.6</b>	<b>\$ 16.7</b>	<b>\$ 56.6</b>	
<b>Current portion</b>	<b>\$ —</b>	<b>\$ 15.3</b>	<b>\$ 0.3</b>	<b>\$ 11.1</b>	<b>\$ 15.9</b>	<b>\$ 42.6</b>	
<b>Non-current portion</b>	<b>\$ 9.7</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3.5</b>	<b>\$ 0.8</b>	<b>\$ 14.0</b>	

**NOTE 19 – DEBT FACILITIES**

Long-term debt, net of transaction costs is as follows:

	Notional amount	Repayment period	2024		2023	
			Current	Non-current	Current	Non-current
<b>Unsecured senior notes</b>						
U.S. dollar, fixed rate - 3.60% to 4.90%	US\$ 933.0	2024-2034	\$ 190.5	\$ 1,068.8	\$ 18.5	\$ 1,257.9
Canadian dollar, Series 1, fixed rate - 5.541%	\$ 400.0	2028	—	397.5	—	—
Canadian dollar, fixed rate - 4.15%	\$ 21.5	2024-2027	12.9	8.6	2.9	21.4
<b>Term loans</b>						
U.S. dollar, variable rate	US\$ 125.0	2025	—	168.9	67.0	405.4
Canadian dollar, variable rate	\$ 23.9	2024-2028	5.6	18.3	5.6	23.8
Other		2024-2026	14.3	32.8	15.2	47.4
<b>Lease liabilities</b>						
U.S. dollar		2024-2071	30.2	368.2	55.7	241.3
Other		2024-2043	25.0	128.5	25.5	133.4
<b>R&amp;D obligations</b>						
Canadian dollar		2023-2048	30.4	543.8	24.2	471.9
<b>Revolving credit facilities</b>						
U.S. dollar, variable rate			—	—	—	433.0
Canadian dollar, variable rate			—	30.0	—	—
<b>Total long-term debt</b>			<b>\$ 308.9</b>	<b>\$ 2,765.4</b>	<b>\$ 214.6</b>	<b>\$ 3,035.5</b>

**Unsecured senior notes**

In June 2023, the Company completed a private offering of \$400.0 million of unsecured senior notes, bearing interest at 5.541% per annum, payable in equal semi-annual installments until maturity in June 2028.

**Term loans**

In February 2024, the Company prepaid a US\$175.0 million term loan due in July 2024. In March 2024, the Company repaid a term loan of US\$50.0 million.

Information on the change in long-term debt for which cash flows have been classified as financing activities in the statement of cash flows are as follows:

	Unsecured senior notes	Term loans	Lease liabilities	R&D obligations	Revolving credit facility	Total
Net book value as at March 31, 2022	\$ 1,221.0	\$ 620.3	\$ 395.0	\$ 473.0	\$ 336.9	\$ 3,046.2
Changes from financing cash flows						
Net repayment from borrowing under revolving credit facilities	—	—	—	—	44.5	44.5
Proceeds from long-term debt	—	—	—	31.2	—	31.2
Repayment of long-term debt	(21.8)	(106.1)	—	(33.1)	—	(161.0)
Repayment of lease liabilities	—	—	(83.4)	—	—	(83.4)
Total changes from financing cash flows	\$ (21.8)	\$ (106.1)	\$ (83.4)	\$ (1.9)	\$ 44.5	\$ (168.7)
Non-cash changes						
Foreign currency exchange differences	101.1	48.9	21.7	—	51.6	223.3
Additions and remeasurement of lease liabilities	—	—	128.2	—	—	128.2
Accretion	—	—	—	25.0	—	25.0
Other	0.4	1.3	(5.6)	—	—	(3.9)
Total non-cash changes	\$ 101.5	\$ 50.2	\$ 144.3	\$ 25.0	\$ 51.6	\$ 372.6
Net book value as at March 31, 2023	\$ 1,300.7	\$ 564.4	\$ 455.9	\$ 496.1	\$ 433.0	\$ 3,250.1
Changes from financing cash flows						
Net proceeds from borrowing under revolving credit facilities	—	—	—	—	(396.7)	(396.7)
Proceeds from long-term debt	397.1	—	—	36.4	—	433.5
Repayment of long-term debt	(21.7)	(324.0)	—	(24.7)	—	(370.4)
Repayment of lease liabilities	—	—	(69.5)	—	—	(69.5)
Total changes from financing cash flows	\$ 375.4	\$ (324.0)	\$ (69.5)	\$ 11.7	\$ (396.7)	\$ (403.1)
Non-cash changes						
Foreign currency exchange differences	1.2	(1.3)	0.5	—	(6.3)	(5.9)
Additions and remeasurement of lease liabilities	—	—	177.2	—	—	177.2
Disposal of discontinued operations (Note 2)	—	—	(12.2)	—	—	(12.2)
Accretion	—	—	—	27.9	—	27.9
Transfer from royalty obligations (Note 2)	—	—	—	36.9	—	36.9
Other	1.0	0.8	—	1.6	—	3.4
Total non-cash changes	\$ 2.2	\$ (0.5)	\$ 165.5	\$ 66.4	\$ (6.3)	\$ 227.3
<b>Net book value as at March 31, 2024</b>	<b>\$ 1,678.3</b>	<b>\$ 239.9</b>	<b>\$ 551.9</b>	<b>\$ 574.2</b>	<b>\$ 30.0</b>	<b>\$ 3,074.3</b>

The Company's unsecured senior notes, term loans and revolving credit facility include standard events of default and covenant provisions whereby accelerated repayment and/or termination of the agreements may result if the Company were to default on payment or violate certain covenants. As at March 31, 2024, the Company is in compliance with all of its financial covenants, as amended from time to time.

## NOTE 20 – EMPLOYEE BENEFITS OBLIGATIONS

### Defined benefit pension plans

The Company has three registered funded defined benefit pension plans in Canada (two for employees and one for designated executives) that provide benefits based on length of service and final average earnings. The Company also maintains a funded pension plan for employees in the United Kingdom that provides benefits based on similar provisions.

The Company's annual contributions, to fund both benefits accruing in the year and deficits accumulated over prior years, and the plans' financial position are determined based on actuarial valuations. Applicable pension legislations prescribe minimum funding requirements.

In addition, the Company maintains unfunded plans in Canada, United States and Germany that provide defined benefits based on length of service and final average earnings. These unfunded plans are the sole obligation of the Company, and there is no requirement to fund them. However, the Company is obligated to pay the benefits when they become due. As at March 31, 2024, the Company has issued letters of credit totalling \$54.3 million (2023 – \$56.5 million) to collateralize the obligations under the Canadian plans.

The funded plans are trustee administered funds. Plan assets held in trusts are governed by local regulations and practices in each country, as is the nature of the relationship between the Company and the trustees and their composition. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the Company and the board of trustees.

