

# BOMBARDIER

## FIRST QUARTERLY REPORT

Three-month period ended March 31, 2022

### GLOSSARY

The following table shows the abbreviations used in this report.

Term	Description	Term	Description
ACLP	Airbus Canada Limited Partnership	IAS	International Accounting Standard(s)
bps	Basis points	IASB	International Accounting Standards Board
CCTD	Cumulative currency translation difference	IFRS	International Financial Reporting Standard(s)
DDHR	Derivative designated in a hedge relationship	MD&A	Management's discussion and analysis
DSU	Deferred share unit	MHI	Mitsubishi Heavy Industries, Ltd
EBIT	Earnings (loss) before financing expense, financing income and income taxes	n/a	Not applicable
EBITDA	Earnings (loss) before financing expense, financing income, income taxes, amortization and impairment charges on PP&E and intangible assets	NCI	Non-controlling interest
EBT	Earnings (loss) before income taxes	nmf	Information not meaningful
EPS	Earnings (loss) per share attributable to equity holders of Bombardier Inc.	OCI	Other comprehensive income
FVOCI	Fair value through other comprehensive income	PP&E	Property, plant and equipment
FVTP&L	Fair value through profit and loss	PSU	Performance share unit
GAAP	Generally accepted accounting principles	R&D	Research and development
		RSU	Restricted share unit
		SG&A	Selling, general and administrative
		U.K.	United Kingdom
		U.S.	United States of America

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

All amounts in this report are expressed in U.S. dollars, and all amounts in the tables are in millions of U.S. dollars, unless otherwise indicated.

This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of Bombardier Inc. ("the Corporation" or "our" or "we"). This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is responsible for ensuring that we fulfill our responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit and Risk Committee. The Audit and Risk Committee is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors. The Audit and Risk Committee reports its findings to the Board of Directors for its consideration when it approves the MD&A and financial statements for issuance to shareholders.

The data presented in this MD&A is structured under one reportable segment: Bombardier, which is reflective of our organizational structure.

The results of operations and cash flows for the three-month period are not necessarily indicative of the results of operations and cash flows for the full fiscal year.

## **IFRS and non-GAAP measures**

This MD&A contains both IFRS and non-GAAP measures. Non-GAAP measures are defined and reconciled to the most comparable IFRS measure (see the Non-GAAP and other financial measures and Liquidity and capital resources sections in Overview and Analysis of results section).

## **Materiality for disclosures**

We determine whether information is material based on whether we believe a reasonable investor's decision to buy, sell or hold securities of the Corporation would likely be influenced or changed if the information were omitted or misstated.

Certain totals, subtotals and percentages may not agree due to rounding.

## FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements, which may involve, but are not limited to: statements with respect to our objectives, anticipations and outlook or guidance in respect of various financial and global metrics and sources of contribution thereto, targets, goals, priorities, market and strategies, financial position, financial performance, market position, capabilities, competitive strengths, credit ratings, beliefs, prospects, plans, expectations, anticipations, estimates and intentions; general economic and business outlook, prospects and trends of an industry; customer value; expected demand for products and services; growth strategy; product development, including projected design, characteristics, capacity or performance; expected or scheduled entry-into-service of products and services, orders, deliveries, testing, lead times, certifications and execution of orders in general; competitive position; expectations regarding revenue and backlog mix; the expected impact of the legislative and regulatory environment and legal proceedings; strength of capital profile and balance sheet, creditworthiness, available liquidities and capital resources, expected financial requirements, and ongoing review of strategic and financial alternatives; the introduction of productivity enhancements, operational efficiencies, cost reduction and restructuring initiatives, and anticipated costs, intended benefits and timing thereof; the anticipated business transition to growth cycle and cash generation; expectations, objectives and strategies regarding debt repayment, refinancing of maturities and interest cost reduction; expectations regarding the availability of government assistance programs, compliance with restrictive debt covenants; expectations regarding the declaration and payment of dividends on our preferred shares; intentions and objectives for our programs, assets and operations; the impact of both the ongoing COVID-19 pandemic and the ongoing military conflict between Ukraine and Russia on the foregoing and the effectiveness of plans and measures we have implemented in response thereto; and expectations regarding the strength of the market and economic recovery in the aftermath of the COVID-19 pandemic.

Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may”, “will”, “shall”, “can”, “expect”, “estimate”, “intend”, “anticipate”, “plan”, “foresee”, “believe”, “continue”, “maintain” or “align”, the negative of these terms, variations of them or similar terminology. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of our current objectives, strategic priorities, expectations, outlook and plans, and in obtaining a better understanding of our business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

By their nature, forward-looking statements require management to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause our actual results in future periods to differ materially from forecast results set forth in forward-looking statements. While management considers these assumptions to be reasonable and appropriate based on information currently available, there is risk that they may not be accurate. The assumptions underlying the forward-looking statements made in this MD&A include the following material assumptions: growth of the business aviation market and the Corporation’s share of such market; proper identification of recurring cost savings and executing on our cost reduction plan; optimization of our real estate portfolio, including through the sale or other transaction in respect of real estate assets on favorable terms; and access to working capital facilities on market terms. For additional information, including with respect to other assumptions underlying the forward-looking statements made in this MD&A, refer to the Forward-looking statements - Assumptions section in the MD&A of our financial report for the fiscal year ended December 31, 2021. Given the impact of the changing circumstances surrounding both the ongoing COVID-19 pandemic and the ongoing military conflict between Ukraine and Russia, including because of the emergence of COVID-19 variants and the imposition of financial and economic sanctions and export control limitations, and the related response from the Corporation, governments (federal, provincial and municipal, both domestic, foreign and multinational inter-governmental organizations), regulatory authorities, businesses, suppliers, customers, counterparties and third-party service providers, there is inherently more uncertainty associated with the Corporation’s assumptions as compared to prior periods.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to: risks associated with general economic conditions, risks associated with our business environment (such as risks associated with the financial condition of business aircraft customers; trade policy; financial and economic sanctions and export control limitations; increased competition; political instability; global climate change; and force majeure events); operational risks (such as risks related to developing new products and services; development of new business; order backlog; the certification of products and services; the execution of orders; pressures on cash flows and capital expenditures based on seasonality and cyclicity; execution of our strategy, productivity enhancements, operational efficiencies, restructuring and cost reduction initiatives; doing business with partners; product performance warranty and casualty claim losses; regulatory and legal proceedings; environmental, health and safety risks; dependence on certain customers, contracts and suppliers; supply chain risks; human resources including the global availability of a skilled workforce; reliance on information systems; reliance on and protection of intellectual property rights; reputation risks; risk management; tax matters; and adequacy of insurance coverage), financing risks (such as risks related to liquidity and access to capital markets; retirement benefit plan risk; exposure to credit risk; substantial debt and interest payment requirements; restrictive debt covenants; reliance on debt management and interest cost reduction strategies; and reliance on government support); market risks (such as foreign currency fluctuations; changing interest rates; increases in commodity prices; and inflation rate fluctuations); technology, privacy, cyber security and reputational risks; and other unforeseen adverse events. For more details, see the Risks and uncertainties section in Other in this MD&A and in the MD&A of our financial report for the fiscal year ended December 31, 2021. Any one or more of the foregoing factors may be exacerbated by the ongoing COVID-19 pandemic and

the ongoing military conflict between Ukraine and Russia, and may have a significantly more severe impact on the Corporation's business, results of operations and financial condition than in the absence of such events.

Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. Other risks and uncertainties not presently known to us or that we presently believe are not material could also cause actual results or events to differ materially from those expressed or implied in our forward-looking statements. The forward-looking statements set forth herein reflect management's expectations as at the date of this report and are subject to change after such date. Unless otherwise required by applicable securities laws, we expressly disclaim any intention, and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

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# OVERVIEW

## HIGHLIGHTS

### Results of the quarter

Three-month periods ended March 31	2022	2021	Variance
Revenues <sup>(1)</sup>	\$ 1,246	\$ 1,341	(7)%
Adjusted EBITDA <sup>(1)(2)</sup>	\$ 167	\$ 123	36 %
Adjusted EBITDA margin <sup>(1)(3)</sup>	13.4 %	9.2 %	420 bps
Adjusted EBIT <sup>(1)(2)</sup>	\$ 73	\$ 29	152 %
Adjusted EBIT margin <sup>(1)(3)</sup>	5.9 %	2.2 %	370 bps
EBIT <sup>(1)</sup>	\$ 85	\$ 19	347 %
EBIT margin <sup>(1)(4)</sup>	6.8 %	1.4 %	540 bps
Net loss from continuing operations	\$ (287)	\$ (251)	(14)%
Net income from discontinued operations	\$ —	\$ 5,321	(100)%
Net income (loss)	\$ (287)	\$ 5,070	nmf
Diluted EPS from continuing operations (in dollars)	\$ (0.12)	\$ (0.10)	\$ (0.02)
Diluted EPS from discontinued operations (in dollars)	\$ —	\$ 2.13	\$ (2.13)
	\$ (0.12)	\$ 2.03	\$ (2.15)
Adjusted net loss <sup>(1)(2)</sup>	\$ (69)	\$ (173)	60 %
Adjusted EPS (in dollars) <sup>(1)(3)</sup>	\$ (0.03)	\$ (0.07)	\$ 0.04
Cash flows from operating activities			
Continuing operations	\$ 217	\$ (372)	\$ 589
Discontinued operations	\$ —	\$ (621)	\$ 621
	\$ 217	\$ (993)	\$ 1,210
Net additions to PP&E and intangible assets			
Continuing operations	\$ (44)	\$ (33)	\$ (11)
Discontinued operations	\$ —	\$ —	\$ —
	\$ (44)	\$ (33)	\$ (11)
Free cash flow (usage) <sup>(2)</sup>			
Continuing operations	\$ 173	\$ (405)	\$ 578
Discontinued operations <sup>(5)</sup>	\$ —	\$ (621)	\$ 621
	\$ 173	\$ (1,026)	\$ 1,199
<b>As at</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>Variance</b>
Cash and cash equivalents	\$ 1,406	\$ 1,675	(16)%
Order backlog (in billions of dollars) <sup>(6)</sup>	\$ 13.5	\$ 12.2	11 %

<sup>(1)</sup> Includes continuing operations only.

<sup>(2)</sup> Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

<sup>(3)</sup> Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

<sup>(4)</sup> Supplementary financial measure. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics.

<sup>(5)</sup> Free cash flow usage - discontinued operations for the first quarter 2021 is equal to cash flows from operating activities - discontinued operations for the same period.

<sup>(6)</sup> Represents order backlog for both manufacturing and services.

## Key highlights and events

### **Bombardier reports first quarter 2022 results, grows backlog by \$1.3 billion, meaningfully expands profit margins, and delivers fourth consecutive quarterly positive free cash flow<sup>(1)</sup> in continued progress towards long-term objectives**

- Revenues of \$1.2 billion reflect strong aftermarket performance and 21 aircraft deliveries, well on track towards full year guidance of more than 120 deliveries.
- Adjusted EBITDA<sup>(1)</sup> rose to \$167 million, a 36% year-over-year improvement fueled by *Global 7500* margin expansion, execution of cost reduction plan and higher contributions from aftermarket. First quarter reported EBIT from continuing operations was \$85 million.
- Strong free cash flow<sup>(1)</sup> generation of \$173 million from continuing operations represents an improvement of \$578 million year-over-year and tracks ahead of plan, driven by strong order intake, reduction in interest paid and earnings growth. Adjusted liquidity<sup>(1)</sup> stands strong at \$1.8 billion. Reported cash flows from operating activities for the quarter was \$217 million and net additions to PP&E and intangible assets for the quarter were \$44 million. Cash and cash equivalents as at March 31, 2022 were \$1.4 billion.
- First quarter unit book-to-bill<sup>(2)</sup> of 2.5 and backlog rose by \$1.3 billion to \$13.5 billion since the end of 2021, a reflection of continued strong order intake.

<sup>(1)</sup> Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

<sup>(2)</sup> Defined as net new aircraft orders in units over aircraft deliveries in units.

## INDUSTRY AND ECONOMIC ENVIRONMENT

Following the impressive industry recovery in 2021 from the COVID-19 pandemic, the first quarter of 2022 showed a constant improvement in most industry indicators, albeit in some cases lower than the last quarters of 2021, mostly due to the ongoing military conflict between Ukraine and Russia. In fact, industry confidence, measured by the Barclays Business Jet Indicator, has remained close to its highest level, settling at 74 in this first quarter of 2022. The indicator remains well above the 50-point threshold, indicating strengthening market conditions.<sup>(1)</sup> The Barclays Business Jet survey also highlighted the low availability of younger pre-owned inventory. In Q1 2022, pre-owned aircrafts available for sale in all categories, expressed as a percentage of the total in-service fleet, has fallen to 3%, its lowest level from the past 20 years.<sup>(2)</sup> Finally, business jet utilization increased by about 23% in the U.S. and 53% in Europe quarter-to-quarter, driven by the removal of flight restrictions across the World.<sup>(3)</sup> Overall, estimated industry deliveries for Q1 2022 remained stable compared to Q1 2021, with 88 units delivered.<sup>(4)</sup>

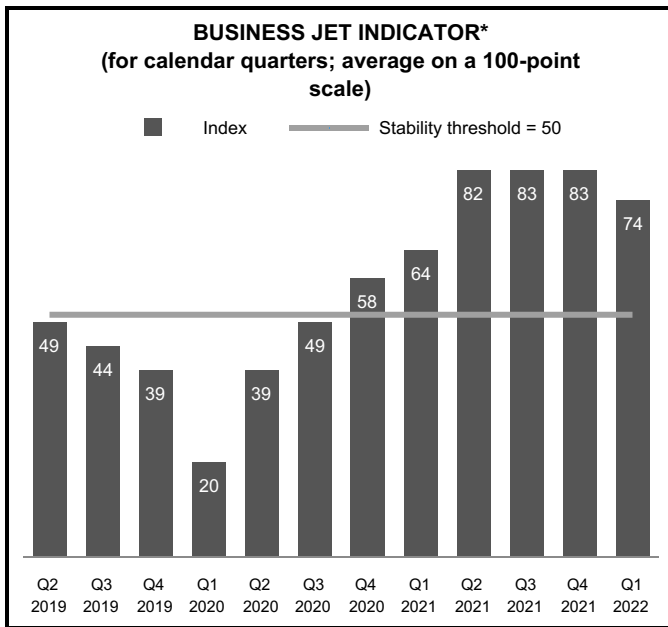
While we continue to closely monitor the impact of the conflict in Ukraine on macro and industry indicators, the business aviation industry is expected to grow in the long term driven by continued wealth creation and introduction of new aircraft models and technologies. As a leading player in the industry, Bombardier is well positioned to benefit from this growth.

