BOMBARDIER

SECOND QUARTERLY REPORT

Three- and six-month periods ended June 30, 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
		NCI	Non-controlling interest
EBITDA	Earnings (loss) before financing expense, financing income, income taxes, amortization and impairment charges on PP&E and intangible assets	nmf	Information not meaningful
		OCI	Other comprehensive income
		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
		RSU	Restricted share unit
FVOCI	Fair value through other comprehensive income	SG&A	Selling, general and administrative
FVTP&L	Fair value through profit and loss	U.K.	United Kingdom
GAAP	Generally accepted accounting principles	U.S.	United States of America

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 "Bombardier" 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- and six-month periods 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 Analysis of consolidated results, Liquidity and capital resources and Non-GAAP and other financial measures sections in Overview).

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; 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; expectations regarding the availability of government assistance programs; 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 cyclicality; 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.

OVERVIEW

HIGHLIGHTS

Results of the quarter

Three-month periods ended June 30	2022	2021	Variance
Revenues[1]	**$ 1,557**	$ 1,524	2 %
Adjusted EBITDA[1][2]	**$ 201**	$ 143	41 %
Adjusted EBITDA margin[1][3]	**12.9 %**	9.4 %	350 bps
Adjusted EBIT[1][2]	**$ 103**	$ 32	222 %
Adjusted EBIT margin[1][3]	**6.6 %**	2.1 %	450 bps
EBIT[1]	**$ 101**	$ 36	181 %
EBIT margin[1][4]	**6.5 %**	2.4 %	410 bps
Net income (loss) from continuing operations	**$ (109)**	$ 139	nmf
Net loss from discontinued operations[5]	**$ (20)**	$ —	nmf
Net income (loss)	**$ (129)**	$ 139	nmf
Diluted EPS from continuing operations (in dollars)[6]	**$ (1.22)**	$ 1.34	$ (2.56)
Diluted EPS from discontinued operations (in dollars)[6]	**$ (0.21)**	$ (0.01)	$ (0.20)
	$ (1.43)	$ 1.33	$ (2.76)
Adjusted net loss[1][2]	**$ (38)**	$ (137)	72 %
Adjusted EPS (in dollars)[1][3][6]	**$ (0.48)**	$ (1.49)	$ 1.01
Cash flows from operating activities			
Continuing operations	**$ 422**	$ 155	$ 267
Discontinued operations	**$ —**	$ —	$ —
	$ 422	$ 155	$ 267
Net additions to PP&E and intangible assets			
Continuing operations	**$ 81**	$ 64	$ 17
Discontinued operations	**$ —**	$ —	$ —
	$ 81	$ 64	$ 17
Free cash flow[2]			
Continuing operations	**$ 341**	$ 91	$ 250
Discontinued operations	**$ —**	$ —	$ —
	$ 341	$ 91	$ 250

As at	June 30, 2022	December 31, 2021	Variance
Cash and cash equivalents	**$ 1,394**	$ 1,675	(17)%
Order backlog (in billions of dollars)[7]	**$ 14.7**	$ 12.2	20 %

(1) Includes continuing operations only.
(2) 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.
(3) 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.
(4) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section for definitions of these metrics.
(5) Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom and recognized a gain related to the sale in the six-month period ended June 30, 2021. The expenses recorded in discontinued operations for the three- and six-month periods ended June 30, 2022 principally relate to change in estimates of a provision for professional fees.

[6] As of June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation.
[7] Represents order backlog for both manufacturing and services.

Key highlights and events

Bombardier reports strong second quarter 2022 results, increases full-year free cash flow[1] guidance and reaffirms guidance on other metrics[2]

- Raised 2022 full-year guidance on free cash flow[1], now expected to be better than $515 million for the year vs better than $50 million, based on stronger working capital performance and increased interest cost savings from accelerated deleveraging; reaffirmed guidance on aircraft deliveries, revenues and profitability metrics.[2]

- Revenues of $1.6 billion for the second quarter reflect 28 aircraft deliveries and a 22% year-over-year aftermarket revenue increase to $359 million.

- Adjusted EBITDA[1] for the second quarter rose to $201 million, a 41% year-over-year improvement driven by continued progress on strategic priorities. Adjusted EBITDA margins[3] rose 350 bps year over year to 12.9%. Reported EBIT from continuing operations for the second quarter was $101 million.

- Strong free cash flow[1] generation of $341 million from continuing operations for the second quarter of 2022, representing an improvement of $250 million year-over-year and tracking ahead of plan. Reported cash flow from operating activities for the second quarter was $422 million and net additions to PP&E and intangible assets were $81 million.

- Strong order intake resulted in second quarter unit book-to-bill[4] of 1.8 and 37% year-over-year increase in order backlog to $14.7 billion.

- Balance sheet strengthening through progress on deleveraging with $373 million debt reduction during the second quarter of 2022 ($773 million year to date) using cash on hand. Adjusted liquidity[1] stands strong at $1.8 billion with cash and cash equivalents of $1.4 billion.