The employee benefits obligations are as follows:

	2024	2023
Funded defined benefit pension obligations	\$ 476.3	\$ 590.7
Fair value of plan assets	542.0	641.7
Funded defined benefit pension surplus – net	\$ (65.7)	\$ (51.0)
Unfunded defined benefit pension obligations	98.7	91.8
<b>Employee benefits obligations - net</b>	<b>\$ 33.0</b>	<b>\$ 40.8</b>
<b>Employee benefit assets</b>	<b>\$ (65.7)</b>	<b>\$ (51.1)</b>
<b>Employee benefit obligations</b>	<b>\$ 98.7</b>	<b>\$ 91.9</b>

Changes in funded defined benefit pension obligations and fair value of plan assets are as follows:

	2024			2023		
	Canadian	Foreign	Total	Canadian	Foreign	Total
Pension obligations, beginning of year	\$ 585.5	\$ 5.2	\$ 590.7	\$ 631.8	\$ 6.9	\$ 638.7
Current service cost	31.9	—	31.9	32.5	—	32.5
Interest cost	22.5	0.3	22.8	23.9	0.2	24.1
Past service cost	2.9	—	2.9	—	—	—
Actuarial loss (gain) arising from:						
Experience adjustments	(3.0)	—	(3.0)	25.5	0.2	25.7
Economic assumptions	4.6	—	4.6	(102.8)	(1.8)	(104.6)
Demographic assumptions	—	(0.1)	(0.1)	2.6	(0.1)	2.5
Employee contributions	9.5	—	9.5	9.2	—	9.2
Pension benefits paid	(14.0)	(0.4)	(14.4)	(25.5)	(0.2)	(25.7)
Settlements	(168.9)	—	(168.9)	(11.7)	—	(11.7)
Net transfers	0.3	—	0.3	—	—	—
Foreign currency exchange differences	—	—	—	—	—	—
Pension obligations, end of year	\$ 471.3	\$ 5.0	\$ 476.3	\$ 585.5	\$ 5.2	\$ 590.7
Fair value of plan assets, beginning of year	\$ 635.3	\$ 6.4	\$ 641.7	\$ 617.1	\$ 6.8	\$ 623.9
Interest income	25.1	0.3	25.4	23.9	0.2	24.1
Return on plan assets, excluding amounts included in interest income	18.2	0.3	18.5	(10.1)	(0.9)	(11.0)
Employer contributions	24.9	0.3	25.2	33.0	0.4	33.4
Employee contributions	9.5	—	9.5	9.2	—	9.2
Pension benefits paid	(14.0)	(0.4)	(14.4)	(25.5)	(0.2)	(25.7)
Settlements	(163.5)	—	(163.5)	(11.7)	—	(11.7)
Net transfers	0.3	—	0.3	—	—	—
Administrative costs	(0.8)	—	(0.8)	(0.6)	—	(0.6)
Foreign currency exchange differences	—	0.1	0.1	—	0.1	0.1
Fair value of plan assets, end of year	\$ 535.0	\$ 7.0	\$ 542.0	\$ 635.3	\$ 6.4	\$ 641.7

In June 2023, the Company entered into an annuity purchase transaction in which the pension obligations of \$168.9 million associated with certain retired members of Canadian defined benefit pension plans were transferred to a third-party insurer, in exchange for a payment of \$163.5 million from the pension plan assets.

Changes in unfunded defined benefit pension obligations are as follows:

	2024			2023		
	Canadian	Foreign	Total	Canadian	Foreign	Total
Pension obligations, beginning of year	\$ 81.3	\$ 10.5	\$ 91.8	\$ 82.6	\$ 12.3	\$ 94.9
Current service cost	3.9	1.3	5.2	4.1	1.0	5.1
Interest cost	3.9	0.5	4.4	3.0	0.3	3.3
Past service cost	—	—	—	—	0.2	0.2
Actuarial loss (gain) arising from:						
Experience adjustments	(0.4)	0.4	—	5.5	(0.6)	4.9
Economic assumptions	0.5	0.5	1.0	(11.0)	(2.7)	(13.7)
Pension benefits paid	(3.0)	(0.7)	(3.7)	(2.9)	(0.6)	(3.5)
Foreign currency exchange differences	—	—	—	—	0.6	0.6
Pension obligations, end of year	\$ 86.2	\$ 12.5	\$ 98.7	\$ 81.3	\$ 10.5	\$ 91.8

Net pension cost is as follows:

	2024			2023		
	Canadian	Foreign	Total	Canadian	Foreign	Total
<b>Funded plans</b>						
Current service cost	\$ 31.9	\$ —	\$ 31.9	\$ 32.5	\$ —	\$ 32.5
Interest cost	22.5	0.3	22.8	23.9	0.2	24.1
Interest income	(25.1)	(0.3)	(25.4)	(23.9)	(0.2)	(24.1)
Past service cost	2.9	—	2.9	—	—	—
Settlement gain	(5.4)	—	(5.4)	—	—	—
Administrative cost	0.8	—	0.8	0.6	—	0.6
<b>Net pension cost of funded plans</b>	<b>\$ 27.6</b>	<b>\$ —</b>	<b>\$ 27.6</b>	<b>\$ 33.1</b>	<b>\$ —</b>	<b>\$ 33.1</b>
<b>Unfunded plans</b>						
Current service cost	\$ 3.9	\$ 1.3	\$ 5.2	\$ 4.1	\$ 1.0	\$ 5.1
Interest cost	3.9	0.5	4.4	3.0	0.3	3.3
Past service cost	—	—	—	—	0.2	0.2
<b>Net pension cost of unfunded plans</b>	<b>\$ 7.8</b>	<b>\$ 1.8</b>	<b>\$ 9.6</b>	<b>\$ 7.1</b>	<b>\$ 1.5</b>	<b>\$ 8.6</b>
<b>Total net pension cost</b>	<b>\$ 35.4</b>	<b>\$ 1.8</b>	<b>\$ 37.2</b>	<b>\$ 40.2</b>	<b>\$ 1.5</b>	<b>\$ 41.7</b>

During the year ended March 31, 2024, pension costs of \$18.1 million (2023 – \$19.4 million) have been charged in cost of sales, \$4.5 million (2023 – \$5.8 million) in research and development expenses, \$12.8 million (2023 – \$8.4 million) in selling, general and administrative expenses, \$3.2 million (2023 – nil) in restructuring, integration and acquisition costs, \$1.8 million (2023 – \$3.3 million) in finance expense, a gain of \$0.4 million (2023 – costs of \$1.6 million) in net income from discontinued operations and \$2.6 million (2023 – \$3.2 million) were capitalized.

As a result of an annuity purchase transaction, the Company recognized a settlement gain of \$5.4 million, of which \$5.2 million has been presented in other gains and losses and \$0.2 million in net income from discontinued operations.

Fair value of the plan assets, by major categories, are as follows:

	2024			2023		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Canadian plans</b>						
<b>Equity funds</b>						
Canadian	\$ —	\$ 35.0	\$ 35.0	\$ —	\$ 45.6	\$ 45.6
Foreign	—	130.8	130.8	—	174.8	174.8
<b>Bond funds</b>						
Government	—	117.4	117.4	—	133.3	133.3
Corporate	—	58.7	58.7	—	74.4	74.4
Private and property investments	—	180.9	180.9	—	191.7	191.7
Cash and cash equivalents	—	9.9	9.9	—	14.4	14.4
Other	—	2.3	2.3	—	1.1	1.1
<b>Total Canadian plans</b>	<b>\$ —</b>	<b>\$ 535.0</b>	<b>\$ 535.0</b>	<b>\$ —</b>	<b>\$ 635.3</b>	<b>\$ 635.3</b>
<b>Foreign plans</b>						
Equity instruments	\$ 2.5	\$ —	\$ 2.5	\$ 2.3	\$ —	\$ 2.3
<b>Debt instruments</b>						
Corporate	3.4	—	3.4	3.3	—	3.3
Other	—	1.1	1.1	—	0.8	0.8
<b>Total Foreign plans</b>	<b>\$ 5.9</b>	<b>\$ 1.1</b>	<b>\$ 7.0</b>	<b>\$ 5.6</b>	<b>\$ 0.8</b>	<b>\$ 6.4</b>
<b>Total plans</b>	<b>\$ 5.9</b>	<b>\$ 536.1</b>	<b>\$ 542.0</b>	<b>\$ 5.6</b>	<b>\$ 636.1</b>	<b>\$ 641.7</b>

As at March 31, 2024 and March 31, 2023, there were no common shares of the Company in the pension plan assets.