<sup>(1)</sup> According to the Barclays Business Jet Survey dated March 22, 2022.

<sup>(2)</sup> According to JETNET and Ascend online.

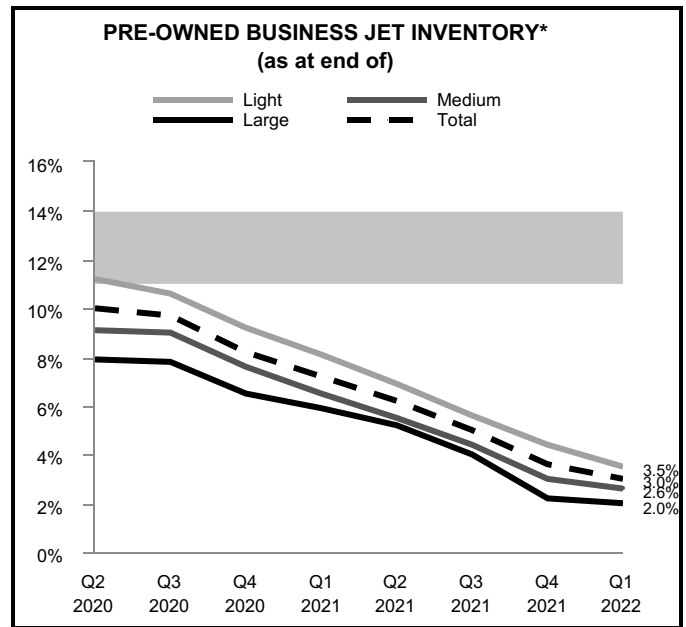
<sup>(3)</sup> According to the U.S. Federal Aviation Administration (FAA) and Eurocontrol websites.

<sup>(4)</sup> Based on our estimates, public disclosure records of certain competitors, the General Aviation Manufacturers Association (GAMA) shipment reports and Ascend (by Cirium).



Source: Barclays

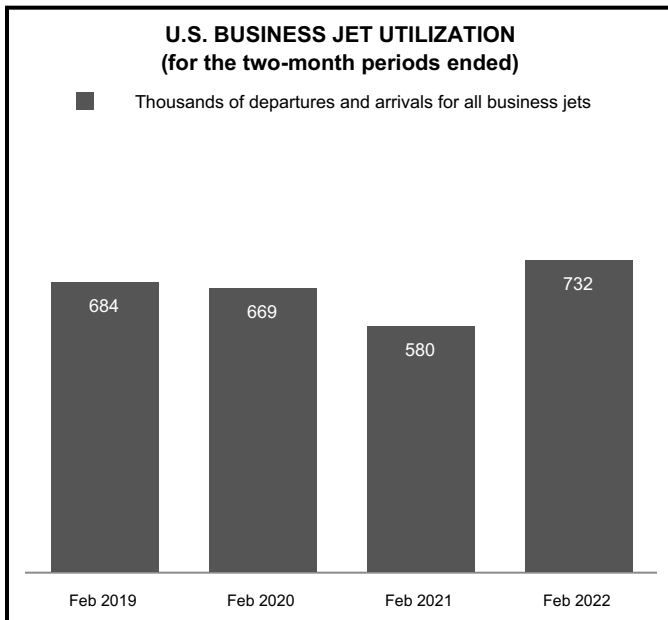
\* The Business Jet Indicator is a measure of market confidence from industry professionals, gathered through regular surveys of brokers, dealers, manufacturers, fractional providers, financiers and others.



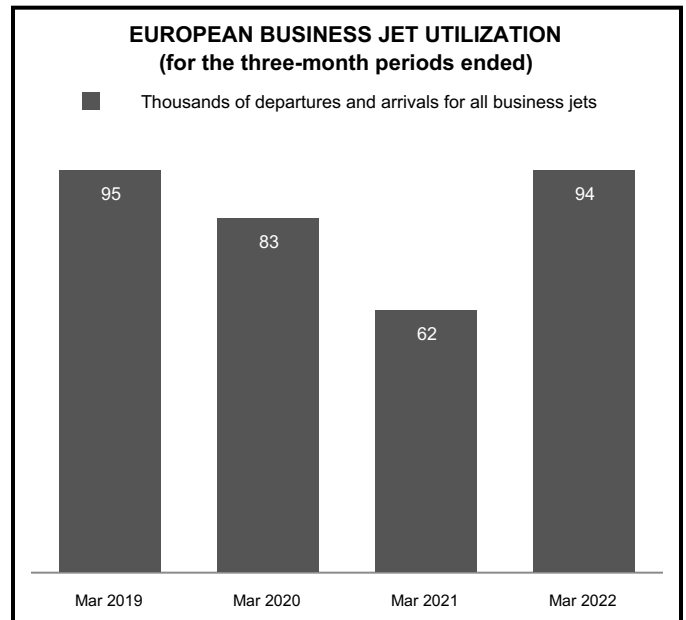
Sources: JETNET and Ascend (by Cirium)

\* As a percentage of total business jet fleet, excluding very light jets.

Shaded area indicates what we consider to be the normal range of total pre-owned business jet inventory available for sale, i.e. between 11% and 14%.



Source: U.S. Federal Aviation Administration (FAA) website



Source: Eurocontrol. All years restated due to Brexit where U.K. flights have been removed from business jet utilization.



## CONSOLIDATED RESULTS OF OPERATIONS

### Results of operations

	Three-month periods ended March 31	
	2022	2021
Revenues		
Business aircraft		
Manufacturing and other <sup>(1)</sup>	\$ 868	\$ 1,050
Services <sup>(2)</sup>	361	269
Others <sup>(3)</sup>	17	22
Total revenues	1,246	1,341
Cost of sales	1,007	1,157
<b>Gross margin</b>	<b>239</b>	<b>184</b>
SG&A	87	81
R&D	79	74
<b>Adjusted EBIT<sup>(4)</sup></b>	<b>73</b>	<b>29</b>
Special items	(12)	10
<b>EBIT</b>	<b>85</b>	<b>19</b>
Financing expense	376	290
Financing income	(4)	(24)
<b>EBT</b>	<b>(287)</b>	<b>(247)</b>
Income taxes	—	4
<b>Net loss from continuing operations</b>	<b>\$ (287)</b>	<b>\$ (251)</b>
Net income from discontinued operations <sup>(5)</sup>	—	5,321
<b>Net income (loss)</b>	<b>\$ (287)</b>	<b>\$ 5,070</b>
Attributable to		
Equity holders of Bombardier Inc.	\$ (287)	\$ 5,041
NCI <sup>(5)</sup>	\$ —	\$ 29
<b>EPS (in dollars)</b>		
Basic	\$ (0.12)	\$ 2.08
Diluted	\$ (0.12)	\$ 2.03
<b>EPS from continuing operations (in dollars)</b>		
Basic and diluted	\$ (0.12)	\$ (0.10)
<b>As a percentage of total revenues</b>		
Gross margin <sup>(6)</sup>	19.2 %	13.7 %
Adjusted EBIT margin <sup>(7)</sup>	5.9 %	2.2 %
EBIT margin <sup>(6)</sup>	6.8 %	1.4 %

<sup>(1)</sup> Includes revenues from sale of new aircraft, specialized aircraft solutions and pre-owned aircraft.

<sup>(2)</sup> Includes revenues from aftermarket services including parts, *Smart Services*, service centers, training and technical publications.

<sup>(3)</sup> Includes revenues from sale of components related to commercial aircraft programs.

<sup>(4)</sup> Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

<sup>(5)</sup> Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom.

<sup>(6)</sup> Supplementary financial measure. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics.

<sup>(7)</sup> Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

## Non-GAAP financial measures and closest IFRS measures

	Three-month periods ended March 31	
	2022	2021
EBIT <sup>(1)</sup>	\$ 85	\$ 19
Adjusted EBITDA <sup>(1)(2)</sup>	\$ 167	\$ 123
Adjusted EBITDA margin <sup>(1)(3)</sup>	13.4 %	9.2 %
Net loss from continuing operations	\$ (287)	\$ (251)
Adjusted net loss <sup>(1)(2)</sup>	\$ (69)	\$ (173)
Diluted EPS from continuing operations	\$ (0.12)	\$ (0.10)
Adjusted EPS <sup>(1)(3)</sup>	\$ (0.03)	\$ (0.07)

<sup>(1)</sup> Includes continuing operations only.

<sup>(2)</sup> Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

<sup>(3)</sup> Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

## Analysis of consolidated results

### Revenues

Revenues for the three-month period ended March 31, 2022 decreased by \$95 million year over year mainly due to:

- Manufacturing revenues decreased by \$182 million year over year mainly due to lower deliveries.

Partially offset by:

- Services revenues increased by \$92 million year over year mainly due to increased fleet flight hours.

### Gross margin

Gross margin as a percentage of revenues<sup>(1)</sup> for the three-month period ended March 31, 2022 increased by 5.5% year over year, mainly as a result of incremental *Global 7500* margins, execution of our cost reduction plan and higher contributions from aftermarket.

<sup>(1)</sup> Supplementary financial measure. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics.

## Special items

Special items comprise items which do not reflect the Corporation's core performance or where their separate presentation will assist users of the consolidated financial statements in understanding the Corporation's results for the period. Such items include, among others, the impact of restructuring charges, business disposals and significant impairment charges and reversals.

Special items were as follows:

	Three-month periods ended March 31	
	2022	2021
Loss on repurchase of long-term debt <sup>(1)</sup>	\$ 18	\$ 76
Reversal of <i>Learjet 85</i> aircraft program cancellation provisions <sup>(2)</sup>	(7)	—
Changes in divestitures provisions and other <sup>(3)</sup>	(3)	—
Restructuring charges <sup>(4)</sup>	(2)	23
Gain on sale of EWIS <sup>(5)</sup>	—	(13)
	\$ 6	\$ 86
<b>Of which is presented in</b>		
Special items in EBIT	\$ (12)	\$ 10
Financing expense - loss on repurchase of long-term debt <sup>(1)</sup>	18	76
	\$ 6	\$ 86

- For the three-month period ended March 31, 2022, represents the loss related to the partial redemption of the Notes due 2024 and 2025, refer to Note 5 - Financing expense and financing income and Note 15 - Long-term debt for more information. For the three-month period ended March 31, 2021, represents the loss related to the repayment of the senior secured term loan, refer to Note 5 - Financing expense and financing income.
- Based on the ongoing activities with respect to the cancellation of the *Learjet 85* aircraft program, the Corporation reduced the related provisions by \$7 million for the three-month period ended March 31, 2022 (nil for the three-month period ended March 31, 2021). The reduction in provisions is treated as a special item since the original provisions were also recorded as special items in 2014 and 2015.
- Based on the ongoing activities with respect to past divestitures, the Corporation revised some related provisions. The changes in provisions are treated as a special item since the original provisions were also recorded as special item.
- For the three-month period ended March 31, 2022, represents reversal of severance charges of \$2 million. For the three-month period ended March 31, 2021, represents severance charges of \$28 million and impairment of PP&E of \$3 million, partly offset by \$8 million of curtailment gains.
- The sale of the Corporation's Electrical Wiring and Interconnection Systems (EWIS) business in Mexico for a total net consideration of \$37 million resulted in an accounting gain of \$13 million for the three-month period ended March 31, 2021.

## **EBIT margin<sup>(1)</sup>**

Adjusted EBIT margin<sup>(2)</sup> for the three-month period increased by 3.7 percentage points mainly due to:

- higher contribution from services mainly due to margin conversion on incremental revenues; and
- higher contribution from manufacturing and other, mainly due to incremental *Global 7500* margins and execution of our cost reduction plan.

Including the impact of special items (see explanation of special items above), the EBIT margin for the three-month period increased by 5.4 percentage points compared to the same period last year.

## **Net financing expense**

Net financing expense amounted to \$372 million for the three-month period ended March 31, 2022, compared to \$266 million for the corresponding period last fiscal year.

The \$106-million increase in net financing expenses for the three-month period is mainly due to:

- net loss on certain financial instruments classified as FVTP&L mainly due to a non-cash change in derivatives (\$223 million).

Partially offset by:

- lower loss related to the partial redemption of the Notes due 2024 and 2025 in 2022 compared to the loss related to the repayment of the senior secured term loan in 2021, both of which were reported as a special item (\$58 million); and
- lower interest on long-term debt, after the effect of hedges (\$54 million).

## **Income taxes**

The effective income tax rate for the three-month period ended March 31, 2022 is nil, compared to the statutory income tax rate in Canada of 26.5%. The effective income tax rate is due to the negative impact of the permanent differences and the net non-recognition of tax benefits related to tax losses and temporary differences.

The effective income tax rate for the three-month period ended March 31, 2021 was (1.6)%, compared to the statutory income tax rate in Canada of 26.5%. The effective income tax rate is due to the negative impact of the net non-recognition of tax benefits related to tax losses and temporary differences, and income tax rates differential of foreign subsidiaries partially offset by the permanent differences.

<sup>(1)</sup> Supplementary financial measure. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics.

<sup>(2)</sup> Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

## Product development

### Investment in product development

	Three-month periods ended March 31	
	2022	2021
Program tooling <sup>(1)</sup>	\$ 14	\$ 12
R&D expense <sup>(2)</sup>	8	5
	\$ 22	\$ 17
As a percentage of revenues	1.8 %	1.3 %

<sup>(1)</sup> Net amount capitalized in aerospace program tooling, as well as the amount that was paid to suppliers based on reception of parts for acquired development costs carried out by them.

<sup>(2)</sup> Excluding amortization of aerospace program tooling of \$71 million for the three-month period ended March 31, 2022 (\$69 million for the three-month period ended March 31, 2021), as the related investments are already included in aerospace program tooling.