- Moody's Investors Services upgraded Bombardier's corporate family and senior unsecured notes rating to B3. Outlook maintained as stable.

- Successful launch of the *Global 8000* business jet at the European Business Aviation Convention and Exhibition (EBACE) 2022, setting new standards in speed, range and comfort.

[1] 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.
[2] See the forward-looking statements disclaimer.
[3] 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.
[4] Defined as net new aircraft orders in units over aircraft deliveries in units.

GUIDANCE UPDATE[1]

2022 Guidance[1]

The following is an update on 2022 Guidance initially provided in our 2021 Financial Report.

Continuing operations only	2022 Guidance provided in our 2021 Financial Report[2]	Results for the six-month period ended June 30, 2022	2022 Guidance update
Aircraft deliveries (in units)	>120	49	>120
Revenues	> $6.5 billion	$2.8 billion	> $6.5 billion
Adjusted EBITDA[3]	> $825 million	$368 million	> $825 million
Adjusted EBIT[3]	> $375 million	$176 million	> $375 million
EBIT	n/a	$186 million	n/a
Free cash flow[3]	> $50 million	$514 million	> $515 million
Cash flows from operating activities	n/a	$639 million	n/a
Net additions to PP&E and intangible assets	n/a	$125 million	n/a

Following the strong performance in the first half of 2022, we are revising our original 2022 free cash flow[3] guidance to better than $515 million from better than $50 million due to stronger working capital performance and increased interest cost savings from accelerated deleveraging. We reaffirm our original guidance on aircraft deliveries to exceed 120 units, revenues to exceed $6.5 billion, adjusted EBIT[3] and adjusted EBITDA[3] to greater than $375 million and greater than $825 million respectively.

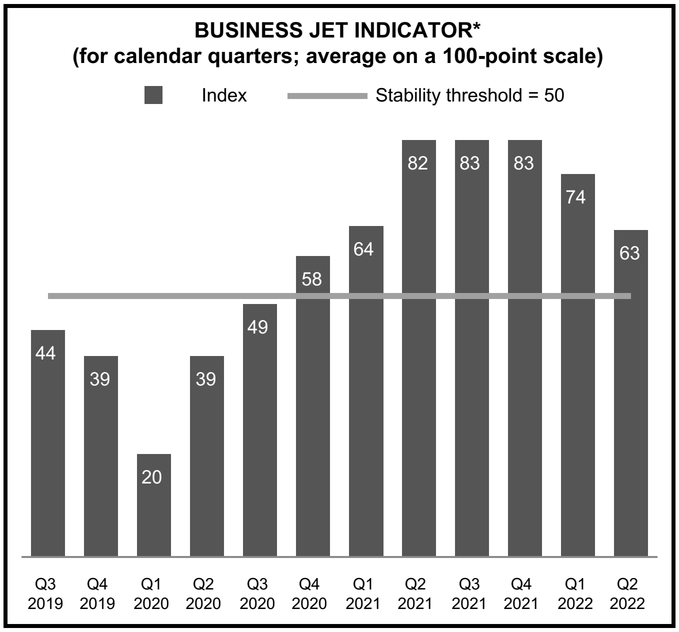
(1) See the forward-looking statements disclaimer.
(2) Refer to our 2021 Financial Report for further details.
(3) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might 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.

INDUSTRY AND ECONOMIC ENVIRONMENT

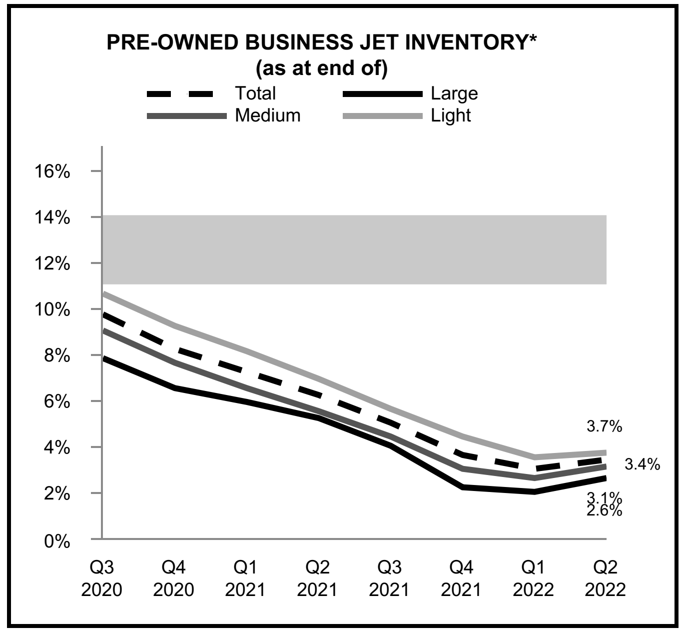
Following several quarters of growth and improvement in market conditions, the second quarter of 2022 has begun to show signs of stabilization in overall industry conditions. Most industry indicators remained near all-time peaks. Industry confidence, measured by the Barclays Business Jet Indicator score of 63, remains above the stability threshold representing favorable industry conditions. This does however reflect a variance of 11 points versus May 2022. The index peaked at 83 in September and December 2021. The 12-month outlook component of the index fell in the last six months, from 56 in December 2021 to 33 in May of 2022. According to the results of the survey, the index is driven by historically low levels of pre-owned inventory for the first six months of the year, particularly for younger aircraft.(1) The total number of pre-owned aircraft available for sale, as a percentage of the total in-service fleet, was estimated at 3.4% as of June 30th, 2022, an increase of 0.4 percentage points compared to the first quarter of 2022, this change is mainly due to an increase in pricing for pre-owned aircraft that has tempered an overall strong demand. Nevertheless, this level of inventory represents a 45% decrease compared to the second quarter of 2021.(2) In the U.S., business jet utilization increased by 19%, year-over-year for the first five months of the year. In Europe, business jet utilization increased by 41% in the first six months of the year, mostly due to the removal of overall flight restrictions.(3) Finally, estimated industry deliveries for Q2 2022 have increased by 14% year over year, with a total of 125 units delivered.(4)