Notes to the Consolidated Financial Statements

Significant assumptions (weighted average) used are as follows:

	2024	Canadian 2023	2024	Foreign 2023
Pension obligations as at March 31:				
Discount rate	5.00 %	5.05 %	4.43 %	4.70 %
Compensation rate increases	3.69 %	3.66 %	2.68 %	2.54 %
Net pension cost for years ended March 31:				
Discount rate	5.05 %	4.14 %	4.70 %	2.41 %
Compensation rate increases	3.66 %	3.65 %	2.54 %	2.66 %

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and mortality tables and experience in each territory. The mortality tables and the average life expectancy in years for a member age 45 and 65 are as follows:

As at March 31, 2024 (in years)		Life expectancy over 65 for a member			
Country	Mortality table	Male		Female	
		at age 45	at age 65	at age 45	at age 65
Canada	CPM private tables	23.8	22.4	26.3	25.0
Germany	Heubeck RT2018G	23.5	20.8	26.4	24.2
United Kingdom	S3PFA M CMI 2022	22.7	21.4	24.8	23.3
United States	CPM private tables	25.0	23.6	26.5	25.5

As at March 31, 2023 (in years)		Life expectancy over 65 for a member			
Country	Mortality table	Male		Female	
		at age 45	at age 65	at age 45	at age 65
Canada	CPM private tables	23.7	22.2	26.1	24.8
Germany	Heubeck RT2018G	23.4	20.6	26.3	24.0
United Kingdom	S2PxA CMI 2020	22.6	21.6	24.6	23.4
United States	CPM private tables	24.9	23.5	26.4	25.1

As at March 31, 2024, the weighted average duration of the defined benefit obligation is 18 years.

The impact on the defined benefit obligation as a result of a 0.25% change in the significant assumptions as at March 31, 2024 are as follows:

	Funded plans		Unfunded plans		Total
	Canadian	Foreign	Canadian	Foreign	
Discount rate:					
Increase	\$ (21.4)	\$ (0.1)	\$ (2.4)	\$ (0.4)	\$ (24.3)
Decrease	22.9	0.1	2.5	0.4	25.9
Compensation rate:					
Increase	10.3	—	0.4	0.1	10.8
Decrease	(9.7)	—	(0.4)	(0.1)	(10.2)

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant being the exposure to asset volatility, to changes in bond yields and to changes in life expectancy. The plan liabilities are calculated using a discount rate set with reference to corporate bond yields, if plan assets underperform against this yield, this will create a deficit. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. The plans' obligations are to provide benefits for the duration of the life of its members, therefore, increases in life expectancy will result in an increase in the plans' liabilities.

Contributions reflect actuarial assumptions of future investment returns, salary projections and future service benefits. The expected employer contributions and expected benefits paid for the next fiscal year are as follows:

	Canadian	Foreign	Total
Expected employer contributions in funded plans	\$ 26.9	\$ —	\$ 26.9
Expected benefits paid in unfunded plans	3.0	0.7	3.7

**NOTE 21 – OTHER NON-CURRENT LIABILITIES**

	2024	2023
Contract liabilities (Note 11)	\$ 99.8	\$ 94.0
Share-based payments liabilities (Note 24)	51.3	63.2
Interest payable	3.8	8.8
Other	26.2	32.2
	<b>\$ 181.1</b>	<b>\$ 198.2</b>

**NOTE 22 – SUPPLEMENTARY CASH FLOWS INFORMATION**

Changes in non-cash working capital are as follows:

	2024	2023
Accounts receivable	\$ (10.7)	\$ 4.1
Contract assets	153.0	(66.6)
Inventories	(76.3)	(65.6)
Prepayments	(11.2)	(9.7)
Income taxes	30.2	(13.2)
Accounts payable and accrued liabilities	11.0	21.8
Provisions	14.2	(15.3)
Contract liabilities	17.9	30.0
	<b>\$ 128.1</b>	<b>\$ (114.5)</b>

Supplemental information:

	2024	2023
Interest paid	\$ 189.7	\$ 174.7
Interest received	17.1	13.3
Income taxes paid	69.7	34.7

**NOTE 23 – ACCUMULATED OTHER COMPREHENSIVE INCOME**

	Foreign currency exchange differences on translation of foreign operations		Net changes in cash flow hedges		Net changes in financial assets carried at FVOCI			Total	
	2024	2023	2024	2023	2024	2023	2024	2023	
	Balances, beginning of year	\$ 182.8	\$ (29.4)	\$ (14.3)	\$ (0.5)	\$ (1.3)	\$ (1.3)	\$ 167.2	\$ (31.2)
Other comprehensive (loss) income	(8.3)	212.2	(4.9)	(13.8)	—	—	(13.2)	198.4	
Balances, end of year	<b>\$ 174.5</b>	<b>\$ 182.8</b>	<b>\$ (19.2)</b>	<b>\$ (14.3)</b>	<b>\$ (1.3)</b>	<b>\$ (1.3)</b>	<b>\$ 154.0</b>	<b>\$ 167.2</b>	

**NOTE 24 – SHARE-BASED PAYMENTS**

In August 2023, the shareholders of the Company approved the Omnibus Incentive Plan, which allows equity awards to be granted to eligible participants in the form of stock options, restricted share units (RSUs) and performance share units (PSUs). The total number of shares reserved for issuance under the Omnibus Incentive Plan is 10,000,000.

The Omnibus Incentive Plan supplements the existing cash-settled RSU and PSU plans and stock option plan (collectively, the "Existing Plans"). Awards granted under the Existing Plans will remain outstanding and governed by the respective terms of such plans, but no new awards will be granted under any of the Existing Plans. All awards made under the Omnibus Incentive Plan are considered equity-settled arrangements.

The Company's share-based payment plans consist of two categories: equity-settled share-based payment plans comprised of the stock option plan, a RSU plan and a PSU plan; and cash-settled share-based payments plans that include the stock purchase plan, deferred share units (DSU) plans, a RSU plan and a PSU plan.

Share-based payments expense are as follows:

	2024	2023
<b>Equity-settled plans</b>		
Stock option plan	\$ 7.0	\$ 6.1
RSU plan	4.7	—
PSU plan	3.6	—
<b>Cash-settled plans</b>		
Stock purchase plan	15.7	12.8
DSU plans	(1.1)	2.6
RSU plan	2.2	6.6
PSU plan	2.4	0.4
<b>Total share-based payments expense</b>	<b>\$ 34.5</b>	<b>\$ 28.5</b>
Impact of equity swap agreements (Note 30)	6.6	5.3
Amount capitalized	(1.0)	(0.9)
<b>Share-based payments expense, net of equity swap (Note 25)</b>	<b>\$ 40.1</b>	<b>\$ 32.9</b>

During the year ended March 31, 2024, \$2.8 million (2023 – \$0.8 million) of share-based payments expense have been recorded in net income from discontinued operations.