Bombardier launched the *Challenger 3500* aircraft in September 2021. Flight testing and certification activities for the new aircraft are progressing on schedule, and the launch customer aircraft is on track for entry into service in the second half of 2022. The *Challenger 3500* represents a major update to the bestselling *Challenger 350* platform. It is also the most sustainably designed business jet in its class, a reflection of the fact that sustainability is a top priority in Bombardier's R&D investment. With its thoroughly redesigned, innovative interior, the *Challenger 3500* has already won a major international design award, the 2022 Red Dot: "Best of the Best" Award in Product Design.

## Aircraft deliveries and order backlog

### Aircraft deliveries

(in units)	Three-month periods ended March 31	
	2022	2021
<b>Business aircraft</b>		
Light	3	1
Medium	6	9
Large	12	16
	21	26

### Order backlog

(in billions of dollars)	As at	
	March 31, 2022	December 31, 2021
Order backlog <sup>(1)</sup>	\$ 13.5	\$ 12.2

<sup>(1)</sup> Represents order backlog for both manufacturing and services.

The order backlog has grown since the beginning of the year 2022. We finished the first quarter of 2022 with a strong business aircraft order backlog of \$13.5 billion. Management continuously monitors backlog length and production rates to balance with sales activities, market demand and aircraft lead time.

## CONSOLIDATED FINANCIAL POSITION

The \$271-million decrease in assets for the three-month period, is mainly explained by<sup>(1)</sup>:

- a \$269-million decrease in cash and cash equivalents. Refer to the Consolidated Statements of Cash Flows for the period ended March 31, 2022 and the Available short-term capital resources section of this MD&A; and
- a \$245-million decrease in other financial assets primarily due to change in fair value of embedded derivatives related to call options on long-term debt.

Partially offset by:

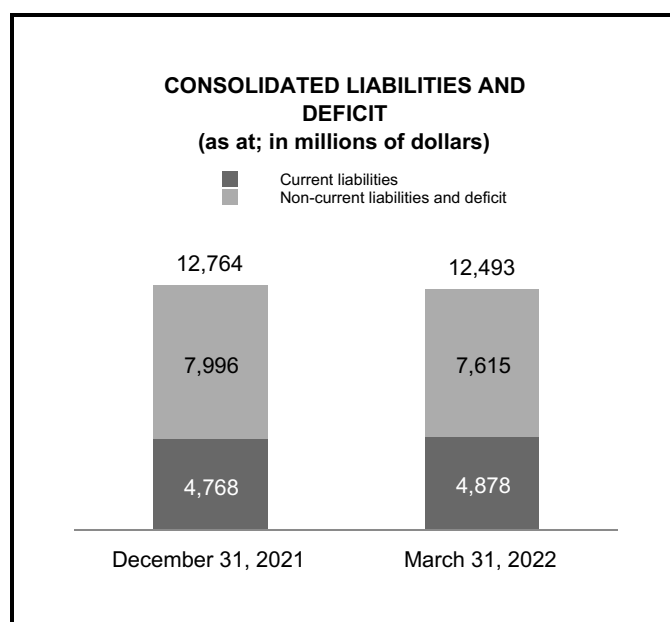
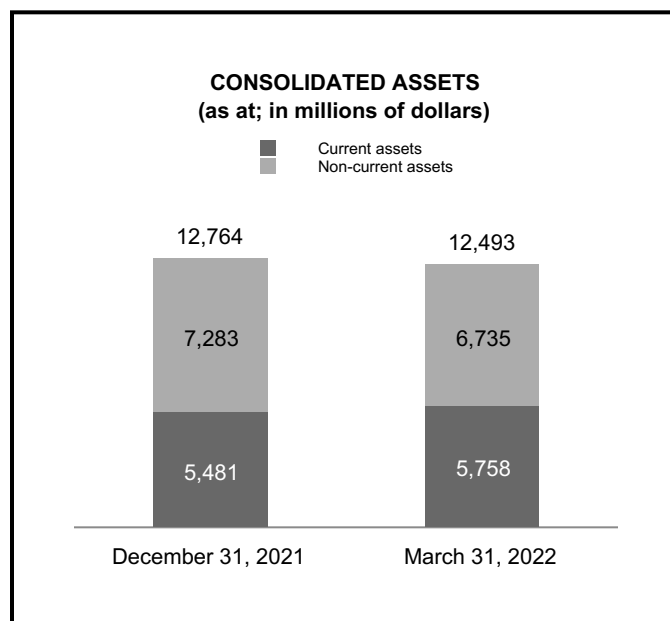
- a \$146-million increase in PP&E mainly due to additions including an increase in right-of-use assets under leases; and
- a \$82-million increase in inventories.

The \$271-million decrease in total liabilities and equity for the three-month period, is mainly explained by<sup>(1)</sup>:

- a \$394-million decrease in long-term debt obligations due to the partial redemption of Notes due 2024 and 2025; and
- a \$394-million decrease in retirement benefits mainly due to remeasurement of defined benefits plans.

Partially offset by:

- a \$500-million increase in contract liabilities due to advances on aerospace programs as a result of order intake and customer progress payments.



<sup>(1)</sup> For the purpose of the Consolidated financial position explanations included in this section do not include the impact of the back-to-back agreements the Corporation has with ACLP related to certain government refundable advances and MHI related to certain assets and liabilities. Refer to Note 10 - Other financial assets and Note 13 - Other financial liabilities in our Interim consolidated financial statements for further details.

## LIQUIDITY AND CAPITAL RESOURCES

### *Free cash flow*<sup>(1)</sup>

#### Free cash flow (usage) from continuing operations<sup>(1)</sup>

	Three-month periods ended March 31	
	2022	2021
<b>Net loss from continuing operations</b>	\$ (287)	\$ (251)
Non-cash items		
Amortization	92	94
Impairment charges on PP&E and intangible assets	2	3
Deferred income taxes	—	2
Gains on disposal of businesses	—	(14)
Share of income of joint ventures and associates	—	(1)
Share-based expense	4	5
Loss on repurchase of long-term debt	18	76
Other	—	3
Net change in non-cash balances	388	(289)
<b>Cash flows (usage) from operating activities - continuing operations</b>	\$ 217	\$ (372)
Net additions to PP&E and intangible assets	(44)	(33)
<b>Free cash flow (usage) - continuing operations<sup>(1)</sup></b>	\$ 173	\$ (405)

<sup>(1)</sup> Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

#### **Cash flows from operating activities - continuing operations**

The \$589-million improvement in cash flows from operating activities (continuing operations) for the three-month period is mainly due to:

- a positive period-over-period variation in net change in non-cash balances (\$677 million).
- Partially offset by:
- a higher net loss from continuing operations before non-cash items (\$88 million).

#### **Net change in non-cash balances - continuing operations**

For the three-month period ended March 31, 2022, the \$388-million inflow is mainly due to:

- an increase in contract liabilities mainly due to advances on aerospace programs as a result of order intake and customer progress payments; and
- a decrease in other financial assets mainly due to a non-cash change in fair value of embedded derivatives related to call options on long-term debt.

Partially offset by:

- an increase in inventory mainly due to the increase in production for aircraft; and
- a decrease in trade and other payables.

For the three-month period ended March 31, 2021, the \$289-million outflow is mainly due to:

- a decrease in contract liabilities mainly due to deliveries on our aircraft backlog.

**Net additions to PP&E and intangible assets<sup>(1)</sup>**

	Three-month periods ended March 31	
	2022	2021
Additions to PP&E and intangible assets <sup>(1)</sup>	\$ (44)	\$ (37)
Proceeds from disposals of PP&E and intangible assets <sup>(1)</sup>	—	4
<b>Net additions to PP&amp;E and intangible assets<sup>(1)</sup></b>	<b>\$ (44)</b>	<b>\$ (33)</b>

<sup>(1)</sup> Includes continuing operations only.

For the three month-period ended March 31, 2022, the \$11-million increase in net additions to PP&E and intangible assets is mainly due to additions to the new Toronto Pearson Airport manufacturing facility which is currently under construction.

**Available short-term capital resources<sup>(1)</sup>****Variation in cash and cash equivalents**

	Three-month periods ended March 31	
	2022	2021
Balance at the beginning of period	\$ 1,675	\$ 2,450
Free cash flow (usage) from continuing operations <sup>(1)</sup>	173	(405)
Cash flows from operating activities - discontinued operations	—	(621)
Net proceeds from disposal of business	—	2,909
Deconsolidation of cash and cash equivalents related to Transportation	—	(279)
Changes to restricted cash <sup>(2)</sup>	9	(477)
Repayments of long-term debt	(410)	(795)
Net change in short-term borrowings related to Transportation	—	365
Payment of lease liabilities	(5)	(8)
Dividends paid - Preferred shares	(5)	(5)
Purchase of Class B Shares held in trust under the PSU and RSU plans	(20)	—
Issuance of Class B Shares	1	—
Effect of exchange rate changes on cash and cash equivalents	—	(4)
Other	(12)	23
Balance at the end of period	\$ 1,406	\$ 3,153

Following the first quarter results, as well as the deployment actions towards debt repayments, the Corporation's adjusted liquidity<sup>(1)</sup> remains strong at approximately \$1.8 billion, which includes cash and cash equivalents of \$1.4 billion as well as \$0.4 billion of cash collateral supporting various bank guarantees which is included in restricted cash in the Interim consolidated statement of financial position.

<sup>(1)</sup> Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

<sup>(2)</sup> Includes cash collateral supporting various bank guarantees.



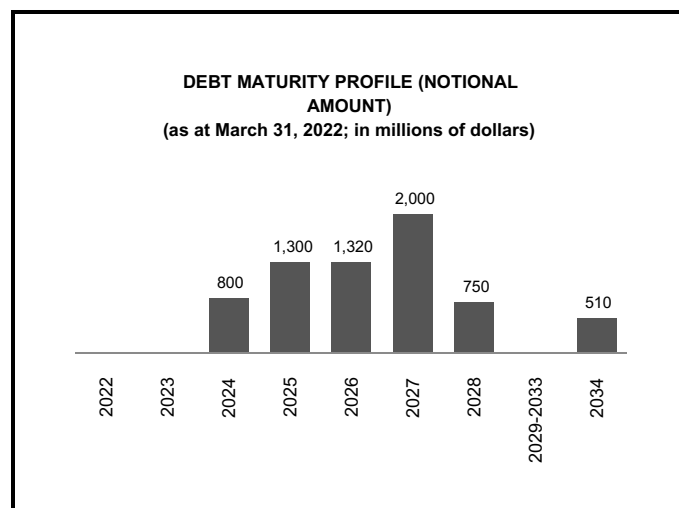
## Future liquidity requirements

There is no long-term debt due until December 2024.

In March 2022, the Corporation completed the partial redemption of Notes due 2024 and 2025 for an aggregate amount of \$400 million using our cash and cash equivalents, see Note 5 - Financing expense and financing income and Note 4 - Special items for more information.

We believe our available short-term capital resources will give us sufficient liquidity to execute our plan in the short-term. We currently anticipate that these resources will enable the development and upgrade of products and investments in PP&E to enhance our competitiveness and support our growth; will enable us to meet currently anticipated financial requirements in the foreseeable future; and will allow the payment of dividends on preferred shares, if and when declared by the Board of Directors.<sup>(1)</sup>

<sup>(1)</sup> See the forward-looking statements disclaimer.



## CAPITAL STRUCTURE

The Corporation analyzes its capital structure using established metrics, which are based on a broad economic view of the Corporation, in order to assess the creditworthiness of the Corporation. Following the sale of the Transportation business on January 29, 2021, the Corporation emphasized its plan to make deleveraging as one of its key priorities, and will execute on its plan through a phased approach.

As the Corporation progressively reshapes its business and reaps the benefit from its various initiatives, it aims to lower adjusted net debt to adjusted EBITDA ratio<sup>(1)</sup> to approximately 3x by 2025<sup>(2)</sup>. Following the repayment of \$400 million long-term debt in March 2022, the Corporation has now achieved its targeted interest cost reduction announced on the Investor Day on March 4, 2021 of more than \$250 million on an annualized basis compared to the annualized interest cost for long-term debt as at December 31, 2020.

<sup>(1)</sup> Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

<sup>(2)</sup> See the forward-looking statements disclaimer.

**Global metrics** – The following global metrics do not represent the ratios required for any covenants.

	Four-quarter trailing periods ended	
	March 31, 2022	December 31, 2021
<b>Interest paid on long-term debt<sup>(1)</sup></b>	\$ 586	\$ 633
<b>Long-term debt</b>	\$ 6,653	\$ 7,047
Less: Cash and cash equivalents	(1,406)	(1,675)
Certain restricted cash supporting various bank guarantees	(420)	(429)
<b>Adjusted net debt<sup>(2)</sup></b>	\$ 4,827	\$ 4,943
EBIT	\$ 307	\$ 241
Amortization	415	417
Impairment charges on PP&E and intangible assets	2	3
Special items excluding impairment charges on PP&E and intangible assets	(40)	(21)
<b>Adjusted EBITDA<sup>(2)</sup></b>	\$ 684	\$ 640
<b>Adjusted net debt to adjusted EBITDA ratio<sup>(3)</sup></b>	<b>7.1</b>	<b>7.7</b>

<sup>(1)</sup> Supplementary financial measure. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics.

<sup>(2)</sup> Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

<sup>(3)</sup> Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics and reconciliations to the most comparable IFRS measures.

In addition, the Corporation separately monitors its net retirement benefit liability<sup>(1)</sup> which amounted to \$0.5 billion as at March 31, 2022. The measurement of this liability is dependent on numerous key long-term assumptions such as discount rates, future compensation increases, inflation rates and mortality rates. In recent years, this liability has been particularly volatile due to changes in discount rates. Such volatility is exacerbated by the long-term nature of the obligation. We closely monitor the impact of the net retirement benefit liability on our future cash flows and we have introduced significant risk mitigation initiatives in recent years to gradually reduce key risks associated with the retirement benefit plans. The \$459-million decrease in the net retirement benefit liability is explained as follows:

**Variation in net retirement benefit liability<sup>(1)</sup>**

Balance as at December 31, 2021	\$ 948 <sup>(2)</sup>
Changes in discount rates and other financial assumptions	(834)
Employer contributions	(26)
Actuarial loss on pension plan assets	360
Service costs	25
Accretion on net retirement benefit obligation	8
Changes in foreign exchange rates	7
Other	1
<b>Balance as at March 31, 2022</b>	<b>\$ 489<sup>(1)</sup></b>

<sup>(1)</sup> Supplementary financial measure. Refer to the Non-GAAP and other financial measures section, for definitions of these metrics.