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.

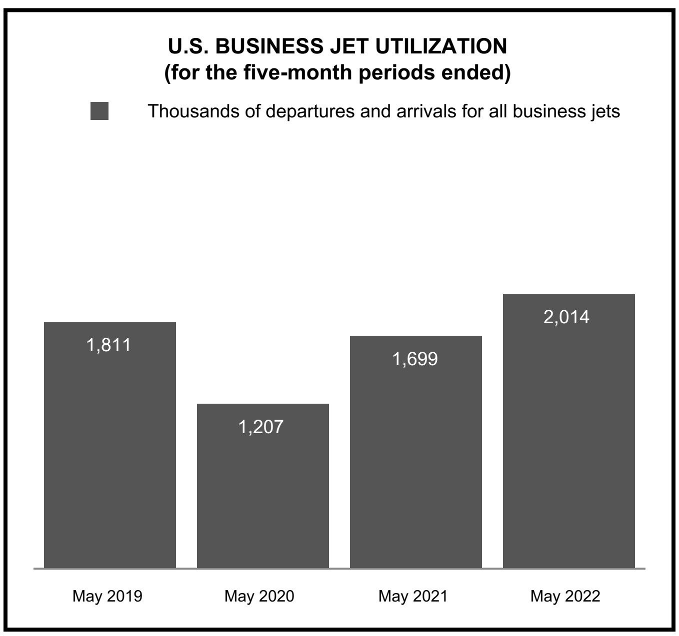
(1) According to the Barclays Business Jet Survey dated May 25, 2022.
(2) According to JETNET and Ascend online.
(3) According to the U.S. Federal Aviation Administration (FAA) and Eurocontrol websites.
(4) Based on our estimates, public disclosure records of certain competitors, the General Aviation Manufacturers Association (GAMA) shipment reports and Ascend (by Cirium).



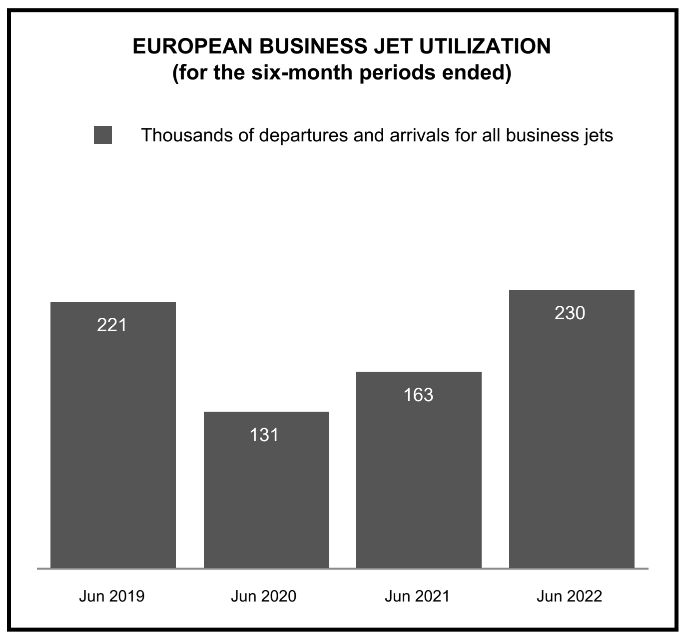
Source: Barclays
* The Business Jet Indicator is a measure of market confidence from industry professionals, gathered through regular surveys of brokers, dealers, manufacturers, fractional providers, financiers and others.



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 are restated due to Brexit where UK flights have been removed from business jet utilization.