Carrying amount of share-based payments liabilities are as follows:

	2024	2023
<b>Cash-settled plans</b>		
DSU plans	\$ 41.6	\$ 48.4
RSU plan	9.1	13.4
PSU plan	10.5	12.7
<b>Total carrying amount of share-based payments liabilities</b>	<b>\$ 61.2</b>	<b>\$ 74.5</b>
<b>Current portion</b>	<b>9.9</b>	<b>11.3</b>
<b>Non-current portion (Note 21)</b>	<b>\$ 51.3</b>	<b>\$ 63.2</b>

### Stock option plan

Stock options to purchase common shares of the Company are granted to certain employees, officers and executives of the Company. The stock option exercise price is equal to the common shares weighted average price on the TSX of the five days of trading prior to the grant date. Stock options vest over four years of continuous employment from the grant date. The stock options must be exercised within a seven-year period, but are not exercisable during the first year after the grant date.

Changes in outstanding stock options are as follows:

	2024		2023	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Stock options outstanding, beginning of year	6,323,537	\$ 26.63	6,783,444	\$ 25.08
Granted	735,274	28.66	624,700	32.92
Exercised	(405,943)	19.34	(882,167)	18.49
Forfeited	(192,946)	31.04	(202,440)	29.28
Stock options outstanding, end of year	6,459,922	\$ 27.19	6,323,537	\$ 26.63
Stock options exercisable, end of year	4,533,751	\$ 26.57	3,877,399	\$ 25.62

During the year ended March 31, 2024, the weighted average market share price for stock options exercised was \$30.33 (2023 - \$31.95).

As at March 31, 2024, summarized information about the stock options issued and outstanding is as follows:

Range of exercise prices	Options Outstanding			Options Exercisable	
	Number of stock options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable	Weighted average exercise price
\$20.24 to \$23.41	2,673,494	2.22	\$ 21.07	2,138,244	\$ 21.20
\$26.78 to \$29.62	1,739,349	3.24	27.76	1,053,806	27.18
\$30.13 to \$38.01	2,047,079	3.58	34.70	1,341,701	34.66
<b>Total</b>	<b>6,459,922</b>	<b>2.93</b>	<b>\$ 27.19</b>	<b>4,533,751</b>	<b>\$ 26.57</b>

During the year ended March 31, 2024, the weighted average fair value of stock options granted was \$10.12 (2023 – \$10.85).

The assumptions used in the calculation of the fair value of the stock options on the grant date using the Black-Scholes option pricing model are as follows:

	2024	2023
Common share price	\$ 27.85	\$ 30.87
Exercise price	\$ 28.66	\$ 32.92
Dividend yield	0.72 %	0.65 %
Expected volatility	41.88 %	42.12 %
Risk-free interest rate	3.73 %	3.30 %
Expected stock option life	4.5 years	4.5 years

Expected volatility is estimated by considering historical average common share price volatility over the expected life of the stock options.

#### Equity-settled restricted share unit (RSU) plan

RSUs are granted to certain employees, officers and executives of the Company. RSUs are settled in shares, either issued from treasury or purchased on the open market, in cash or in a combination thereof, at the discretion of the Company. Restriction criteria include continuing employment for a period of up to three years. RSUs are settled three years after the grant date.

Changes in outstanding equity-settled RSUs are as follows:

	2024	2023
Equity-settled RSUs outstanding, beginning of year	—	—
Granted	304,142	—
Cancelled	(11,104)	—
Settled in cash	(404)	—
Equity-settled RSUs outstanding, end of year	292,634	—
Equity-settled RSUs vested, end of year	168,681	—

#### Equity-settled performance share unit (PSU) plan

PSUs are granted to certain employees, officers and executives of the Company. PSUs are settled in shares, either issued from treasury or purchased on the open market, in cash or in a combination thereof, at the discretion of the Company. The target rate of granted units is multiplied by a factor which ranges from 0% to 200% based on the attainment of performance criteria set out pursuant to the plan, if restriction criteria are met. Restriction criteria include continuing employment for a period of up to three years. PSUs are settled three years after the grant date.

Changes in outstanding equity-settled PSUs are as follows:

	2024	2023
Equity-settled PSUs outstanding, beginning of year	—	—
Granted	812,603	—
Cancelled	(30,604)	—
Settled in cash	(1,213)	—
Equity-settled PSUs outstanding, end of year	780,786	—
Equity-settled PSUs vested, end of year	489,134	—

**Cash-settled stock purchase plan**

Employees of the Company and its participating subsidiaries can acquire common shares through regular payroll deductions. The Company contributes \$1 for every \$2 of employee contributions, up to a maximum of 3% of the employee's base salary. The employee and Company's contributions are remitted to an independent plan administrator who purchases common shares on the market on behalf of the employee.

**Cash-settled deferred share unit (DSU) plans**

Non-employee directors holding less than the minimum required holdings of common shares of the Company receive their Board retainer compensation in the form of deferred share units (DSUs). A non-employee director holding no less than the minimum required holdings of common shares may also elect to participate in the DSU plan in respect of part or all of his or her retainer. Such retainer amount is converted to DSUs based on the common shares price on the TSX on the date such retainer becomes payable to the non-employee director.

Certain executives can elect to defer a portion or entire short-term incentive payment to the DSU plan on an annual basis. Such deferred short-term incentive amount is converted to DSUs based on the common shares weighted average price on the TSX of the five days of trading prior to the date such incentive becomes payable to the executives.

DSUs entitle the holders to receive a cash payment equal to the common shares closing price on the TSX on the payment date, or, in certain cases, the weighted average price of the five days prior to the payment date. Holders are also entitled to dividend equivalents payable in additional DSUs in an amount equal to the dividends paid on the common shares from the date of issuance to the payment date.

DSUs vest immediately and are paid upon any termination of employment or when a non-employee director ceases to act as a director.

Changes in outstanding DSUs are as follows:

	2024	2023
DSUs outstanding, beginning of year	1,586,384	1,557,007
Granted	118,667	181,288
Redeemed	(217,637)	(151,911)
DSUs vested and outstanding, end of year	1,487,414	1,586,384

As at March 31, 2024, vested and outstanding DSUs includes 833,090 DSUs (2023 – 850,392) granted to certain employees, officers and executives of the Company under previous plans, which are paid upon any termination of employment of the holder. Under the previous plans, holders are also entitled to dividend equivalents payable in additional DSUs in an amount equal to the dividends paid on the common shares from the date of issuance to the payment date.

**Cash-settled restricted share unit (RSU) plan**

Restricted share units (RSUs) are granted to certain employees, officers and executives of the Company. RSUs entitle the holders to receive a cash payment based on the average closing price on the TSX for the 20 trading days preceding the vesting date, if restriction criteria are met. Restriction criteria include continuing employment for a period of up to three years. RSUs are paid three years after the grant date. Following the adoption of the Omnibus Incentive Plan, no new awards will be granted under this plan.