<sup>(2)</sup> Includes retirement benefit assets of \$217 million as at March 31, 2022 (\$152 million as at December 31, 2021).

## NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A is based on reported earnings in accordance with IFRS and on the following non-GAAP and other financial measures:

Non-GAAP and other financial measures	
<b>Non-GAAP Financial Measures</b>	
Adjusted EBIT	EBIT excluding special items. Special items comprise items which do not reflect the Corporation's core performance or where their separate presentation will assist users of the consolidated financial statements in understanding the Corporation's results for the period. Such items include, among others, the impact of restructuring charges, impact of business disposals and significant impairment charges and reversals.
Adjusted EBITDA	Adjusted EBIT plus amortization and impairment charges on PP&E and intangible assets.
Adjusted net income (loss)	Net income (loss) excluding special items, accretion on net retirement benefit obligations, certain net gains and losses arising from changes in measurement of provisions and of financial instruments carried at FVTP&L and the related tax impacts of these items.
Free cash flow (usage)	Cash flows from operating activities - continued operations less net additions to PP&E and intangible assets.
Available short-term capital resources	Cash and cash equivalents, plus undrawn amounts under credit facilities.
Adjusted liquidity	Cash and cash equivalents, plus certain restricted cash supporting various bank guarantees.
Adjusted net debt	Long-term debt less cash and cash equivalents less certain restricted cash supporting various bank guarantees.
<b>Non-GAAP Financial Ratios</b>	
Adjusted EPS	EPS calculated based on adjusted net income attributable to equity holders of Bombardier Inc., using the treasury stock method, giving effect to the exercise of all dilutive elements.
Adjusted EBIT margin	Adjusted EBIT, as a percentage of total revenues.
Adjusted EBITDA margin	Adjusted EBITDA, as a percentage of total revenues.
Adjusted net debt to adjusted EBITDA ratio	Adjusted net debt divided by adjusted EBITDA.
<b>Supplementary Financial Measures</b>	
Interest paid on long term debt	Interest paid comprises interest on long-term debt after the effect of hedges, if any, excluding up-front costs paid related to the negotiation of debts or credit facilities.
EBIT Margin	EBIT, as a percentage of total revenues.
Gross Margin Percentage	Gross margin, as a percentage of total revenues.
Net Retirement Liability	Retirement benefit liability less retirement benefit assets.

Non-GAAP and other financial measures are measures mainly derived from the consolidated financial statements but are not standardized financial measures under the financial reporting framework used to prepare our financial statements. Therefore, these might not be comparable to similar Non-GAAP and other financial measures used by other issuers. The exclusion of certain items from non-GAAP or other financial measures does not imply that these items are necessarily non-recurring.

### **Adjusted EBIT, adjusted EBITDA and adjusted net income (loss)**

Management uses adjusted EBIT, adjusted EBITDA and adjusted net income (loss) for purposes of evaluating underlying business performance. Management believes these non-GAAP earnings measures in addition to IFRS measures provide users of our Financial Report with enhanced understanding of our results and related trends and increases the transparency and clarity of the core results of our business. Adjusted EBIT, adjusted EBITDA and adjusted net income (loss) exclude items that do not reflect our core performance or where their exclusion will assist users in understanding our results for the period. For these reasons, a significant number of users of the MD&A analyze our results based on these financial measures. Management believes these measures help users of the MD&A to better analyze results, enabling better comparability of our results from one period to another and with peers.

### Adjusted EPS, adjusted EBIT margin and adjusted EBITDA margin

Management uses adjusted EPS, adjusted EBIT margin and adjusted EBITDA margin for purposes of evaluating underlying business performance. Management believes these non-GAAP financial ratios in addition to IFRS measures provide users of our Financial Report with enhanced understanding of our results and related trends and increases the transparency and clarity of the core results of our business. Adjusted EPS, adjusted EBIT margin and adjusted EBITDA margin exclude items that do not reflect our core performance or where their exclusion will assist users in understanding our results for the period. For these reasons, a significant number of users of the MD&A analyze our results based on these financial measures. Management believes these measures help users of the MD&A to better analyze results, enabling better comparability of our results from one period to another and with peers.

#### Reconciliation of adjusted EBIT to EBIT and computation of adjusted EBIT margin<sup>(1)</sup>

	Three-month periods ended March 31	
	2022	2021
<b>EBIT</b>	\$ 85	\$ 19
Special items	(12)	10
<b>Adjusted EBIT</b>	\$ 73	\$ 29
Total revenues	\$ 1,246	\$ 1,341
<b>Adjusted EBIT margin</b>	5.9 %	2.2 %

#### Reconciliation of adjusted EBITDA to EBIT and computation of adjusted EBITDA margin<sup>(1)</sup>

	Three-month periods ended March 31	
	2022	2021
<b>EBIT</b>	\$ 85	\$ 19
Amortization	92	94
Impairment charges on PP&E and intangible assets <sup>(2)</sup>	2	3
Special items excluding impairment charges on PP&E and intangible assets <sup>(2)</sup>	(12)	7
<b>Adjusted EBITDA</b>	\$ 167	\$ 123
Total revenues	\$ 1,246	\$ 1,341
<b>Adjusted EBITDA margin</b>	13.4 %	9.2 %

#### Reconciliation of adjusted net loss to net loss and computation of adjusted EPS<sup>(1)</sup>

	Three-month periods ended March 31			
	2022		2021	
	(per share)		(per share)	
<b>Net loss from continuing operations</b>	\$	(287)	\$	(251)
Adjustments to EBIT related to special items <sup>(2)</sup>		(12)	\$ (0.01)	10
Adjustments to net financing expense related to:				
Net change in provisions arising from changes in interest rates and net (gain) loss on certain financial instruments		204	0.09	(19)
Accretion on net retirement benefit obligations		8	0.00	11
Loss on repurchase of long-term debt <sup>(2)</sup>		18	0.01	76
<b>Adjusted net loss</b>		(69)		(173)
Preferred share dividends, including taxes		(7)		(7)
<b>Adjusted net loss attributable to equity holders of Bombardier Inc.</b>	\$	(76)	\$	(180)
Weighted-average diluted number of common shares (in thousands)		2,378,073		2,423,565
<b>Adjusted EPS (in dollars)</b>	\$	(0.03)	\$	(0.07)

#### Reconciliation of adjusted EPS to diluted EPS (in dollars)<sup>(1)</sup>

	Three-month periods ended March 31	
	2022	2021
<b>Diluted EPS from continuing operations</b>	\$ (0.12)	\$ (0.10)
Impact of special <sup>(2)</sup> and other adjusting items	0.09	0.03
<b>Adjusted EPS</b>	\$ (0.03)	\$ (0.07)

<sup>(1)</sup> Includes continuing operations only.

<sup>(2)</sup> Refer to the Consolidated results of operations section for details regarding special items.

### Free cash flow (usage)

Free cash flow is defined as cash flows from operating activities - continued operations less net additions to PP&E and intangible assets. Management believes that this non-GAAP cash flow measure provides investors with an important perspective on the Corporation's generation of cash available for shareholders, debt repayment, and acquisitions after making the capital investments required to support ongoing business operations and long-term value creation. This non-GAAP cash flow measure does not represent the residual cash flow available for discretionary expenditures as it excludes certain mandatory expenditures such as repayment of maturing debt. Management uses free cash flow as a measure to assess both business performance and overall liquidity generation.

### Reconciliation of free cash flow (usage) to cash flow from operating activities<sup>(1)</sup>

	Three-month periods ended March 31	
	2022	2021
<b>Cash flows from operating activities - continuing operations</b>	<b>\$ 217</b>	<b>\$ (372)</b>
Net additions to PP&E and intangible assets	(44)	(33)
<b>Free cash flow (usage) from continuing operations<sup>(1)</sup></b>	<b>\$ 173</b>	<b>\$ (405)</b>

<sup>(1)</sup> Includes continuing operations only.

### Available short-term capital resources

Available short-term capital resources is defined as cash and cash equivalents plus undrawn amounts under credit facilities. Management believes that this non-GAAP financial measure provides investors with an important perspective on the Corporation's ability to meet expected liquidity requirements, including the support of product development initiatives and to ensure financial flexibility. This measure does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

### Reconciliation of available short term capital resources to cash and cash equivalents

As at	March 31, 2022	December 31, 2021
<b>Cash and cash equivalents</b>	<b>\$ 1,406</b>	<b>\$ 1,675</b>
Undrawn amounts under available senior secured term loan	—	—
<b>Available short-term capital resources</b>	<b>\$ 1,406</b>	<b>\$ 1,675</b>

### Adjusted liquidity

Adjusted liquidity is defined as cash and cash equivalents, plus certain restricted cash supporting various bank guarantees. Management believes that this non-GAAP financial measure is a useful measure because it includes items in its results that management believes is a better reflection of the company's liquidity. This measure does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

### Reconciliation of adjusted liquidity to cash and cash equivalents

As at	March 31, 2022	December 31, 2021
<b>Cash and cash equivalents</b>	<b>\$ 1,406</b>	<b>\$ 1,675</b>
Certain restricted cash supporting various bank guarantees	420	429
<b>Adjusted liquidity</b>	<b>\$ 1,826</b>	<b>\$ 2,104</b>

### Adjusted net debt

Adjusted net debt is defined as long-term debt less cash and cash equivalents less certain restricted cash supporting various bank guarantees. Management believes that this non-GAAP financial measure is a useful measure because it reflects the corporation's ability to service its debt and other long term obligations. This measure does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

### Adjusted net debt to adjusted EBITDA ratio

Management uses adjusted net debt to adjusted EBITDA ratio as a useful credit measure for purposes of measuring the corporation's ability to service its debt and other long-term obligations. This ratio does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

### Reconciliation of adjusted net debt to long-term debt and computation of adjusted net debt to adjusted EBITDA ratio<sup>(1)</sup>

	Four-quarter trailing periods ended	
	March 31, 2022	December 31, 2021
<b>Long-term debt</b>	\$ 6,653	\$ 7,047
Less: Cash and cash equivalents	1,406	1,675
Certain restricted cash supporting various bank guarantees	420	429
<b>Adjusted net debt</b>	\$ 4,827	\$ 4,943
Adjusted EBITDA	\$ 684	\$ 640
<b>Adjusted net debt to adjusted EBITDA ratio</b>	7.1	7.7

<sup>(1)</sup> Includes continuing operations only.

# OTHER

## OFF-BALANCE SHEET ARRANGEMENTS

Refer to the Off-balance sheet arrangements section in Other of our Financial Report for the year ended December 31, 2021 for a description of these arrangements, and to Note 19 - Commitments and contingencies, to the Interim consolidated financial statements for further details.

## RISKS AND UNCERTAINTIES

We operate in an industry which presents a variety of risk factors and uncertainties. The risks and uncertainties that we currently believe could materially affect our business activities, financial condition, cash flows, results of operations and reputation are described in our Financial Report for the fiscal year ended December 31, 2021 in Other, but are not necessarily the only risks and uncertainties that we face.

### ***Commitments and contingencies***

Refer to Note 19 - Commitments and contingencies, to our Interim consolidated financial statements.

If any of these risks, or any additional risks and uncertainties presently unknown to us or that we currently consider as being not material, actually occur or become material risks, our business activities, financial condition, cash flows and results of operations could be materially adversely affected.

### **Ukraine-Russia Military Conflict**

On February 24, 2022, Russia launched a military invasion of Ukraine. The ongoing military conflict between Ukraine and Russia has provoked strong reactions from Canada, the U.S., the U.K., Europe and various other countries around the world, including the imposition of broad financial and economic sanctions and export control limitations against Russia and against certain persons and entities (collectively, "Sanctions and Export Control Limitations").

As a result of the foregoing, Bombardier is abiding by all Sanctions and Export Control Limitations. When such Sanctions and Export Control Limitations may be eased or lifted is not known at this time. As of March 31, 2022, we have not been materially adversely impacted by the Ukraine-Russia military conflict and the Sanctions and Export Control Limitations; however, we are continuously monitoring developments to assess any potential future impact that may arise. If the sanctions and other retaliatory measures imposed by the global community are expanded, we cannot provide assurance that this may not adversely impact the Corporation's overall business activities, financial condition, cash flows, profitability, prospects and results of operations in future periods.

While the precise effects of the ongoing military conflict and Sanctions and Export Control Limitations on the Russian and global economies remain uncertain, they have already resulted in significant volatility in financial markets, as well as in an increase in energy and commodity prices globally. Should the conflict continue or escalate, there may be various economic and security consequences including, but not limited to: supply shortages of different kinds; further increases in prices of commodities, including gas, oil and metals; increases in interest and borrowing rates; and significant disruptions in logistics infrastructure, among others. The resulting impacts to the global economy, financial markets (including access to capital on favorable terms), supply chains, inflation, interest rates, borrowing costs and unemployment, among others, could adversely impact economic and financial conditions, and may disrupt the global economy's ongoing recovery following the COVID-19 pandemic.

A protracted conflict between Ukraine and Russia, any escalation of that conflict, and the resulting impact on our business activities (both in that region and generally) and on the wider global economy and market conditions could, in turn, affect the Corporation's ability to access capital markets on favorable conditions and the Corporation's business activities, financial condition, cash flows, profitability, prospects and results of operations in future periods.



## CONTROLS AND PROCEDURES

No changes were made to our internal controls over financial reporting during the three-month period ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## FOREIGN EXCHANGE RATES

We are subject to currency fluctuations from the translation of revenues, expenses, assets and liabilities of our foreign operations with non-U.S. dollar functional currencies, mainly the euro, pound sterling and other European currencies, and from transactions denominated in foreign currencies, mainly the Canadian dollar and pound sterling.