CONSOLIDATED RESULTS OF OPERATIONS

Results of operations

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Revenues				
Business aircraft				
Manufacturing and other[1]	**$ 1,182**	$ 1,205	**$ 2,050**	$ 2,255
Services[2]	**359**	295	**720**	564
Others[3]	**16**	24	**33**	46
Total revenues	**1,557**	1,524	**2,803**	2,865
Cost of sales	**1,288**	1,309	**2,295**	2,466
Gross margin	**269**	215	**508**	399
SG&A	**93**	87	**180**	168
R&D	**80**	92	**159**	166
Other expense (income)	**(7)**	4	**(7)**	4
Adjusted EBIT[4]	**103**	32	**176**	61
Special items	**2**	(4)	**(10)**	6
EBIT	**101**	36	**186**	55
Financing expense	**233**	286	**591**	576
Financing income	**(25)**	(389)	**(11)**	(413)
EBT	**(107)**	139	**(394)**	(108)
Income taxes	**2**	—	**2**	4
Net income (loss) from continuing operations	**$ (109)**	$ 139	**$ (396)**	$ (112)
Net income (loss) from discontinued operations[5]	**(20)**	—	**(20)**	5,321
Net income (loss)	**$ (129)**	$ 139	**$ (416)**	$ 5,209
Attributable to				
Equity holders of Bombardier Inc.	**$ (129)**	$ 139	**$ (416)**	$ 5,180
NCI[5]	**$ —**	$ —	**$ —**	$ 29
EPS (in dollars)[6]				
Basic	**$ (1.43)**	$ 1.35	**$ (4.52)**	$ 53.34
Diluted	**$ (1.43)**	$ 1.33	**$ (4.52)**	$ 52.27
EPS from continuing operations (in dollars)[6]				
Basic	**$ (1.22)**	$ 1.36	**$ (4.31)**	$ (1.30)
Diluted	**$ (1.22)**	$ 1.34	**$ (4.31)**	$ (1.27)
As a percentage of total revenues				
Gross margin[7]	**17.3 %**	14.1 %	**18.1 %**	13.9 %
Adjusted EBIT margin[8]	**6.6 %**	2.1 %	**6.3 %**	2.1 %
EBIT margin[7]	**6.5 %**	2.4 %	**6.6 %**	1.9 %

(1) Includes revenues from sale of new aircraft, specialized aircraft solutions and pre-owned aircraft.
(2) Includes revenues from aftermarket services including parts, *Smart Services*, service centers, training and technical publications.
(3) Includes revenues from sale of components related to commercial aircraft programs.
(4) 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.
(5) Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom and recognized a gain related to the sale in the six-month period ended June 30, 2021. The expenses recorded in discontinued operations for the three- and six-month periods ended June 30, 2022 principally relate to change in estimates of a provision for professional fees.
(6) As of June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation’s Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation.
(7) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section for definitions of these metrics.
(8) 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 June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
EBIT[1]	**$ 101**	$ 36	**$ 186**	$ 55
Adjusted EBITDA[1][2]	**$ 201**	$ 143	**$ 368**	$ 266
Adjusted EBITDA margin[1][3]	**12.9 %**	9.4 %	**13.1 %**	9.3 %
Net income (loss) from continuing operations	**$ (109)**	$ 139	**$ (396)**	$ (112)
Adjusted net loss[1][2]	**$ (38)**	$ (137)	**$ (108)**	$ (310)
Diluted EPS from continuing operations[4]	**$ (1.22)**	$ 1.34	**$ (4.31)**	$ (1.27)
Adjusted EPS[1][3][4]	**$ (0.48)**	$ (1.49)	**$ (1.28)**	$ (3.35)

(1) Includes continuing operations only.

(2) 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.

(3) 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.

(4) As of June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation.

Analysis of consolidated results

Revenues

Revenues for the three-month period ended June 30, 2022 increased by $33 million year over year mainly due to:

- Services revenues increased by $64 million year over year mainly due to increased fleet flight hours.

Partially offset by:

- Manufacturing revenues decreased by $23 million year over year mainly due to lower deliveries of large aircraft and the ending of *Learjet* aircraft production[1], partially offset by higher deliveries in medium aircraft.

Revenues for the six-month period ended June 30, 2022 decreased by $62 million year over year mainly due to:

- Manufacturing revenues decreased by $205 million year over year mainly due to lower deliveries.

Partially offset by:

- Services revenues increased by $156 million year over year mainly due to increased fleet flight hours.

(1) Bombardier delivered its last *Learjet* aircraft in the first quarter of 2022.

Gross margin[1]

Gross margin as a percentage of revenues[1] for the three-month period ended June 30, 2022 increased year over year by 3.2%, mainly as a result of incremental *Global 7500* margins and execution of our cost reduction plan.

Gross margin as a percentage of revenues[1] for the six-month period ended June 30, 2022 increased year over year by 4.2%, mainly as a result of incremental *Global 7500* margins, execution of our cost reduction plan and higher contributions from aftermarket.