Changes in outstanding cash-settled RSUs are as follows:

	2024	2023
Cash-settled RSUs outstanding, beginning of year	646,231	607,039
Granted	—	247,197
Cancelled	(12,369)	(31,505)
Redeemed	(229,825)	(176,500)
Cash-settled RSUs outstanding, end of year	404,037	646,231
Cash-settled RSUs vested, end of year	332,420	438,656

**Cash-settled performance share unit (PSU) plan**

Performance share units (PSUs) are granted to certain employees, officers and executives of the Company. PSUs entitle the holders to receive a cash payment equal to the average closing price on the TSX of the common shares for the 20 trading days preceding the vesting date multiplied by a factor which ranges from 0% to 200% based on the attainment of performance criteria set out pursuant to the plan, if restriction criteria are met. Restriction criteria include continuing employment for a period of up to three years. PSUs are paid three years after the grant date. Following the adoption of the Omnibus Incentive Plan, no new awards will be granted under this plan.

Changes in outstanding cash-settled PSUs are as follows:

	2024	2023
Cash-settled PSUs outstanding, beginning of year	1,148,302	847,171
Granted	—	817,218
Cancelled	(83,204)	(48,601)
Redeemed	(152,817)	(467,486)
Cash-settled PSUs outstanding, end of year	912,281	1,148,302
Cash-settled PSUs vested, end of year	711,745	687,120

## NOTE 25 – EMPLOYEE COMPENSATION

Total employee compensation expense recognized in income is as follows:

	2024	2023
Salaries and other short-term employee benefits	\$ 1,682.7	\$ 1,564.5
Share-based payments expense, net of equity swap (Note 24)	40.1	32.9
Post-employment benefits – defined benefit plans (Note 20)	34.6	38.5
Post-employment benefits – defined contribution plans	38.5	25.4
Termination benefits	28.5	2.7
Total employee compensation	\$ 1,824.4	\$ 1,664.0

During the year ended March 31, 2024, \$48.5 million (2023 – \$51.6 million) of total employee compensation have been recorded in net income from discontinued operations.

## NOTE 26 – GOVERNMENT PARTICIPATION

Government contributions were recognized as follows:

	2024	2023
Credited to non-financial assets	\$ 20.4	\$ 19.6
Credited to income	27.9	26.1
	\$ 48.3	\$ 45.7

## NOTE 27 – CONTINGENCIES AND COMMITMENTS

### Contingencies

From time to time, the Company is involved in legal proceedings, audits, litigations and claims arising in the ordinary course of its business. The Company operates in a highly regulated environment across many jurisdictions and is subject to, without limitation, laws and regulations relating to import-export controls, trade sanctions, anti-corruption, national security and aviation safety of each country. In addition, contracts with government agencies are subject to procurement regulations and other specific legal requirements. The Company is also required to comply with tax laws and regulations of any country in which it operates.

The Company is subject to investigations and audits from various government and regulatory agencies. In addition, the Company may identify, investigate, remediate and voluntarily disclose potential non-compliance with those laws and regulations. As a result, the Company can be subject to potential liabilities associated with those matters. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its consolidated financial statements.

### Commitments

Contractual purchase commitments that are not recognized as liabilities are as follows:

	2024	2023
Less than 1 year	\$ 329.3	\$ 297.5
Between 1 and 5 years	245.5	249.6
Later than 5 years	3.2	1.9
Total contractual purchase commitments	\$ 578.0	\$ 549.0

As at March 31, 2024, the Company had additional commitments of \$65.9 million related to leases not yet commenced that have not been recognized as a lease liability nor included in the table above.

## NOTE 28 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is determined by reference to the available market information at the reporting date. When no active market exists for a financial instrument, the Company determines the fair value of that instrument based on valuation methodologies as discussed below. In determining assumptions required under a valuation model, the Company primarily uses external, readily observable market data inputs. Assumptions or inputs that are not based on observable market data incorporate the Company's best estimates of market participant assumptions. Counterparty credit risk and the Company's own credit risk are taken into account in estimating the fair value of financial assets and financial liabilities.

The following assumptions and valuation methodologies have been used to measure the fair value of financial instruments:

- (i) The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturities;
- (ii) The fair value of derivative instruments, which include forward contracts, swap agreements and embedded derivatives accounted for separately and is calculated as the present value of the estimated future cash flows using an appropriate interest rate yield curve and forward foreign exchange rate. Assumptions are based on market conditions prevailing at each reporting date. The fair value of derivative instruments reflect the estimated amounts that the Company would receive or pay to settle the contracts at the reporting date;
- (iii) The fair value of the equity investments, which does not have a readily available market value, is estimated using a discounted cash flow model, which includes some assumptions that are not based on observable market prices or rates;
- (iv) The fair value of non-current receivables is estimated based on discounted cash flows using current interest rates for instruments with similar risks and remaining maturities;
- (v) The fair value of long-term debts, royalties obligations and other non-current liabilities are estimated based on discounted cash flows using current interest rates for instruments with similar risks and remaining maturities.

### Fair value hierarchy

The fair value hierarchy reflects the significance of the inputs used in making the measurements and has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices in markets that are not active) or indirectly (i.e. quoted prices for similar assets or liabilities);

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying values and fair values of financial instruments, by category, are as follows:

	Level	2024		2023	
		Carrying value	Fair value	Carrying value	Fair value
		Total	Total	Total	Total
<b>Financial assets (liabilities) measured at FVTPL</b>					
Cash and cash equivalents	Level 1	\$ 160.1	\$ 160.1	\$ 217.6	\$ 217.6
Equity swap agreements	Level 2	(15.8)	(15.8)	(11.8)	(11.8)
Forward foreign currency contracts	Level 2	(0.6)	(0.6)	(5.3)	(5.3)
<b>Derivatives assets (liabilities) designated in a hedge relationship</b>					
Foreign currency and interest rate swap agreements	Level 2	4.8	4.8	10.5	10.5
Forward foreign currency contracts	Level 2	(8.7)	(8.7)	(20.5)	(20.5)
<b>Financial assets (liabilities) measured at amortized cost</b>					
Accounts receivable <sup>(1)</sup>	Level 2	570.8	570.8	555.3	555.3
Investment in finance leases	Level 2	147.9	140.3	125.7	126.1
Other non-current assets <sup>(2)</sup>	Level 2	47.0	47.0	32.1	32.1
Accounts payable and accrued liabilities <sup>(3)</sup>	Level 2	(775.8)	(775.8)	(799.3)	(799.3)
Total long-term debt <sup>(4)</sup>	Level 2	(2,529.9)	(2,524.4)	(2,800.3)	(2,788.2)
Other non-current liabilities <sup>(5)</sup>	Level 2	(87.1)	(78.0)	(137.6)	(125.1)
<b>Financial assets measured at FVOCI</b>					
Equity investments	Level 3	1.4	1.4	1.4	1.4
		\$ (2,485.9)	\$ (2,478.9)	\$ (2,832.2)	\$ (2,807.2)

<sup>(1)</sup> Includes trade receivables, accrued receivables and certain other receivables.

<sup>(2)</sup> Includes non-current receivables and certain other non-current assets.

<sup>(3)</sup> Includes trade accounts payable, accrued liabilities, interest payable and current royalty obligations.

<sup>(4)</sup> Excludes lease liabilities. The carrying value of long-term debt excludes transaction costs.