The foreign exchange rates used to translate assets and liabilities into U.S. dollars were as follows, as at:

	March 31, 2022	December 31, 2021	Increase (decrease)
Euro	<b>1.1159</b>	1.1325	(1)%
Canadian dollar	<b>0.8012</b>	0.7849	2 %
Pound sterling	<b>1.3134</b>	1.3499	(3)%

The average foreign exchange rates used to translate revenues and expenses into U.S. dollars were as follows, for the three-month periods ended:

	March 31, 2022	March 31, 2021	Decrease
Euro	<b>1.1227</b>	1.2059	(7)%
Canadian dollar	<b>0.7894</b>	0.7895	— %
Pound sterling	<b>1.3423</b>	1.3783	(3)%

## SELECTED FINANCIAL INFORMATION

The following table provides selected financial information for the last eight quarters:

Fiscal years	2022		2021			2020			
	First	Fourth	Third	Second	First	Fourth	Third	Second	
Revenues from continuing operations	\$ 1,246	\$ 1,771	\$ 1,449	\$ 1,524	\$ 1,341	\$ 2,337	\$ 1,405	\$ 1,223	
Revenues from discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,076	\$ 2,120	\$ 1,479	
<b>Total</b>	<b>\$ 1,246</b>	<b>\$ 1,771</b>	<b>\$ 1,449</b>	<b>\$ 1,524</b>	<b>\$ 1,341</b>	<b>\$ 4,413</b>	<b>\$ 3,525</b>	<b>\$ 2,702</b>	
Net income (loss) attributable to equity holders of Bombardier Inc.									
Continuing operations	\$ (287)	\$ 239	\$ (376)	\$ 139	\$ (251)	\$ (15)	\$ (24)	\$ 150	
Discontinued operations	\$ —	\$ (1)	\$ (1)	\$ —	\$ 5,321	\$ (322)	\$ 216	\$ (373)	
<b>Total</b>	<b>\$ (287)</b>	<b>\$ 238</b>	<b>\$ (377)</b>	<b>\$ 139</b>	<b>\$ 5,070</b>	<b>\$ (337)</b>	<b>\$ 192</b>	<b>\$ (223)</b>	
EPS (in dollars)									
Continuing operations basic and diluted	\$ (0.12)	\$ 0.09	\$ (0.16)	\$ 0.05	\$ (0.10)	\$ (0.01)	\$ (0.01)	\$ 0.06	
Discontinued operations basic	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2.18	\$ (0.17)	\$ 0.06	\$ (0.19)	
Discontinued operations diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 2.13	\$ (0.17)	\$ 0.06	\$ (0.19)	

## SHAREHOLDER INFORMATION

### Authorized, issued and outstanding share data, as at May 3, 2022

	Authorized	Issued and outstanding
Class A Shares (multiple voting) <sup>(1)</sup>	3,592,000,000	308,734,229
Class B Shares (subordinate voting) <sup>(2)</sup>	3,592,000,000	2,059,405,521 <sup>(3)</sup>
Series 2 Cumulative Redeemable Preferred Shares	12,000,000	5,811,736
Series 3 Cumulative Redeemable Preferred Shares	12,000,000	6,188,264
Series 4 Cumulative Redeemable Preferred Shares	9,400,000	9,400,000

<sup>(1)</sup> Ten votes each, convertible at the option of the holder into one Class B Subordinate Voting Share.

<sup>(2)</sup> Convertible at the option of the holder into one Class A Share under certain conditions.

<sup>(3)</sup> Net of 74,941,949 Class B Subordinate Voting Shares purchased and held in trust in connection with the PSU plans.

### Warrant, share option, PSU, DSU and RSU data as at March 31, 2022

Warrants issued and outstanding	105,851,872
Options issued and outstanding under the share option plans	116,616,578
PSUs, DSUs and RSUs issued and outstanding under the PSU, DSU and RSU plans	96,171,923
Class B Subordinate Voting Shares held in trust to satisfy PSU obligations	68,469,951

### Expected issuance date of our financial reports for the next 12 months

Second Quarterly Report, for the period ending June 30, 2022	August 4, 2022
Third Quarterly Report, for the period ending September 30, 2022	November 3, 2022
Financial Report, for the fiscal year ending December 31, 2022	February 9, 2023
First Quarterly Report, for the period ending March 31, 2023	May 4, 2023

### Information

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**This MD&A for the three-month period ended March 31, 2022 was authorized for issuance by the Board of Directors on May 4, 2022.**

Additional information relating to the Corporation, including the financial report and annual information form, are available on SEDAR at [sedar.com](http://sedar.com) or on Bombardier's dedicated investor relations website at [ir.bombardier.com](http://ir.bombardier.com).

The *Global 8000* aircraft is currently in development, and as such is subject to changes in family strategy, branding, capacity, performance, design and/or systems. All specifications and data are approximate, may change without notice and are subject to certain operating rules, assumptions and other conditions. This document does not constitute an offer, commitment, representation, guarantee or warranty of any kind.

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Un exemplaire en français est disponible sur demande adressée auprès du service des Relations avec les investisseurs ou sur le site Internet de la Société dédié aux relations avec les investisseurs, à l'adresse [ri.bombardier.com](http://ri.bombardier.com).

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2022

(Unaudited)

(Tabular figures are in millions of U.S. dollars, unless otherwise indicated)

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The following table shows the abbreviations used in the consolidated financial statements.

Term	Description	Term	Description
ACLP	Airbus Canada Limited Partnership	IASB	International Accounting Standards Board
CCTD	Cumulative currency translation difference	MHI	Mitsubishi Heavy Industries, Ltd
DDHR	Derivative designated in a hedge relationship	NCI	Non-controlling interest
DSU	Deferred share unit	OCI	Other comprehensive income
EBIT	Earnings (loss) before financing expense, financing income and income taxes	PP&E	Property, plant and equipment
EBT	Earnings (loss) before income taxes	PSU	Performance share unit
EPS	Earnings (loss) per share attributable to equity holders of Bombardier Inc.	R&D	Research and development
FVOCI	Fair value through other comprehensive income	RSU	Restricted share unit
FVTP&L	Fair value through profit and loss	SG&A	Selling, general and administrative
IAS	International Accounting Standard(s)	U.K.	United Kingdom
		U.S.	United States of America

**BOMBARDIER INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)  
(in millions of U.S. dollars, except per share amounts)

	Notes	Three-month periods ended March 31	
		2022	2021
Revenues	2	\$ 1,246	\$ 1,341
Cost of sales	9	1,007	1,157
<b>Gross margin</b>		<b>239</b>	184
SG&A		87	81
R&D	3	79	74
Special items	4	(12)	10
<b>EBIT</b>		<b>85</b>	19
Financing expense	5	376	290
Financing income	5	(4)	(24)
<b>EBT</b>		<b>(287)</b>	(247)
Income taxes		—	4
<b>Net loss from continuing operations</b>		<b>\$ (287)</b>	\$ (251)
Net income from discontinued operations <sup>(1)</sup>		—	5,321
<b>Net income (loss)</b>		<b>\$ (287)</b>	\$ 5,070
Attributable to			
Equity holders of Bombardier Inc.		\$ (287)	\$ 5,041
NCI <sup>(1)</sup>		—	29
		\$ (287)	\$ 5,070
<b>Net income (loss) attributable to equity holders of Bombardier Inc.</b>			
Continuing operations		\$ (287)	\$ (251)
Discontinued operations <sup>(1)</sup>		—	5,292
		\$ (287)	\$ 5,041
<b>EPS (in dollars)</b>	6		
Continuing operations basic and diluted		\$ (0.12)	\$ (0.10)
Discontinued operations basic <sup>(1)</sup>		\$ —	\$ 2.18
Discontinued operations diluted <sup>(1)</sup>		\$ —	\$ 2.13
<b>Total basic</b>		<b>\$ (0.12)</b>	\$ 2.08
<b>Total diluted</b>		<b>\$ (0.12)</b>	\$ 2.03

<sup>(1)</sup> Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom.

The notes are an integral part of these interim consolidated financial statements.

**BOMBARDIER INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Unaudited)

(in millions of U.S. dollars)

	Three-month periods ended March 31	
	2022	2021
<b>Net income (loss)</b>	<b>\$ (287)</b>	<b>\$ 5,070</b>
<b>OCI</b>		
<b>Items that may be reclassified to net income</b>		
<b>Net change in cash flow hedges</b>		
Net gain on derivative financial instruments	38	8
Reclassification to income or to the related non-financial asset	6	(16)
Income taxes	(12)	2
	<b>32</b>	<b>(6)</b>
<b>FVOCI financial assets</b>		
Net unrealized loss	(14)	(11)
<b>CCTD</b>		
Net investments in foreign operations	—	19
<b>Items that are never reclassified to net income</b>		
<b>FVOCI equity instruments</b>		
Net unrealized gain (loss)	(3)	1
<b>Retirement benefits</b>		
Remeasurement of defined benefit plans	467	559
<b>Total OCI</b>	<b>482</b>	<b>562</b>
<b>Total comprehensive income</b>	<b>\$ 195</b>	<b>\$ 5,632</b>
Attributable to		
Equity holders of Bombardier Inc.	\$ 195	\$ 5,642
NCI <sup>(1)</sup>	—	(10)
	<b>\$ 195</b>	<b>\$ 5,632</b>
<b>Total comprehensive income attributable to equity holders of Bombardier Inc.</b>		
Continuing operations	\$ 195	\$ 311
Discontinued operations <sup>(1)</sup>	—	5,331
	<b>\$ 195</b>	<b>\$ 5,642</b>

<sup>(1)</sup> Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom.

The notes are an integral part of these interim consolidated financial statements.

**BOMBARDIER INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited)

As at

(in millions of U.S. dollars)

	Notes	March 31 2022	December 31 2021
<b>Assets</b>			
Cash and cash equivalents		\$ 1,406	\$ 1,675
Trade and other receivables		290	269
Contract assets	8	54	55
Inventories	9	3,324	3,242
Other financial assets	10	501	76
Other assets	11	183	164
<b>Current assets</b>		<b>5,758</b>	<b>5,481</b>
PP&E		983	837
Aerospace program tooling		4,068	4,129
Deferred income taxes		238	250
Other financial assets	10	1,010	1,680
Other assets	11	436	387
<b>Non-current assets</b>		<b>6,735</b>	<b>7,283</b>
		\$ 12,493	\$ 12,764
<b>Liabilities</b>			
Trade and other payables		\$ 1,078	\$ 1,164
Provisions	12	117	101
Contract liabilities	8	3,119	2,853
Other financial liabilities	13	204	216
Other liabilities	14	360	434
<b>Current liabilities</b>		<b>4,878</b>	<b>4,768</b>
Provisions	12	173	229
Contract liabilities	8	1,390	1,156
Long-term debt	15	6,653	7,047
Retirement benefits		706	1,100
Other financial liabilities	13	1,304	1,252
Other liabilities	14	305	301
<b>Non-current liabilities</b>		<b>10,531</b>	<b>11,085</b>
		<b>15,409</b>	<b>15,853</b>
<b>Equity (deficit)</b>			
Attributable to equity holders of Bombardier Inc.		(2,916)	(3,089)
		\$ 12,493	\$ 12,764
Commitments and contingencies	19		

The notes are an integral part of these interim consolidated financial statements.

**BOMBARDIER INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited)

For the three-month periods ended

(in millions of U.S. dollars)

	Attributable to equity holders of Bombardier Inc.													
	Share capital			Retained earnings (deficit)			Accumulated OCI					Total	NCI	Total equity (deficit)
	Preferred shares	Common shares	Warrants	Other retained earnings (deficit)	Remeasurement gains (losses)	Contributed surplus	FVOCI	Cash flow hedges	CCTD					
As at December 31, 2021	\$ 347	\$ 2,643	\$ 11	\$ (3,984)	\$ (2,557)	\$ 475	\$ 13	\$ (22)	\$ (15)	\$ (3,089)	\$ —	\$ (3,089)		
Total comprehensive income (loss)														
Net loss	—	—	—	(287)	—	—	—	—	—	(287)	—	(287)		
OCI	—	—	—	—	467	—	(17)	32	—	482	—	482		
	—	—	—	(287)	467	—	(17)	32	—	195	—	195		
Dividends	—	—	—	(7)	—	—	—	—	—	(7)	—	(7)		
Shares purchased - PSU/RSU plans	—	(20)	—	—	—	—	—	—	—	(20)	—	(20)		
Options exercised	—	1	—	—	—	—	—	—	—	1	—	1		
Share-based expense	—	—	—	—	—	4	—	—	—	4	—	4		
<b>As at March 31, 2022</b>	<b>\$ 347</b>	<b>\$ 2,624</b>	<b>\$ 11</b>	<b>\$ (4,278)</b>	<b>\$ (2,090)</b>	<b>\$ 479</b>	<b>\$ (4)</b>	<b>\$ 10</b>	<b>\$ (15)</b>	<b>\$ (2,916)</b>	<b>\$ —</b>	<b>\$ (2,916)</b>		
As at January 1, 2021	\$ 347	\$ 2,676	\$ 73	\$ (8,998)	\$ (3,188)	\$ 413	\$ 20	\$ (31)	\$ (637)	\$ (9,325)	\$ 2,668	\$ (6,657)		
Total comprehensive income (loss)														
Net income	—	—	—	5,041	—	—	—	—	—	5,041	29	5,070		
OCI	—	—	—	—	559	—	(10)	(6)	58	601	(39)	562		
	—	—	—	5,041	559	—	(10)	(6)	58	5,642	(10)	5,632		
Disposal of business <sup>(1)</sup>	—	—	—	—	—	—	—	58	564	622	(2,658)	(2,036)		
Dividends	—	—	—	(7)	—	—	—	—	—	(7)	—	(7)		
Shares distributed - PSU plan	—	2	—	—	—	(2)	—	—	—	—	—	—		
Share-based expense	—	—	—	—	—	7	—	—	—	7	—	7		
As at March 31, 2021	\$ 347	\$ 2,678	\$ 73	\$ (3,964)	\$ (2,629)	\$ 418	\$ 10	\$ 21	\$ (15)	\$ (3,061)	\$ —	\$ (3,061)		

<sup>(1)</sup> Related to the sale of Transportation to Alstom, which closed on January 29, 2021.