(1) 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 our core performance or where their separate presentation will assist users in understanding our results for the period. Such items include, among others, the impact of restructuring charges, impact of business disposals and significant impairment charges and reversals.

Special items were as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Reversal of *Learjet 85* aircraft program cancellation provisions[1]	**$ —**	$ —	**$ (7)**	$ —
Changes in divestures provisions and other[2]	**—**	(10)	**(3)**	(10)
Losses (gains) on repayment of long-term debt[3]	**(21)**	107	**(3)**	183
Restructuring charges[4]	**2**	7	**—**	30
Gain on sale of EWIS[5]	**—**	(1)	**—**	(14)
	$ (19)	$ 103	**$ (13)**	$ 189
Of which is presented in				
Special items in EBIT	**$ 2**	$ (4)	**$ (10)**	$ 6
Financing expense - losses (gains) on repayment of long-term debt[3]	**(21)**	107	**(3)**	183
	$ (19)	$ 103	**$ (13)**	$ 189

1. Based on the ongoing activities with respect to the cancellation of the *Learjet 85* aircraft program, the Corporation reduced the related provisions by nil and $7 million for the three- and six-month periods ended June 30, 2022 (nil for the three- and six-month periods ended June 30, 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.
2. Based on the ongoing activities with respect to the 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.
3. For the three- and six-month periods ended June 30, 2022, represents the losses (gains) related to the partial repayment of the Senior Notes due 2024, 2025 and 2027. For the three- and six-month periods ended June 30, 2021, represents the losses related to the repayment of the Senior Secured Term Loan and the partial repayments of the Senior Notes due 2021, the Senior Notes due March 2022, the Senior Notes due October 2022 and the Senior Notes due 2023. Refer to Note 6 - Financing expense and financing income and Note 16 - Long-term debt for more information.
4. For the three- and six-month periods ended June 30, 2022, represents addition of severance charges of $1 million and reversal of severance charges of $1 million, and other charges of $1 million and $1 million, respectively. For the three- and six-month periods ended June 30, 2021, represents severance charges of $7 million and $35 million, and impairment of PP&E of nil and $3 million, partially offset by curtailment gains of nil and $8 million.
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 $1 million and $14 million for the three- and six-month periods ended June 30, 2021.

EBIT margin[1]

Adjusted EBIT margin[2] for the three-month period increased by 4.5 percentage points year over year mainly due to higher contribution from manufacturing and other, mainly resulting from 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 4.1 percentage points compared to the same period last year.

Adjusted EBIT margin[2] for the six-month period increased by 4.2 percentage points year over year mainly due to higher contribution from manufacturing and other, mainly resulting from incremental *Global 7500* margins and execution of our cost reduction plan, and higher contribution from services mainly resulting from margin conversion on incremental revenues.

Including the impact of special items (see explanation of special items above), the EBIT margin for the six-month period increased by 4.7 percentage points compared to the same period last year.

(1) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section for definitions of these metrics.
(2) 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.

Net financing expense (income)

Net financing expense (income) amounted to $208 million and $580 million, respectively, for the three- and six-month periods ended June 30, 2022, compared to $(103) million and $163 million for the corresponding periods last fiscal year.

The $311 million increase in net financing expense for the three-month period is mainly due to:
- higher net losses on certain financial instruments classified as FVTP&L ($470 million), mainly due to a non-cash change in fair value of embedded derivatives related to call options on long-term debt.

Partially offset by:
- gains recorded in 2022 related to the partial repayment of the Senior Notes due 2024, 2025 and 2027 compared to losses recorded in 2021 related to the partial repayments of the Senior Notes due 2021, 2022 and 2023, all of which were presented as special items ($128 million); and
- lower interest on long-term debt, after the effect of hedge ($16 million).

The $417 million increase in net financing expense for the six-month period is mainly due to:
- higher net losses on certain financial instruments classified as FVTP&L ($693 million), mainly due to a non-cash change in fair value of embedded derivatives related to call options on long-term debt.

Partially offset by:
- gains recorded in 2022 related to the partial repayment of the Senior Notes due 2024, 2025 and 2027 compared to losses recorded in 2021 related to the repayment of the Senior Secured Term Loan and the partial repayments of the Senior Notes due 2021, 2022 and 2023, all of which were presented as special items ($186 million); and
- lower interest on long-term debt, after the effect of hedge ($70 million).

Income taxes

The effective income tax rate for the three- and six-month periods ended June 30, 2022 were (1.7)% and (0.5)% respectively, 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 rates for the three- and six-month periods ended June 30, 2021 were nil and (3.7)% respectively, compared to the statutory income tax rate in Canada of 26.5%. In the three-month period, the effective income tax rate is due to the positive impact of the permanent differences offset by the net non-recognition of tax benefits related to tax losses and temporary differences. In the six-month period, 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 partially offset by the permanent differences.