<sup>(5)</sup> Includes non-current royalty obligations and other non-current liabilities.

During the year ended March 31, 2024, there were no significant changes in level 3 financial instruments.

## NOTE 29 – CAPITAL RISK MANAGEMENT

The Company's capital allocation priorities are focused on:

- (i) Organic investments for sustainable and accretive growth;
- (ii) Maintaining a strong balance sheet for optimal resiliency and financial flexibility;
- (iii) Balancing returns to shareholders with leverage targets and growth investment opportunities.

The Company manages its capital structure and makes corresponding adjustments based on changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or debt, use cash to reduce debt or repurchase shares.

To accomplish its objectives stated above, the Company monitors its capital on the basis of the net debt to capital. This ratio is calculated as net debt divided by the sum of total equity plus net debt. Net debt is calculated as total long-term debt, including the current portion of long-term debt less cash and cash equivalents. Total equity comprises share capital, contributed surplus, accumulated other comprehensive income, retained earnings and non-controlling interests.

The level of debt versus equity in the capital structure is monitored, and the ratios are as follows:

	2024	2023
Total long-term debt (Note 19)	\$ 3,074.3	\$ 3,250.1
Less: cash and cash equivalents	(160.1)	(217.6)
Net debt	\$ 2,914.2	\$ 3,032.5
Equity	4,302.6	4,588.9
Total net debt plus equity	\$ 7,216.8	\$ 7,621.4
Net debt-to-capital	% 40.4	% 39.8

**NOTE 30 – FINANCIAL RISK MANAGEMENT**

Due to the nature of the activities that the Company carries out and as a result of holding financial instruments, the Company is exposed to credit risk, liquidity risk and market risk, including foreign currency risk and interest rate risk. The Company's exposure to credit risk, liquidity risk and market risk is managed within risk management parameters documented in corporate policies. These risk management parameters remain unchanged since the previous period, unless otherwise indicated.

**Credit risk**

Credit risk is defined as the Company's exposure to a financial loss if a debtor fails to meet its obligations in accordance with the terms and conditions of its arrangements with the Company. The Company is exposed to credit risk on its accounts receivable and certain other assets through its normal commercial activities. The Company is also exposed to credit risk through its normal treasury activities on its cash and cash equivalents and derivative financial assets. Credit risks arising from the Company's normal commercial activities are managed with regards to customer credit risk.

The Company's customers are mainly established companies, some of which have publicly available credit ratings, as well as government agencies, which facilitates risk assessment and monitoring. In addition, the Company typically receives substantial non-refundable advance payments for contracts with customers. The Company closely monitors its exposure to major airline companies in order to mitigate its risk to the extent possible. Furthermore, the Company's trade receivables are held with a wide range of commercial and government organizations and agencies. As well, the Company's credit exposure is further reduced by the sale of certain of its accounts receivable to third-party financial institutions for cash consideration on a limited recourse basis (receivable purchase facility). The Company does not hold any collateral as security. The credit risk on cash and cash equivalents is mitigated by the fact that they are mainly in place with a diverse group of major North American and European financial institutions.

The Company is exposed to credit risk in the event of non-performance by counterparties to its derivative financial instruments. The Company uses several measures to minimize this exposure. First, the Company enters into contracts with counterparties that are of high credit quality. The Company signed *International Swaps & Derivatives Association, Inc. (ISDA)* Master Agreements with all the counterparties with whom it trades derivative financial instruments. These agreements make it possible to offset when a contracting party defaults on the agreement, for each of the transactions covered by the agreement and in force at the time of default. Also, collateral or other security to support derivative financial instruments subject to credit risk can be requested by the Company or its counterparties (or both parties, if need be) when the net balance of gains and losses on each transaction exceeds a threshold defined in the ISDA Master Agreement. Finally, the Company monitors the credit standing of counterparties on a regular basis to help minimize credit risk exposure.

The carrying amounts presented in Note 10 and Note 28 represent the maximum exposure to credit risk for each respective financial asset as at the relevant dates.

Exposure to credit risk and credit loss allowances for accounts receivable and contract assets by segment are as follows:

As at March 31, 2024	Civil Aviation	Defense and Security	Amounts not allocated to a segment		Total
Gross accounts receivable	\$ 347.1	258.2	\$ 40.1	\$	645.4
Gross contract assets	177.3	401.9	—	—	579.2
<b>Total</b>	<b>\$ 524.4</b>	<b>\$ 660.1</b>	<b>\$ 40.1</b>	<b>\$</b>	<b>1,224.6</b>
Credit loss allowances	\$ (19.9)	\$ (1.0)	\$ —	\$	(20.9)
As a %	3.8 %	0.2 %	— %	— %	1.7 %

As at March 31, 2023	Civil Aviation	Defense and Security	Amounts not allocated to a segment		Total
Gross accounts receivable	\$ 354.1	\$ 198.1	\$ 89.0	\$	641.2
Gross contract assets	160.6	571.6	3.5	—	735.7
<b>Total</b>	<b>\$ 514.7</b>	<b>\$ 769.7</b>	<b>\$ 92.5</b>	<b>\$</b>	<b>1,376.9</b>
Credit loss allowances	\$ (23.1)	\$ (1.0)	\$ (1.4)	\$	(25.5)
As a %	4.5 %	0.1 %	1.5 %	— %	1.9 %

**Client concentration risk**

For the year ended March 31, 2024, contracts with the U.S. federal government and its various agencies included in the Defense and Security segment accounted for 21% (2023 – 23%) of consolidated revenue.

## Liquidity risk

Liquidity risk is defined as the potential risk that the Company cannot meet its cash obligations as they become due.

The Company manages this risk by establishing cash forecasts, as well as long-term operating and strategic plans. The management of consolidated liquidity requires a regular monitoring of expected cash inflows and outflows which is achieved through a forecast of the Company's consolidated liquidity position, for efficient use of cash resources. Liquidity adequacy is assessed in view of seasonal needs, stress-test results, growth requirements and capital expenditures, and the maturity profile of indebtedness, including availability of credit facilities, working capital requirements, compliance with financial covenants and the funding of financial commitments. The Company manages its liquidity risk to maintain sufficient liquid financial resources to fund its operations and meet its commitments and obligations. The Company also regularly monitors any financing opportunities to optimize its capital structure and maintain appropriate financial flexibility.

In managing its liquidity risk, the Company has access to a committed unsecured revolving credit facility of US\$1.0 billion (2023 – US\$1.0 billion). As well, the Company has agreements to sell interests in certain of its accounts receivable (receivable purchase facility) for an amount of up to US\$400.0 million (2023 – US\$400.0 million). As at March 31, 2024, the carrying amount of the original accounts receivable sold to a financial institution pursuant to the receivable purchase facility totaled \$303.7 million (2023 - \$266.7 million) of which \$44.9 million (2023 – \$42.4 million), corresponding to the extent of the Company's continuing involvement, remains in accounts receivable with a corresponding liability included in accounts payable and accrued liabilities.