The notes are an integral part of these interim consolidated financial statements.



**BOMBARDIER INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(in millions of U.S. dollars)

	Notes	Three-month periods ended March 31	
		2022	2021
<b>Operating activities</b>			
Net loss from continuing operations		\$ (287)	\$ (251)
Net income from discontinuing operations <sup>(1)</sup>		—	5,321
Non-cash items			
Amortization <sup>(2)</sup>		92	94
Impairment charges on PP&E and intangibles		2	3
Deferred income taxes		—	2
Gains on disposal of businesses <sup>(1)</sup>		—	(5,335)
Losses on disposals of PP&E and intangible assets		—	1
Share of income of joint ventures and associates		—	(1)
Share-based expense	16	4	7
Loss on repurchase of long-term debt	5	18	76
Net change in non-cash balances	17	388	(910)
<b>Cash flows from operating activities - total</b>		<b>217</b>	<b>(993)</b>
Cash flows from operating activities - discontinued operations <sup>(1)</sup>		—	(621)
<b>Cash flows from operating activities - continuing operations</b>		<b>217</b>	<b>(372)</b>
<b>Investing activities</b>			
Additions to PP&E and intangible assets		(44)	(37)
Proceeds from disposals of PP&E and intangible assets		—	4
Net proceeds from disposal of business <sup>(1)</sup>		—	2,909
Deconsolidation of cash and cash equivalents related to Transportation		—	(279)
Changes to restricted cash	10	9	(477)
Other		(4)	22
<b>Cash flows from investing activities - total</b>		<b>(39)</b>	<b>2,142</b>
Cash flows from investing activities - discontinued operations <sup>(1)</sup>		—	2,630
<b>Cash flows from investing activities - continuing operations</b>		<b>(39)</b>	<b>(488)</b>
<b>Financing activities</b>			
Repayments of long-term debt	15	(410)	(795)
Net change in short-term borrowings related to Transportation		—	365
Payment of lease liabilities <sup>(3)</sup>		(5)	(8)
Dividends paid - Preferred shares		(5)	(5)
Purchase of Class B Shares held in trust under the PSU and RSU plans		(20)	—
Issuance of Class B Shares		1	—
Other		(8)	1
<b>Cash flows from financing activities - total</b>		<b>(447)</b>	<b>(442)</b>
Cash flows from financing activities - discontinued operations <sup>(1)</sup>		—	240
<b>Cash flows from financing activities - continuing operations</b>		<b>(447)</b>	<b>(682)</b>
Effect of exchange rates on cash and cash equivalents		—	(4)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(269)</b>	<b>703</b>
<b>Cash and cash equivalents at beginning of period<sup>(4)</sup></b>		<b>1,675</b>	<b>2,450</b>
<b>Cash and cash equivalents at end of period</b>		<b>\$ 1,406</b>	<b>\$ 3,153</b>
<b>Supplemental information</b>			
Cash paid for			
Interest		\$ 88	\$ 129
Income taxes		\$ 3	\$ 2
Cash received for			
Interest		\$ 2	\$ 5
Income taxes		\$ —	\$ —

<sup>(1)</sup> Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom.

<sup>(2)</sup> Includes \$7 million representing amortization charge related to right-of-use of assets for the three-month period ended March 31, 2022 (\$9 million for the three-month period ended March 31, 2021).

<sup>(3)</sup> Lease payments related to the interest portion, short term leases, low value assets and variable lease payments not included in lease liabilities are classified as cash outflows from operating activities. The total cash outflows for the three-month period ended March 31, 2022 amounted to \$10 million (\$13 million for the three-month period ended March 31, 2021).

<sup>(4)</sup> For the purpose of the statement of cash flows, cash and cash equivalents comprise the cash reclassified as assets held for sale as at December 31, 2020.

The notes are an integral part of these interim consolidated financial statements.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2022

(Unaudited)

(Tabular figures are in millions of U.S. dollars, unless otherwise indicated)

## 1. BASIS OF PREPARATION

Bombardier Inc. (“the Corporation” or “our” or “we”) is incorporated under the laws of Canada. The Corporation is a manufacturer of business aircraft, as well as certain major aircraft structural components, and is a provider of related services.

On September 16, 2020, the Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom. Following the sale, the Corporation carries out its operations under one segment.

The interim consolidated financial statements are expressed in U.S. dollars and have been prepared in accordance with IAS 34, *Interim financial reporting*, as issued by the IASB. The interim consolidated financial statements follow the same accounting policies as the most recent annual consolidated financial statements. Several amendments to accounting standards were applied for the first time in 2022, but did not have an impact on the interim consolidated financial statements of the Corporation. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Corporation’s Financial Report for the fiscal year ended December 31, 2021.

On February 24, 2022, Russia launched a military invasion of Ukraine. The ongoing military conflict between Ukraine and Russia has provoked strong reactions from Canada, the U.S., the U.K., Europe and various other countries around the world, including the imposition of broad financial and economic sanctions and export control limitations against Russia and against certain persons and entities (collectively, “Sanctions and Export Control Limitations”).

As a result of the foregoing, the Corporation is abiding by all Sanctions and Export Control Limitations. When such Sanctions and Export Control Limitations may be eased or lifted is not known at this time. As of March 31, 2022, the Corporation has not been materially adversely impacted by the Ukraine-Russia military conflict and the Sanctions and Export Control Limitations; however, the Corporation is continuously monitoring developments to assess any potential future impact that may arise.

In the current environment, judgments, estimates and assumptions made by management could be subject to greater variability than normal.

These interim consolidated financial statements for the three-month period ended March 31, 2022 were authorized for issuance by the Board of Directors on May 4, 2022.

The results of operations and cash flows for the interim periods are not necessarily indicative of the results of operations and cash flows for the full fiscal year.

## 2. REVENUES

The Corporation's revenues by categories were as follows:

	Three-month periods ended March 31	
	2022	2021
Business Aircraft		
Manufacturing and Other <sup>(1)</sup>	\$ 868	\$ 1,050
Services <sup>(2)</sup>	361	269
Others <sup>(3)</sup>	17	22
	<b>\$ 1,246</b>	<b>\$ 1,341</b>

<sup>(1)</sup> Includes revenues from sale of new aircraft, specialized aircraft solutions and pre-owned aircraft.

<sup>(2)</sup> Includes revenues from aftermarket services including parts, *Smart Services*, service centers, training and technical publications.

<sup>(3)</sup> Includes revenues from sale of components related to commercial aircraft programs.

## 3. RESEARCH AND DEVELOPMENT

R&D expense, net of government assistance, was as follows:

	Three-month periods ended March 31	
	2022	2021
R&D expenditures	\$ 18	\$ 10
Less: development expenditures capitalized to aerospace program tooling	(10)	(5)
	8	5
Add: amortization of aerospace program tooling	71	69
	<b>\$ 79</b>	<b>\$ 74</b>

#### 4. SPECIAL ITEMS

Special items comprise items which do not reflect the Corporation's core performance or where their separate presentation will assist users of the consolidated financial statements in understanding the Corporation's results for the period. Such items include, among others, the impact of restructuring charges, business disposals and significant impairment charges and reversals.

Special items were as follows:

	Three-month periods ended March 31	
	2022	2021
Loss on repurchase of long-term debt <sup>(1)</sup>	\$ 18	\$ 76
Reversal of <i>Learjet 85</i> aircraft program cancellation provisions <sup>(2)</sup>	(7)	—
Changes in divestitures provisions and other <sup>(3)</sup>	(3)	—
Restructuring charges <sup>(4)</sup>	(2)	23
Gain on sale of EWIS <sup>(5)</sup>	—	(13)
	<b>\$ 6</b>	<b>\$ 86</b>
<b>Of which is presented in</b>		
Special items in EBIT	\$ (12)	\$ 10
Financing expense - loss on repurchase of long-term debt <sup>(1)</sup>	18	76
	<b>\$ 6</b>	<b>\$ 86</b>

1. For the three-month period ended March 31, 2022, represents the loss related to the partial redemption of the Notes due 2024 and 2025, refer to Note 5 - Financing expense and financing income and Note 15 - Long-term debt for more information. For the three-month period ended March 31, 2021, represents the loss related to the repayment of the senior secured term loan, refer to Note 5 - Financing expense and financing income.
2. Based on the ongoing activities with respect to the cancellation of the *Learjet 85* aircraft program, the Corporation reduced the related provisions by \$7 million for the three-month period ended March 31, 2022 (nil for the three-month period ended March 31, 2021). The reduction in provisions is treated as a special item since the original provisions were also recorded as special items in 2014 and 2015.
3. Based on the ongoing activities with respect to past divestitures, the Corporation revised some related provisions. The changes in provisions are treated as a special item since the original provisions were also recorded as special item.
4. For the three-month period ended March 31, 2022, represents reversal of severance charges of \$2 million. For the three-month period ended March 31, 2021, represents severance charges of \$28 million and impairment of PP&E of \$3 million, partly offset by \$8 million of curtailment gains.
5. The sale of the Corporation's Electrical Wiring and Interconnection Systems (EWIS) business in Mexico for a total net consideration of \$37 million resulted in an accounting gain of \$13 million for the three-month period ended March 31, 2021.

## 5. FINANCING EXPENSE AND FINANCING INCOME

Financing expense and financing income were as follows:

	Three-month periods ended March 31	
	2022	2021
<b>Financing expense</b>		
Net loss on certain financial instruments <sup>(1)</sup>	\$ 204	\$ —
Loss on repurchase of long-term debt <sup>(2)</sup>	18	76
Accretion on net retirement benefit obligations	8	11
Interest expense on lease liabilities	7	6
Accretion on other financial liabilities	7	4
Accretion on advances	5	9
Accretion on provisions	—	1
Other	1	3
	250	110
Interest on long-term debt, after effect of hedges	126	180
	\$ 376	\$ 290
<b>Financing income</b>		
Net gain on certain financial instruments <sup>(1)</sup>	\$ —	\$ (19)
Other	(1)	—
	(1)	(19)
Income from investment in securities	(2)	(4)
Interest on cash and cash equivalents	(1)	(1)
	(3)	(5)
	\$ (4)	\$ (24)

<sup>(1)</sup> Net losses (gains) on certain financial instruments classified as FVTP&L, including losses (gains) arising from changes in interest rates.

<sup>(2)</sup> Represents the loss related to the partial redemption of the Notes due 2024 and 2025 for the three-month period ended March 31, 2022 (the loss related to the repayment of the senior secured term loan for the three-month period ended March 31, 2021), which were reported as a special item. See Note 4 - Special items.

## 6. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

	Three-month periods ended March 31	
	2022	2021
(Number of shares, stock options, PSUs, RSUs, DSUs and warrants, in thousands)		
Net income (loss) attributable to equity holders of Bombardier Inc.		
Continuing operations	\$ (287)	\$ (251)
Discontinued operations <sup>(1)</sup>	—	5,292
Preferred share dividends, including taxes	(7)	(7)
Net income (loss) attributable to common equity holders of Bombardier Inc.	\$ (294)	\$ 5,034
Weighted-average number of common shares outstanding	2,378,073	2,423,565
Net effect of stock options, PSUs, RSUs, DSUs and warrants	—	58,616
Weighted-average diluted number of common shares	2,378,073	2,482,181
<b>EPS (in dollars)</b>		
Continuing operations basic and diluted	\$ (0.12)	\$ (0.10)
Discontinued operations basic <sup>(1)</sup>	\$ —	\$ 2.18
Discontinued operations diluted <sup>(1)</sup>	\$ —	\$ 2.13
<b>Total basic</b>	<b>\$ (0.12)</b>	<b>\$ 2.08</b>
<b>Total diluted</b>	<b>\$ (0.12)</b>	<b>\$ 2.03</b>

<sup>(1)</sup> Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom.

The effect of the exercise of stock options, PSUs, RSUs, DSUs and warrants was included in the calculation of diluted EPS in the above table, except for 301,948,311 for the three-month period ended March 31, 2022 (352,974,994 for the three-month period ended March 31, 2021) since the average market value of the underlying shares was lower than the exercise price, or because the predetermined target market price thresholds of the Corporation's Class B Shares (subordinate voting) or predetermined financial performance targets had not been met or the effect of the exercise would be antidilutive.

## 7. FINANCIAL INSTRUMENTS

The classification of financial instruments and their carrying amounts and fair values were as follows, as at:

	FVTP&L					DDHR	Total carrying value	Fair value
	FVTP&L	Designated	FVOCI <sup>(1)</sup>	Amortized cost				
<b>March 31, 2022</b>								
<b>Financial assets</b>								
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ 1,406	\$ —	\$ 1,406	\$ 1,406	
Trade and other receivables	—	—	—	290	—	290	290	
Other financial assets	708	—	246	537	20	1,511	1,511	
	<b>\$ 708</b>	<b>\$ —</b>	<b>\$ 246</b>	<b>\$ 2,233</b>	<b>\$ 20</b>	<b>\$ 3,207</b>	<b>\$ 3,207</b>	
<b>Financial liabilities</b>								
Trade and other payables	\$ —	\$ —	n/a	\$ 1,078	\$ —	\$ 1,078	\$ 1,078	
Long-term debt	—	—	n/a	6,653	—	6,653	6,623	
Other financial liabilities	2	627	n/a	871	8	1,508	1,500	
	<b>\$ 2</b>	<b>\$ 627</b>	<b>n/a</b>	<b>\$ 8,602</b>	<b>\$ 8</b>	<b>\$ 9,239</b>	<b>\$ 9,201</b>	
<b>December 31, 2021</b>								
<b>Financial assets</b>								
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ 1,675	\$ —	\$ 1,675	\$ 1,675	
Trade and other receivables	—	—	—	269	—	269	269	
Other financial assets	944	—	262	549	1	1,756	1,756	
	<b>\$ 944</b>	<b>\$ —</b>	<b>\$ 262</b>	<b>\$ 2,493</b>	<b>\$ 1</b>	<b>\$ 3,700</b>	<b>\$ 3,700</b>	
<b>Financial liabilities</b>								
Trade and other payables	\$ —	\$ —	n/a	\$ 1,164	\$ —	\$ 1,164	\$ 1,164	
Long-term debt	—	—	n/a	7,047	—	7,047	7,418	
Other financial liabilities	5	652	n/a	779	32	1,468	1,498	
	<b>\$ 5</b>	<b>\$ 652</b>	<b>n/a</b>	<b>\$ 8,990</b>	<b>\$ 32</b>	<b>\$ 9,679</b>	<b>\$ 10,080</b>	

<sup>(1)</sup> Includes investments in equity instruments designated at FVOCI.

n/a: Not applicable

## 8. CONTRACT BALANCES

Contract assets represent cost incurred and recorded margins on service contracts in the amount of \$54 million and \$55 million as at March 31, 2022 and December 31, 2021, respectively.