Product development

Investment in product development

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Additions to aerospace program tooling[1]	**$ 22**	$ 23	**$ 36**	$ 35
R&D expense[2]	**5**	3	**13**	8
	$ 27	$ 26	**$ 49**	$ 43
As a percentage of revenues	**1.7%**	1.7%	**1.7%**	1.5%

(1) 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.
(2) Excluding amortization of aerospace program tooling of $75 million and $146 million, respectively, for the three- and six-month periods ended June 30, 2022 ($89 million and $158 million for the three- and six-month periods ended June 30, 2021), as the related investments are already included in aerospace program tooling.

In May 2022, Bombardier unveiled updates and enhancements on its ongoing *Global 8000* aircraft development. During the first public presentation of the aircraft at the European Business Aviation Convention and Exhibition (EBACE) in Geneva, Bombardier announced that the jet is expected to enter into service in 2025, and provided updated aircraft specifications. The new jet, which is the world's fastest and longest-range purpose-built business aircraft, will now boast an industry-leading range of 8,000 nautical miles, an industry leading top speed of Mach 0.94 and the only true, four-zone cabin for an aircraft with this range. The introduction of the new *Global 8000* aircraft has been a carefully planned investment that further strengthens Bombardier's impressive portfolio of industry-defining business jets. Development to date has been included in previously disclosed investment figures. All further development costs will be included in Bombardier's net additions to PP&E and intangible assets, which remains in line with its 2025 objectives.

Flight testing and certification activities for the *Challenger 3500* aircraft continue to progress on schedule, with the launch customer aircraft on track for entry into service in the third quarter of 2022. The aircraft's Autothrottle System received Transport Canada Certification in April 2022. In May 2022, Bombardier published an Environmental Product Declaration (EPD) for the jet. Following Bombardier's recent groundwork on making the *Global 7500* aircraft the first business jet ever to receive an EPD, the *Challenger 3500* aircraft is the first business jet in the super mid-size segment with such a declaration.

Aircraft deliveries and order backlog

Aircraft deliveries

(in units)	Three-month periods ended June 30 2022	2021	Six-month periods ended June 30 2022	2021
Business aircraft				
Light[1]	**—**	3	**3**	4
Medium	**12**	9	**18**	18
Large	**16**	17	**28**	33
	28	29	**49**	55

[1] Bombardier delivered its last *Learjet* aircraft in the first quarter of 2022.

Order backlog

(in billions of dollars)	As at June 30, 2022	December 31, 2021
Order backlog[1]	**$ 14.7**	$ 12.2

[1] Represents order backlog for both manufacturing and services.

The order backlog has grown since the beginning of the year 2022. We finished the first half year of 2022 with a strong business aircraft order backlog of $14.7 billion. Management continuously monitors backlog length and production rates to balance with sales activities, market demand and aircraft lead time.

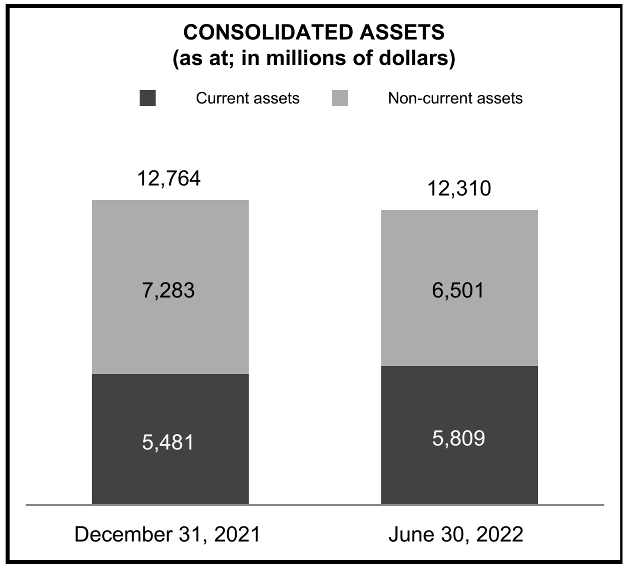
CONSOLIDATED FINANCIAL POSITION

The $454-million decrease in assets for the six-month period is mainly explained by[1]:

- a $431-million decrease in other financial assets primarily due to change in fair value of embedded derivatives related to call options on long-term debt;
- a $281-million decrease in cash and cash equivalents. Refer to the Consolidated Statements of Cash Flows for the period ended June 30, 2022 and the Available short-term capital resources section of this MD&A; and
- a $118-milion decrease in aerospace program tooling mainly due to depreciation.

Partially offset by:

- a $232-million increase in inventories mainly due to increase in production; and
- a $200-million increase in PP&E mainly due to an increase in right-of-use assets under leases and additions to the new Toronto Pearson Airport manufacturing facility which is currently under construction.