The following tables present a maturity analysis based on the contractual maturity date of the Company's financial liabilities based on expected cash flows. Cash flows from derivatives presented either as derivative assets or liabilities have been included, as the Company manages its derivative contracts on a gross basis. The amounts are the contractual undiscounted cash flows. All amounts contractually denominated in foreign currency are presented in Canadian dollar equivalent amounts using the period-end spot rate except as otherwise stated:

As at March 31, 2024	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Accounts payable and accrued liabilities <sup>(1)</sup>	\$ 775.8	\$ 775.8	\$ 775.8	\$ —	\$ —	\$ —	\$ —	\$ —
Total long-term debt <sup>(2)</sup>								
Long-term debt (other than lease liabilities)	2,522.4	2,522.4	253.7	265.0	174.1	164.1	644.1	1,021.4
Interest and accretion	—	743.2	94.1	78.7	70.5	66.2	44.3	389.4
Lease liabilities	551.9	922.0	88.2	75.9	72.1	62.5	53.0	570.3
Other non-current liabilities <sup>(3)</sup>	87.1	164.7	—	24.8	22.7	28.5	21.9	66.8
	<b>\$ 3,937.2</b>	<b>\$ 5,128.1</b>	<b>\$ 1,211.8</b>	<b>\$ 444.4</b>	<b>\$ 339.4</b>	<b>\$ 321.3</b>	<b>\$ 763.3</b>	<b>\$ 2,047.9</b>
<b>Net derivative financial liabilities (assets)</b>								
Forward foreign currency contracts <sup>(4)</sup>	\$ 9.3							
Outflow		\$ 2,916.5	\$ 2,522.6	\$ 302.0	\$ 69.3	\$ 20.4	\$ 2.2	\$ —
Inflow		(2,905.7)	(2,514.3)	(299.2)	(68.7)	(21.1)	(2.4)	—
Foreign currency and interest rate swap agreements	(4.8)	3.9	(2.6)	(0.4)	0.3	0.6	6.0	—
Equity swap agreements	15.8	15.8	15.8	—	—	—	—	—
	<b>\$ 20.3</b>	<b>\$ 30.5</b>	<b>\$ 21.5</b>	<b>\$ 2.4</b>	<b>\$ 0.9</b>	<b>\$ (0.1)</b>	<b>\$ 5.8</b>	<b>\$ —</b>
	<b>\$ 3,957.5</b>	<b>\$ 5,158.6</b>	<b>\$ 1,233.3</b>	<b>\$ 446.8</b>	<b>\$ 340.3</b>	<b>\$ 321.2</b>	<b>\$ 769.1</b>	<b>\$ 2,047.9</b>

Notes to the Consolidated Financial Statements

As at March 31, 2023	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Accounts payable and accrued liabilities <sup>(1)</sup>	\$ 799.3	\$ 799.3	\$ 799.3	\$ —	\$ —	\$ —	\$ —	\$ —
Total long-term debt <sup>(2)</sup>								
Long-term debt (other than lease liabilities)	2,794.2	2,794.2	133.4	486.7	264.2	171.5	562.7	1,175.7
Interest and accretion	—	734.5	120.2	93.8	73.9	67.5	53.9	325.2
Lease liabilities	455.9	724.6	104.5	62.7	55.9	51.5	47.6	402.4
Other non-current liabilities <sup>(3)</sup>	137.6	277.7	—	28.5	27.6	26.0	33.2	162.4
	\$ 4,187.0	\$ 5,330.3	\$ 1,157.4	\$ 671.7	\$ 421.6	\$ 316.5	\$ 697.4	\$ 2,065.7
<b>Net derivative financial liabilities (assets)</b>								
Forward foreign currency contracts <sup>(4)</sup>	\$ 25.8							
Outflow		\$ 2,119.4	\$ 1,852.8	\$ 186.3	\$ 66.5	\$ 13.8	\$ —	\$ —
Inflow		(2,092.2)	(1,832.5)	(182.2)	(64.1)	(13.4)	—	—
Foreign currency and interest rate swap agreements	(10.5)	(11.3)	(6.5)	(3.2)	(1.1)	(0.4)	(0.1)	—
Equity swap agreements	11.8	11.8	11.8	—	—	—	—	—
	\$ 27.1	\$ 27.7	\$ 25.6	\$ 0.9	\$ 1.3	\$ —	\$ (0.1)	\$ —
	\$ 4,214.1	\$ 5,358.0	\$ 1,183.0	\$ 672.6	\$ 422.9	\$ 316.5	\$ 697.3	\$ 2,065.7

<sup>(1)</sup> Includes trade accounts payable, accrued liabilities, interest payable, current portion of royalty obligations and certain payroll-related liabilities.

<sup>(2)</sup> Contractual cash flows include contractual interest and principal payments related to debt obligations. Contractual interests on debt obligations with variable interest rate are presented using the period-end rate.

<sup>(3)</sup> Includes non-current royalty obligations and other non-current liabilities.

<sup>(4)</sup> Outflows and inflows are presented in Canadian dollar equivalent using the contractual forward foreign currency rate.

The Company is party to an agreement that includes a put option, that if exercised, requires CAE to purchase the remaining equity interest in a joint venture. Under the terms of the agreement, the counterparty has the option to sell its shares in the joint venture at fair value. As at March 31, 2024, no value has been ascribed to the put option as the purchase price for the shares corresponds to their fair value.

### Market risk

Market risk is defined as the Company's exposure to a gain or a loss in the value of its financial instruments as a result of changes in market prices, whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is mainly exposed to foreign currency risk and interest rate risk.

Derivative instruments are utilized by the Company to manage market risk against the volatility in foreign exchange rates, interest rates and share-based payments in order to minimize their impact on the Company's results and financial position. The Company's policy is not to utilize any derivative financial instruments for trading or speculative purposes.

### Foreign currency risk

Foreign currency risk is defined as the Company's exposure to a gain or a loss in the value of its financial instruments as a result of fluctuations in foreign exchange rates. The Company is exposed to foreign exchange rate variability primarily in relation to certain sale commitments, expected purchase transactions and debt denominated in a foreign currency, as well as on the net investment from its foreign operations which have functional currencies other than the Canadian dollar (in particular the U.S. dollar (USD), Euro (€ or EUR) and British pound (GBP or £)). In addition, these operations have exposures to foreign exchange rates primarily through cash and cash equivalents and other working capital accounts denominated in currencies other than their functional currencies.

The Company mitigates foreign currency risks by having its foreign operations transact in their functional currency for material procurement, sale contracts and financing activities.

The Company uses forward foreign currency contracts and foreign currency swap agreements to manage the Company's exposure from transactions in foreign currencies and to hedge its net investment in U.S. entities. These transactions include forecasted transactions and firm commitments denominated in foreign currencies.

As at March 31, 2024, the Company entered into fixed to fixed cross currency principal and interest rate swap agreements to effectively convert the \$400.0 million unsecured senior notes into U.S. dollars. The Company has designated the swap agreements as a hedge of its net investments in U.S. entities against foreign currency fluctuations.