Contract liabilities were as follows, as at:

	<b>March 31, 2022</b>	December 31, 2021
Advances on aerospace programs	\$ 4,099	\$ 3,594
Long term service contracts deferred revenues	242	244
Other deferred revenues	168	171
	<b>\$ 4,509</b>	<b>\$ 4,009</b>
Of which current	\$ 3,119	\$ 2,853
Of which non-current	1,390	1,156
	<b>\$ 4,509</b>	<b>\$ 4,009</b>

## 9. INVENTORIES

Inventories were as follows, as at:

	<b>March 31, 2022</b>	December 31, 2021
Aerospace programs	\$ 2,914	\$ 2,826
Finished products	410	416
	<b>\$ 3,324</b>	<b>\$ 3,242</b>

The amount of inventories recognized as cost of sales totaled \$865 million for the three-month period ended March 31, 2022 (\$1,026 million for the three-month period ended March 31, 2021). These amounts include \$5 million of write-downs and \$4 million of reversal of write-downs for the three-month period ended March 31, 2022 (\$21 million of write-downs and \$2 million of reversal of write-downs for the three-month period ended March 31, 2021).

For the three-month period ended March 31, 2022, the Corporation recorded wage subsidies in the amount of \$18 million in cost of sales and nil in SG&A (\$34 million in cost of sales and \$4 million in SG&A for the three-month period ended March 31, 2021). As at March 31, 2022, there is an amount of \$20 million remaining as a reduction of inventory related to wage subsidies.



## 10. OTHER FINANCIAL ASSETS

Other financial assets were as follows, as at:

	March 31, 2022	December 31, 2021
Restricted cash <sup>(1)</sup>	\$ 519	\$ 527
Receivable from ACLP <sup>(2)</sup>	440	467
Investments in securities	246	262
Investments in financing structures <sup>(3)</sup>	182	177
Derivative financial instruments	103	296
Receivable from MHI <sup>(4)</sup>	3	5
Aircraft loans	2	2
Balance of payment on disposal of investment in associate <sup>(5)</sup>	—	8
Other	16	12
	<b>\$ 1,511</b>	<b>\$ 1,756</b>
Of which current	\$ 501	\$ 76
Of which non-current	1,010	1,680
	<b>\$ 1,511</b>	<b>\$ 1,756</b>

<sup>(1)</sup> Includes cash collateral supporting various bank guarantees.

<sup>(2)</sup> This receivable from ACLP represents a back-to-back agreement that the Corporation has with ACLP related to certain government refundable advances. See Note 13 - Other financial liabilities for more information.

<sup>(3)</sup> Following the sale of the CRJ business, the Corporation has retained a portion of those other financial assets and has a back-to-back agreement with MHI. See Note 13 - Other financial liabilities for more information.

<sup>(4)</sup> This receivable represents a back-to-back agreement that the Corporation has with MHI on lease subsidies of \$3 million as at March 31, 2022 (\$5 million as at December 31, 2021). See Note 13 - Other financial liabilities for more information.

<sup>(5)</sup> The balance of payment on disposal of investment in associate represented an amount owed by Stelia Aerospace.

## 11. OTHER ASSETS

Other assets were as follows, as at:

	March 31, 2022	December 31, 2021
Retirement benefits	\$ 217	\$ 152
Prepaid expenses	127	99
Sales tax and other taxes	91	87
Intangible assets other than aerospace program tooling	70	72
Prepaid sales concessions and deferred contract costs	61	84
Receivable from MHI <sup>(1)</sup>	50	52
Income taxes receivable	2	2
Other	1	3
	<b>\$ 619</b>	<b>\$ 551</b>
Of which current	\$ 183	\$ 164
Of which non-current	436	387
	<b>\$ 619</b>	<b>\$ 551</b>

<sup>(1)</sup> This receivable represents a back-to-back agreement that the Corporation has with MHI on credit and residual value guarantees provisions. See Note 12 - Provisions.

## 12. PROVISIONS

Changes in provisions were as follows, for the three-month periods ended March 31:

	Product warranties	Credit and residual value guarantees	Restructuring, severance and other termination benefits	Onerous contracts	Other <sup>(1)</sup>	Total
Balance as at December 31, 2021	\$ 166	\$ 52	\$ 4	\$ 70	\$ 38	\$ 330
Additions	15	—	—	—	—	15
Utilization	(12)	(2)	(1)	(28)	(1)	(44)
Reversals	—	—	(2) <sup>(2)</sup>	(7) <sup>(3)</sup>	(2)	(11)
<b>Balance as at March 31, 2022</b>	<b>\$ 169</b>	<b>\$ 50<sup>(4)</sup></b>	<b>\$ 1</b>	<b>\$ 35</b>	<b>\$ 35</b>	<b>\$ 290</b>
Of which current	\$ 60	\$ 13	\$ 1	\$ 9	\$ 34	\$ 117
Of which non-current	109	37	—	26	1	173
	\$ 169	\$ 50	\$ 1	\$ 35	\$ 35	\$ 290

	Product warranties	Credit and residual value guarantees	Restructuring, severance and other termination benefits	Onerous contracts	Other <sup>(1)</sup>	Total
Balance as at January 1, 2021	\$ 154	\$ 80	\$ 5	\$ 111	\$ 85	\$ 435
Additions	10	—	22 <sup>(2)</sup>	1	1	34
Utilization	(12)	—	(15)	(2)	(1)	(30)
Reversals	—	(27)	—	(1)	(1)	(29)
Accretion expense	—	—	—	1	—	1
<b>Balance as at March 31, 2021</b>	<b>\$ 152</b>	<b>\$ 53<sup>(4)</sup></b>	<b>\$ 12</b>	<b>\$ 110</b>	<b>\$ 84</b>	<b>\$ 411</b>
Of which current	\$ 53	\$ 1	\$ 12	\$ 11	\$ 83	\$ 160
Of which non-current	99	52	—	99	1	251
	\$ 152	\$ 53	\$ 12	\$ 110	\$ 84	\$ 411

<sup>(1)</sup> Mainly comprised of claims and litigation.

<sup>(2)</sup> See Note 4 - Special items for more details on additions and reversals related to restructuring charges.

<sup>(3)</sup> Related to the reversal of *Learjet 85* aircraft program cancellation provisions. See Note 4 - Special items for more details.

<sup>(4)</sup> Following the sale of the CRJ business, the Corporation retains those provisions and has a back-to-back agreement with MHI. See Note 11 - Other assets.

## 13. OTHER FINANCIAL LIABILITIES

Other financial liabilities were as follows, as at:

	March 31, 2022	December 31, 2021
Government refundable advances <sup>(1)</sup>	\$ 623	\$ 647
Lease liabilities	344	269
Liabilities related to RASPRO assets <sup>(2)</sup>	184	180
Credit and residual value guarantees payable	172	169
Vendor non-recurring costs	35	39
Derivative financial instruments	10	37
Lease subsidies <sup>(3)</sup>	3	5
Other <sup>(4)</sup>	137	122
	<b>\$ 1,508</b>	<b>\$ 1,468</b>
Of which current	\$ 204	\$ 216
Of which non-current	1,304	1,252
	<b>\$ 1,508</b>	<b>\$ 1,468</b>

<sup>(1)</sup> Of which \$440 million has a back-to-back agreement with ACLP (\$467 million as at December 31, 2021). Refer to Note 10 - Other financial assets for the receivable from ACLP. The Corporation is required to pay amounts to governments based on the number of deliveries of aircraft.

<sup>(2)</sup> The Corporation has retained the regional aircraft securitization program assets (RASPRO) for which the Corporation has transferred the net beneficial interest through a back-to-back agreement with MHI. Refer to Note 10 - Other financial assets for more information.

<sup>(3)</sup> Following the sale of the CRJ business, the Corporation retained those lease subsidies and has a back-to-back agreement with MHI. Refer to Note 10 - Other financial assets for more information.

<sup>(4)</sup> Mainly represents liabilities related to various divestitures.

## 14. OTHER LIABILITIES

Other liabilities were as follows, as at:

	March 31, 2022	December 31, 2021
Supplier contributions to aerospace programs	\$ 270	\$ 271
Employee benefits	208	260
Sales incentive and customer credit notes	57	64
Income taxes payable	27	28
Other	103	112
	<b>\$ 665</b>	<b>\$ 735</b>
Of which current	\$ 360	\$ 434
Of which non-current	305	301
	<b>\$ 665</b>	<b>\$ 735</b>

## 15. LONG-TERM DEBT

In March 2022, the Corporation completed the partial redemption of Notes due 2024 and 2025 for an aggregate amount of \$400 million using our cash and cash equivalents, see Note 5 - Financing expense and financing income and Note 4 - Special items for more information.

## 16. SHARE-BASED PLANS

### PSU, DSU and RSU plans

The number of PSUs, DSUs and RSUs has varied as follows:

	Three-month periods ended March 31					
	2022			2021		
	PSU	DSU	RSU	PSU	DSU	RSU
Balance at beginning of period	29,030,759	965,248	66,903,509	47,491,033	984,494	126,742,045
Granted	20,715	—	27,858	—	—	—
Vested	—	—	—	(1,183,433)	—	—
Exercised	—	—	—	—	(19,246)	—
Forfeited	(177,076)	—	(599,090)	(8,328,491)	—	(64,590,274) <sup>(2)</sup>
Balance at end of period	28,874,398	965,248 <sup>(1)</sup>	66,332,277	37,979,109	965,248 <sup>(1)</sup>	62,151,771

<sup>(1)</sup> Of which 965,248 DSUs are vested as at March 31, 2022 (965,248 as at March 31, 2021).

<sup>(2)</sup> Of which 57,244,617 RSUs were cancelled following the sale of Transportation.

The compensation expense with respect to the PSU, DSU and RSU plans amounted to \$2 million during the three-month period ended March 31, 2022 (\$5 million during the three-month period ended March 31, 2021).

### Share option plans

The number of options issued and outstanding to purchase Class B Shares (subordinate voting) has varied as follows:

	Three-month periods ended March 31	
	2022	2021
	Balance at beginning of period	123,065,335
Exercised	(727,543)	—
Forfeited	(3,833,337)	(5,035,961)
Expired	(1,887,877)	(51,298)
Balance at end of period	116,616,578	128,974,394

A compensation expense of \$2 million was recorded during the three-month period ended March 31, 2022, with respect to share option plans (nil for the three-month period ended March 31, 2021).

## 17. NET CHANGE IN NON-CASH BALANCES

Net change in non-cash balances was as follows:

	Three-month periods ended March 31	
	2022	2021
Trade and other receivables	\$ (26)	\$ 3
Inventories	(136)	26
Contract assets	—	(197)
Contract liabilities	498	(377)
Other financial assets and liabilities, net	231	(401)
Other assets	(62)	(16)
Trade and other payables	(86)	47
Provisions	(40)	(44)
Retirement benefit liability	79	73
Other liabilities	(70)	(24)
	<b>\$ 388</b>	<b>\$ (910)</b>

## 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value amounts disclosed in these interim consolidated financial statements represent the Corporation's estimate of the price at which a financial instrument could be exchanged in a market in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. They are point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Fair value is determined by reference to quoted prices in the principal market for that instrument to which the Corporation has immediate access. However, there is no active market for most of the Corporation's financial instruments. In the absence of an active market, the Corporation determines fair value based on internal or external valuation models, such as discounted cash flow models. Fair value determined using valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, discount rates, the creditworthiness of the borrower, the aircraft's expected future value, default probability, generic industrial bond spreads and marketability risk. In determining these assumptions, the Corporation uses primarily external, readily observable market inputs, including factors such as interest rates, credit ratings, credit spreads, default probabilities, currency rates, and price and rate volatilities, as applicable. Assumptions or inputs that are not based on observable market data are used when external data are unavailable. These calculations represent management's best estimates. Since they are based on estimates, the fair values may not be realized in an actual sale or immediate settlement of the instruments.

### Methods and assumptions

The methods and assumptions used to measure fair value for items recorded at FVTP&L and FVOCI are as follows:

**Investments in financing structures, receivable from MHI, liabilities related to RASPRO assets and payable to MHI** – The Corporation uses internal valuation models based on discounted cash flow analysis to estimate fair value. Fair value is calculated using market data for interest rates, published credit ratings when available, yield curves and default probabilities. The Corporation uses market data to determine the marketability adjustments and also uses internal assumptions to take into account factors that market participants would consider when pricing these financial assets. The Corporation also uses internal assumptions to determine the credit risk of customers without published credit rating. In connection with the sale of the CRJ business, for the investments in financing structures (RASPRO) the Corporation has transferred the net beneficial interest through a back-to-back agreement with MHI. The corresponding assets or liabilities are measured using the same model.

**Investments in securities** – The Corporation uses discounted cash flow models to estimate the fair value of unquoted investments in fixed-income securities, using market data such as interest rates.

**Lease subsidies** – The Corporation uses internal valuation models based on discounted cash flow analysis to estimate fair value of lease subsidies incurred in connection with the sale of commercial aircraft. Fair value is calculated using market data for interest rates, published credit ratings when available, default probabilities from rating agencies and the Corporation's credit spread. The Corporation also uses internal assumptions to determine the credit risk of customers without published credit rating. In connection with the sale of the CRJ business, the lease subsidies are included in a back-to-back agreement with MHI, and the corresponding asset is measured using the same model.

**Government refundable advances** – The Corporation uses discounted cash flow analysis to estimate the fair value using market data for interest rates and credit spreads.