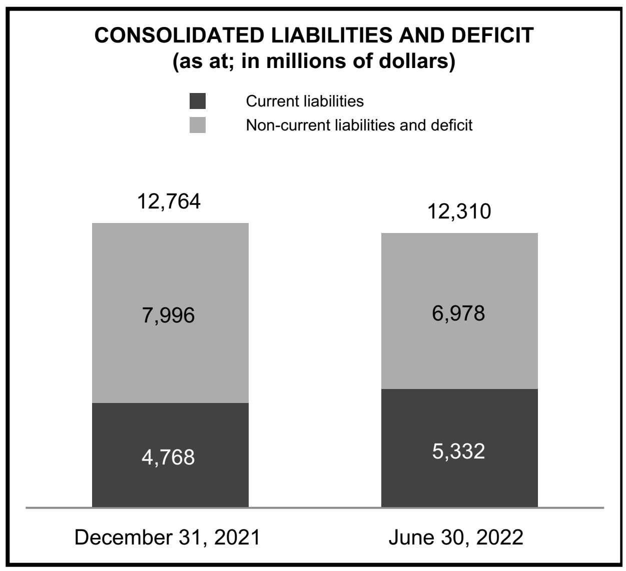


The $454-million decrease in total liabilities and equity for the six-month period is mainly explained by[1]:

- a $766-million decrease in long-term debt obligations due to the partial repayment of Notes due 2024, 2025 and 2027;
- a $381-million decrease in retirement benefits mainly due to remeasurement of defined benefits plans; and
- a $72-million decrease in other liabilities.

Partially offset by:

- a $841-million increase in contract liabilities due to advances on aerospace programs as a result of order intake and customer progress payments.



[1] 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 11 - Other financial assets and Note 14 - Other financial liabilities in our Interim consolidated financial statements for further details.

LIQUIDITY AND CAPITAL RESOURCES

Free cash flow[1]

Free cash flow (usage) from continuing operations[1]

		Three-month periods ended June 30				Six-month periods ended June 30		
		2022		2021		**2022**		2021
Net income (loss) from continuing operations	**$**	**(109)**	$	139	**$**	**(396)**	$	(112)
Non-cash items								
Amortization		**98**		111		**190**		205
Impairment charges on PP&E and intangible assets		**—**		—		**2**		3
Deferred income taxes		**1**		(3)		**1**		(1)
Losses on disposals of PP&E and intangible assets		**—**		—		**—**		1
Gains on disposal of businesses		**—**		(1)		**—**		(15)
Share of expense of joint ventures and associates		**—**		1		**—**		—
Share-based expense		**4**		4		**8**		9
Losses (gains) on repayment of long-term debt		**(21)**		107		**(3)**		183
Other		**—**		1		**—**		3
Net change in non-cash balances - continuing operations		**449**		(204)		**837**		(493)
Cash flows (usage) from operating activities - continuing operations		**422**		155		**639**		(217)
Net additions to PP&E and intangible assets		**(81)**		(64)		**(125)**		(97)
Free cash flow (usage) - continuing operations[1]	**$**	**341**	$	91	**$**	**514**	$	(314)

[1] 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 $267-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 ($653 million).

Partially offset by:

- a higher net loss from continuing operations before the above-listed non-cash items ($386 million).

The $856-million improvement in cash flows from operating activities (continuing operations) for the six-month period is mainly due to:

- a positive period-over-period variation in net change in non-cash balances ($1,330 million).

Partially offset by:

- a higher net loss from continuing operations before the above-listed non-cash items ($474 million).

Net change in non-cash balances - continuing operations

For the three-month period ended June 30, 2022, the $449-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;
- an increase in trade and other payables; 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 inventories mainly due to the increase in production for aircraft.

For the three-month period ended June 30, 2021, the $204-million outflow is mainly due to:

- an increase 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; and
- a decrease in trade and other payables.

Partially offset by:

- an increase in contract liabilities mainly due to advances on aerospace programs as a result of higher order intake; and
- a decrease in inventories mainly due to higher aircraft deliveries.

For the six-month period ended June 30, 2022, the $837-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 inventories mainly due to the increase in production for aircraft; and
- a decrease in other financial liabilities.

For the six-month period ended June 30, 2021, the $493-million outflow is mainly due to:

- an increase 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.

Net additions to PP&E and intangible assets[(1)]

	Three-month periods ended June 30				Six-month periods ended June 30			
		2022		2021		**2022**		2021
Additions to PP&E and intangible assets[(1)]	**$**	**(81)**	$	(64)	**$**	**(125)**	$	(101)
Proceeds from disposals of PP&E and intangible assets[(1)]		**—**		—		**—**		4
Net additions to PP&E and intangible assets[(1)]	**$**	**(81)**	$	(64)	**$**	**(125)**	$	(97)

(1) Includes continuing operations only.

For the three- and six-month periods ended June 30, 2022, net additions to PP&E and intangible assets increased by $17 million and $28 million, mainly due to additions to the new Toronto Pearson Airport manufacturing facility which is currently under construction.