The forward foreign currency contracts outstanding are as follows:

Currencies (sold/bought)	2024		2023	
	Notional amount <sup>(1)</sup>	Average rate	Notional amount <sup>(1)</sup>	Average rate
<i>USD/CDN</i>				
Less than 1 year	\$ 1,280.2	0.74	\$ 864.6	0.74
Between 1 and 3 years	268.9	0.75	179.1	0.76
Between 3 and 5 years	2.6	0.75	12.8	0.77
<i>EUR/CDN</i>				
Less than 1 year	340.1	0.68	249.5	0.68
Between 1 and 3 years	71.0	0.67	61.8	0.71
Between 3 and 5 years	19.4	0.65	1.0	0.70
<i>GBP/CDN</i>				
Less than 1 year	53.9	0.59	73.4	0.62
Between 1 and 3 years	5.4	0.59	1.2	0.61
<i>CDN/USD</i>				
Less than 1 year	467.9	1.35	323.4	1.35
Between 1 and 3 years	22.5	1.34	10.7	1.31
<i>Other currencies</i>				
Less than 1 year	381.2	n.a.	341.9	n.a.
Between 1 and 3 years	3.4	n.a.	—	n.a.
<b>Total</b>	<b>\$ 2,916.5</b>		<b>\$ 2,119.4</b>	

<sup>(1)</sup> Exchange rates as at the end of the respective periods were used to translate amounts in foreign currencies.

The Company's foreign currency hedging programs are typically unaffected by changes in market conditions, as related derivative financial instruments are generally held until their maturity, consistent with the objective to fix currency rates on the hedged item.

#### *Foreign currency risk sensitivity analysis*

The following table presents the Company's exposure to foreign currency risk of financial instruments and the pre-tax effects on net income and OCI as a result of a reasonably possible strengthening of 5% in the relevant foreign currency against the Canadian dollar as at March 31. This analysis assumes all other variables remain constant.

	USD		€		GBP	
	Net income	OCI	Net income	OCI	Net income	OCI
<b>2024</b>	\$ 0.6	\$ (15.7)	\$ (1.3)	\$ (1.9)	\$ —	\$ (0.2)
2023	0.5	(10.9)	0.6	(5.0)	0.2	(0.1)

A weakening of 5% in the relevant foreign currency against the Canadian dollar would have an opposite impact on pre-tax income and OCI.

#### **Interest rate risk**

Interest rate risk is defined as the Company's exposure to a gain or a loss to the value of its financial instruments as a result of fluctuations in interest rates. The Company bears some interest rate fluctuation risk on its floating rate long-term debt and some fair value risk on its fixed interest long-term debt. The Company mainly manages interest rate risk by fixing project-specific floating rate debt in order to reduce cash flow variability. The Company has floating rate debts through its revolving credit facility and other specific floating rate debts. A mix of fixed and floating interest rate debt is sought to reduce the net impact of fluctuating interest rates. Derivative financial instruments used to manage interest rate exposures are mainly interest rate swap agreements. As at March 31, 2024, 93% (2023 – 73%) of the long-term debt bears fixed interest rates.

The Company's interest rate hedging programs are typically unaffected by changes in market conditions, as related derivative financial instruments are generally held until their maturity to establish asset and liability management matching, consistent with the objective to reduce risks arising from interest rate movements.

#### *Interest rate risk sensitivity analysis*

During the year ended March 31, 2024, a 1% increase in interest rates would decrease net income by \$7.2 million (2023 - \$8.8 million) and would not have a significant impact on OCI (2023 – not significant) assuming all other variables remained constant. A 1% decrease in interest rates would have an opposite impact on net income.

**Hedge of share-based payments expense**

The Company has entered into equity swap agreements with major Canadian financial institutions to reduce its exposure to fluctuations in its share price relating to the cash-settled share-based payments plans. Pursuant to the agreement, the Company receives the economic benefit of dividends and share price appreciation while providing payments to the financial institutions for the institution's cost of funds and any share price depreciation. The net effect of the equity swap agreements partly offset movements in the Company's share price impacting the cost of the cash-settled share-based payments plans. As at March 31, 2024, the equity swap agreements covered 2,400,000 common shares (2023 – 2,700,000) of the Company.

**Hedge of net investments in foreign operations**

As at March 31, 2024, the Company has designated a portion of its unsecured senior notes, term loans, revolving credit facility, fixed to fixed cross currency principal and interest rate swap agreements and foreign currency contracts totaling US\$1,638.6 million (2023 - US\$1,054.8 million) as a hedge of its net investments in U.S. entities. Gains or losses on the translation of the designated portion of these USD denominated long-term debts are recognized in OCI to offset any foreign exchange gains or losses on translation of the financial statements of those U.S. entities.

**Letters of credit and guarantees**

As at March 31, 2024, the Company had outstanding letters of credit and performance guarantees in the amount of \$244.5 million (2023 – \$242.5 million) issued in the normal course of business. These guarantees are issued under the revolving credit facility and bilateral facilities which are in most instances supported by the Performance Securities Guarantee (PSG).

The advance payment guarantees are related to progress/milestone payments made by the Company's customers and are reduced or eliminated upon delivery of the product. The contract performance guarantees are linked to the completion of the intended product or service rendered by the Company and to the customer's requirements. The customer releases the Company from these guarantees at the signing of a certificate of completion. The letter of credit for the lease obligation provides credit support for the benefit of the owner participant on a sale and leaseback transaction and varies according to the payment schedule of the lease agreement.

	<b>2024</b>	<b>2023</b>
Advance payments	\$ 63.6	\$ 50.8
Contract performance	100.2	106.7
Lease obligations	19.8	21.4
Financial obligations	58.9	59.7
Other	2.0	3.9
	<b>\$ 244.5</b>	<b>\$ 242.5</b>

**Indemnifications**

In certain transactions involving business dispositions or sales of assets, the Company may provide indemnification to the counterparties with respect to future claims for certain unknown liabilities that exist, or arise from events occurring, prior to the transaction date, including liabilities for taxes, legal matters, environmental exposures, product liability, and other obligations. The terms of the indemnifications vary in duration and scope. While some of the indemnifications specify a maximum potential exposure and/or a termination date, many do not.

The Company believes that, other than liabilities already accrued, the maximum potential future payments that it could be required to make under these indemnifications are not determinable at this time, as any future payments would be dependent on the type and extent of the related claims, and all available defences, including insurance, which cannot be estimated. However, historically, costs incurred to settle claims related to these indemnifications have not been material to the Company's consolidated financial position, net income or cash flows.

**NOTE 31 – RELATED PARTY TRANSACTIONS**

The Company's outstanding balances with its equity accounted investees are as follows:

	<b>2024</b>		<b>2023</b>
Accounts receivable (Note 10)	\$ 58.8	\$	59.5
Contract assets	34.2		25.6
Other non-current assets	22.9		17.1
Accounts payable and accrued liabilities (Note 17)	4.7		5.7
Contract liabilities	64.9		58.0

The Company's transactions with its equity accounted investees are as follows:

	<b>2024</b>		<b>2023</b>
Revenue	\$ 258.7	\$	223.0
Purchases	6.0		4.6
Other income	0.6		1.2

**Compensation of key management personnel**

Key management personnel have the ability and responsibility to make major operational, financial and strategic decisions for the Company and include members of the Board of Directors and certain executive officers. The compensation expense of key management for employee services recognized in income are as follows:

	<b>2024</b>		<b>2023</b>
Salaries, termination and other short-term employee benefits	\$ 8.7	\$	7.6
Post-employment benefits – defined benefit plans	3.8		4.4
Share-based payments expense	4.4		1.7
	\$ 16.9	\$	13.7

For the year ended March 31, 2024, the compensation earned by non-employee Directors of the Company amounted to \$3.3 million (2023 – \$2.9 million), which included the grant date fair value of deferred share units (DSUs) as well as cash payments.