**Derivative financial instruments** – Fair value of derivative financial instruments generally reflects the estimated amounts that the Corporation would receive to sell favorable contracts i.e. taking into consideration the counterparty credit risk, or pay to transfer unfavorable contracts i.e. taking into consideration the Corporation's credit risk, at the reporting dates. The Corporation uses discounted cash flow analysis and market data such as interest rates, credit spreads and foreign exchange spot rate to estimate the fair value of forward agreements and interest-rate derivatives.

The Corporation uses option-pricing models and discounted cash flow models to estimate the fair value of embedded derivatives using applicable market data.

The methods and assumptions used to measure fair value for items recorded at amortized cost are as follows:

**Financial instruments whose carrying value approximates fair value** – The fair values of cash and cash equivalents, trade and other receivables, aircraft loans, restricted cash and trade and other payables measured at amortized cost, approximate their carrying value due to the short-term maturities of these instruments, because they bear variable interest-rate or because the terms and conditions are comparable to current market terms and conditions for similar items.

**Long-term debt** – The fair value of long-term debt is estimated using public quotations, when available, or discounted cash flow analyses, based on the current corresponding borrowing rate for similar types of borrowing arrangements.

**Government refundable advances and vendor non-recurring costs** – The Corporation uses discounted cash flow analysis to estimate the fair value using market data for interest rates and credit spreads.

### Fair value hierarchy

The following table presents financial assets and financial liabilities measured at fair value on a recurring basis categorized using the fair value hierarchy as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs from observable markets other than quoted prices included in Level 1, including indirectly observable data (Level 2); and
- inputs for the asset or liability that are not based on observable market data (Level 3).

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment. The fair value of financial assets and liabilities by level of hierarchy was as follows, as at March 31, 2022:

	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Receivable from ACLP <sup>(1)</sup>	\$ 440	\$ —	\$ —	\$ 440
Investments in securities	246	37	209	—
Investments in financing structures <sup>(2)</sup>	182	—	—	182
Derivative financial instruments <sup>(3)</sup>	103	—	103	—
Receivable from MHI <sup>(4)</sup>	3	—	—	3
	<b>\$ 974</b>	<b>\$ 37</b>	<b>\$ 312</b>	<b>\$ 625</b>
<b>Financial liabilities</b>				
Government refundable advances <sup>(1)</sup>	\$ 440	\$ —	\$ —	\$ 440
Liabilities related to RASPRO assets <sup>(2)</sup>	184	—	—	184
Derivative financial instruments <sup>(3)</sup>	10	—	10	—
Lease subsidies <sup>(4)</sup>	3	—	—	3
	<b>\$ 637</b>	<b>\$ —</b>	<b>\$ 10</b>	<b>\$ 627</b>

<sup>(1)</sup> The receivable represents a back-to-back agreement that the Corporation has with ACLP related to certain government refundable advances.

<sup>(2)</sup> The liabilities related to RASPRO assets include a back-to-back agreement that the Corporation has with MHI related to the transfer of the net beneficial interest related to the investments in financing structures.

<sup>(3)</sup> Derivative financial instruments consist of forward foreign exchange contracts and embedded derivatives.

<sup>(4)</sup> This receivable represents a back-to-back agreement that the Corporation has with MHI related to lease subsidies.

Level 3 financial instruments include only assets and liabilities with a back-to-back agreement and their corresponding back-to-back assets and liabilities.

## 19. COMMITMENTS AND CONTINGENCIES

The table below presents the maximum potential exposure for each major group of exposures, as at:

	March 31, 2022		December 31, 2021	
<b>Aircraft sales</b>				
Residual value	\$	65	\$	65
Credit		8		398
Mutually exclusive exposure <sup>(1)</sup>		(8)		(65)
Total credit and residual value exposure	\$	65	\$	398
Trade-in commitments	\$	312	\$	249
Conditional repurchase obligations	\$	51	\$	51

<sup>(1)</sup> Some of the residual value guarantees can only be exercised once the credit guarantees have expired without exercise. Therefore, the guarantees must not be added together to calculate the combined maximum exposure for the Corporation.

Provisions for anticipated losses amounting to \$50 million as at March 31, 2022 (\$52 million as at December 31, 2021) have been established to cover the risks from credit and residual value guarantees. In addition, lease subsidies, which would be extinguished in the event of credit default by certain customers, amounted to \$3 million as at March 31, 2022 (\$5 million as at December 31, 2021). The provisions for anticipated losses are expected to cover the Corporation's total credit and residual value exposure, after taking into account the anticipated proceeds from the sale of underlying aircraft and the extinguishment of certain lease subsidies obligations. In connection with the sale of the CRJ business, all of the above are included in a back-to-back agreement with MHI and, certain credit exposure has been transferred to MHI during the three-month period ending March 31, 2022.

### Legal proceedings

In the normal course of operations, the Corporation is a defendant in certain legal proceedings before various courts or other tribunals including in relation to product liability and contractual disputes with customers and other third parties. The Corporation's approach is to vigorously defend its position in these matters.

While the Corporation cannot predict the final outcome of all legal proceedings pending as at March 31, 2022, based on information currently available, management believes that the resolution of these legal proceedings will not have a material adverse effect on its financial position.

### Sweden

While this matter relates to the Transportation business, which has been divested as part of the sale to Alstom on January 29, 2021, the Corporation remains involved in this legal proceeding and remains liable to Alstom, as acquirer of Transportation, in the event of any damage suffered in connection thereof.

Since the fourth quarter of 2016, the Swedish police authorities have been conducting an investigation in relation to allegations concerning a 2013 contract for the supply of signaling equipment and services to Azerbaijan Railways ADY (the "ADY Contract"). In October 2016, the Corporation launched an internal review into the allegations which is conducted by external forensic advisors, under the supervision of the General Counsel and external counsel. The internal review is still on-going. On August 18, 2017, charges were laid against a then employee of the Swedish subsidiary of the Corporation for aggravated bribery and, alternatively, influence trafficking. The trial on these charges took place from August 29 to September 20, 2017. No charges were laid against the subsidiary of the Corporation. In a decision rendered on October 11, 2017, the then employee was acquitted of all charges. The decision was appealed regarding all charges on October 25, 2017 by the Prosecution Authority. On June 19, 2019, the Prosecution Authority confirmed that the acquittal on charge of influence trafficking is no longer being appealed; accordingly, this acquittal on this charge stands as a final judgment. The case is still pending with the Swedish Court of Appeal with a likely scenario that the Swedish Court of Appeal will set a date for the appeal trial. On June 9, 2021, charges were laid against a different former employee of the former Swedish subsidiary of the Corporation for aggravated bribery. The trial took place from November 11 to November 24, 2021. On December 22, 2021, the former employee was acquitted by the Swedish District Court. A notice of appeal was filed by the Prosecution Authority on January 12, 2022. The date for the trial in appeal has not been scheduled with the Swedish Court of Appeal.



The ADY Contract is being audited by the World Bank Group pursuant to its contractual audit rights. The audit is on-going. The Corporation's policy is to comply with all applicable laws and it is cooperating to the extent possible with the investigation and the audit. As reported publicly in the media, on November 15, 2018, the World Bank Integrity Vice Presidency ("INT") issued a 'show cause' letter to Bombardier, outlining INT's position regarding alleged collusion, corruption, fraud and obstruction in the ADY Contract. The Corporation was invited to respond to these preliminary findings and has done so. As the World Bank's audit process is governed by strict confidentiality requirements, the Corporation can only reiterate that it strongly disagrees with the allegations and preliminary conclusions contained in the letter.

On February 10, 2020, counsel assisting Bombardier with the World Bank Group audit received a letter from the U.S. Department of Justice (the "DOJ") requesting the communication of documents and information regarding the ADY Contract. Bombardier is cooperating with the DOJ's ongoing requests and is currently providing documents and information in response to same.

The Corporation's internal review about the reported allegations is on-going but based on information known to the Corporation at this time, there is no evidence that suggests a corrupt payment was made or offered to a public official or that any other criminal activity involving Bombardier took place.

#### Transnet

While this matter relates to the Transportation business, which has been divested as part of the sale to Alstom on January 29, 2021, the Corporation remains involved in this matter and remains liable to Alstom, as acquirer of Transportation, under certain circumstances.

The Corporation learned through various media reports of the appointment of a Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector, including organs of state (the "Zondo Commission") for which the terms of reference were published by presidential proclamation on January 25, 2018. Before and after the creation of the Zondo Commission, the media reported allegations of irregularities with respect to multiple procurements regarding the supply of 1,064 locomotives by South African train operator Transnet Freight Rail. On September 7, 2018, Bombardier Transportation South Africa (Pty.) Ltd. ("BTSA") was informed that the Special Investigation Unit ("SIU"), a forensic investigation agency under the Department of Justice in South Africa, had opened an investigation with respect to the acquisition of the 1,064 locomotives by Transnet, in 2014.

The Corporation conducted an internal review into the allegations by external advisors under the supervision of counsel. Based on information known to the Corporation at this time, there is no reason to believe that the Corporation has been involved in any wrongdoing with respect to the procurement by Transnet of 240 TRAXX locomotives from Bombardier Transportation. Following the sale of the Transportation business to Alstom, Alstom has been managing the Zondo Commission and SIU related aspects of the matter.

On January 11, 2021, counsel for Bombardier received an additional request from the DOJ for the communication of documents and information regarding contracts with Transnet and the Passenger Rail Agency of South Africa, and also about an alleged related sale of a Global 6000. Bombardier is cooperating with the DOJ's ongoing requests. Also, while the National Prosecution Agency ("NPA") of South Africa has not communicated any request to the Corporation, the Corporation understands that NPA is investigating the Transnet contracts.

#### Indonesia

In May 2020, the Indonesian Corruption Court convicted the former CEO of Garuda Indonesia (Persero) TBK and his associate of corruption and money laundering in connection with five procurement processes involving different manufacturers, including the 2011-2012 acquisition and lease of Bombardier CRJ1000 aircraft by Garuda Indonesia (Persero) TBK (the "Garuda Transactions"). No charges were laid against the Corporation or any of its directors, officers or employees. Shortly thereafter, the Corporation launched an internal review into the Garuda Transactions, which is being conducted by external counsel.

The Corporation understands that the U.K. Serious Fraud Office (“SFO”) has commenced a formal investigation into the same transactions. The Corporation has met with the SFO to discuss the status of the Corporation’s internal review and its potential assistance with the SFO investigation on a voluntary basis. Both the SFO investigation and the internal review are on-going. On February 26, 2021, counsel for Bombardier received a request from the DOJ for the communication of documents and information regarding the Garuda Transactions. Bombardier is cooperating with the DOJ’s ongoing requests. On July 27, 2021, Bombardier received a communication from the RCMP’s Sensitive and International Investigation Unit advising that it would be undertaking an investigation on this matter, and requested communication of documents from the Corporation.

#### Claim from Certain Holders of Senior Notes due 2034

On January 31, 2022, the Corporation received a letter (the “Letter”) from counsel to certain holders of 7.450% Senior Notes due 2034 (the “2034 Notes”), and has learned that such holders also filed a complaint before the Supreme Court of the State of New York (the “Action”), reiterating claims made in a letter addressed to the Corporation in April 2021 (the “April 2021 Letter”) substantially to the effect that the Corporation’s divestitures of non-core assets, including its transportation business, regional jet program and aerostructures division, constitute a breach of certain covenants under the indenture governing the 2034 Notes and further alleging that the actions of the Corporation in May 2021, addressing the matters raised in the April 2021 Letter, breached the rights of such holders. The Corporation believes that these allegations are without merit and intends to vigorously defend itself against the Action.

#### Class action

On February 15, 2019, the Corporation was served with a Motion for authorization to bring an action pursuant to Section 225.4 of the Quebec Securities Act and application for authorization to institute a class action before the Superior Court of Québec in the district of Montréal against Bombardier Inc. and Messrs. Alain Bellemare and John Di Bert (“Motion”) (formerly the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer, respectively, of Bombardier) to claim monetary damages in an unspecified amount in connection with alleged false and misleading representations about the Corporation’s business, operations, revenues and free cash flow, including an alleged failure to make timely disclosure of material facts concerning its guidance for 2018. In the class action component of the Motion, the Plaintiff Denis Gauthier seeks to represent all persons and entities who have purchased or acquired Bombardier’s securities during the period of August 2, 2018 to November 8, 2018, inclusively, and held all or some of these securities until November 8, 2018. Both the action pursuant to the Quebec Securities Act and the class action require an authorization from the Court before they can move forward. Until they are authorized, there are no monetary claims pending against the defendants in the context of these Court proceedings.

Bombardier Inc. and Messrs. Bellemare and Di Bert are contesting this Motion. The Corporation’s preliminary view at this juncture is that the possibility that these Court proceedings will cause the Corporation to incur material monetary liability appears to be remote.

#### Alstom Request for Arbitration

The Corporation received a notice from Alstom S.A. requesting arbitration before the International Chamber of Commerce pursuant to the agreement relating to the sale by Bombardier of its Transportation business on January 29, 2021 (the “Transaction”). In its request for arbitration, Alstom is alleging that the Corporation is in breach of certain contractual provisions.

The Corporation has good grounds to defend itself against Alstom’s claim and intends to do so vigorously. The Corporation also intends to challenge certain purchase price adjustments which resulted in proceeds from the Transaction being lower than initially estimated. Arbitration proceedings could last several years and are subject to confidentiality provisions.

*Bombardier, Challenger, Challenger 300, Challenger 350, Challenger 3500, Challenger 600, Challenger 601, Challenger 604, Challenger 605, Challenger 650, Exceptional by Design, Global, Global 5000, Global 5500, Global 6000, Global 6500, Global 7500, Global 8000, Global Express, Global Vision, Global XRS, Learjet, Learjet 40, Learjet 45, Learjet 70, Learjet 75, Learjet 75 Liberty, Smart Parts, Smart Parts Maintenance Plus, Smart Parts Plus, Smart Parts Preferred, Smart Services, Smartfix, Smartfix Plus, Smartlink, Smartlink Plus, and Vision Flight Deck* are trademarks of Bombardier Inc. or its subsidiaries.