Available short-term capital resources[1]

Variation in cash and cash equivalents

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Balance at the beginning of period	**$ 1,406**	$ 3,153	**$ 1,675**	$ 2,450
Free cash flow (usage) from continuing operations[1]	**341**	91	**514**	(314)
Cash flows from operating activities - discontinued operations[2]	**—**	—	**—**	(621)
Net proceeds from disposal of business[2]	**—**	(41)	**—**	2,868
Deconsolidation of cash and cash equivalents related to Transportation	**—**	—	**—**	(279)
Proceeds from sale of Alstom shares	**—**	611	**—**	611
Changes to restricted cash[3]	**10**	—	**19**	(477)
Net proceeds from issuance of long-term debt	**—**	1,443	**—**	1,443
Repayments of long-term debt	**(350)**	(2,903)	**(760)**	(3,698)
Net change in short-term borrowings related to Transportation	**—**	—	**—**	365
Payment of lease liabilities	**(8)**	(7)	**(13)**	(15)
Dividends paid - Preferred shares	**(5)**	(5)	**(10)**	(10)
Issuance of Class B shares	**1**	—	**2**	—
Purchase of Class B shares held in trust under the PSU and RSU plans	**(8)**	(8)	**(28)**	(8)
Effect of exchange rates changes on cash and cash equivalents	**—**	(9)	**—**	(13)
Other	**7**	(37)	**(5)**	(14)
Balance at the end of period	**$ 1,394**	$ 2,288	**$ 1,394**	$ 2,288

Following the first half year results, as well as the deployment actions towards debt repayments, the Corporation's adjusted liquidity[1] 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.

(1) 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.

(2) Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom.

(3) Includes cash collateral supporting various bank guarantees.

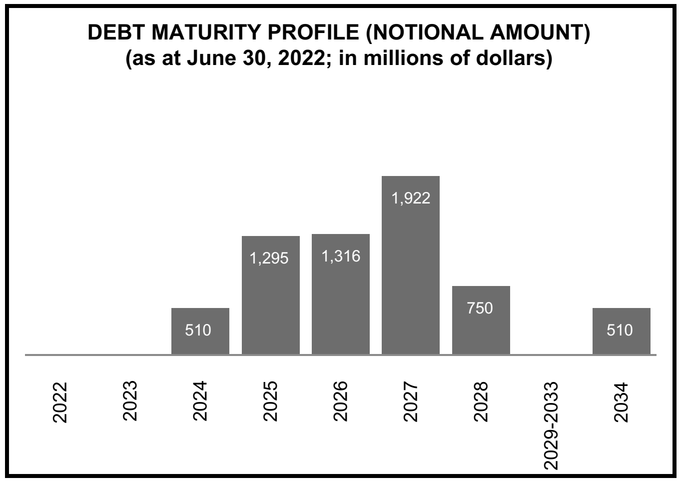
Future liquidity requirements

There is no long-term debt due until December 2024. The notional amount of long-term debt due in December 2024 is $510 million.

In March 2022, the Corporation completed the partial repayment of Senior Notes due 2024 and 2025 for an aggregate amount of $400 million using its cash and cash equivalents. In June 2022, the Corporation completed the partial repayment of Senior Notes due 2024, 2025 and 2027 for an aggregate amount of $373 million using its cash and cash equivalents. See Note 5 - Special items and Note 6 - Financing expense and financing income 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.[1]

[1] See the forward-looking statements disclaimer.



Creditworthiness

In July 2022, Moody's Investors Service, Inc. upgraded Bombardier's issuer rating from Caa1 to B3.

Credit Ratings

	Bombardier Inc.'s issuer rating	
	August 3, 2022	December 31, 2021
Moody's Investors Service, Inc.	**B3**	Caa1
Standard & Poor's Rating Services	**CCC+**	CCC+

Over the long term, we believe that we are in a good position to continue to improve our credit ratings as we continue deleveraging and delivering positive free cash flow[1][2].

[1] 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.
[2] 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. The Corporation intends to continue to opportunistically refinance or deploy excess liquidity towards debt paydown and continues to evaluate the most efficient debt reduction strategies, which may include redemptions, tender offers and open market repurchases of outstanding debt securities.

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(1) to approximately 3x by 2025(2). Following the repayment of $773 million long-term debt in the first half of 2022, the Corporation has now reduced more than $280 million of annualized interest cost for long-term debt compared to the annualized interest cost as at December 31, 2020, exceeding its targeted interest cost reduction announced on the Investor Day on March 4, 2021 of more than $250 million.

(1) 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.
(2) 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			
	June 30, 2022		December 31, 2021	
Interest paid on long-term debt(1)	**$**	**542**	$	633
Long-term debt	**$**	**6,280**	$	7,047
Less: Cash and cash equivalents		**(1,394)**		(1,675)
Certain restricted cash supporting various bank guarantees		**(410)**		(429)
Adjusted net debt(2)	**$**	**4,476**	$	4,943
EBIT	**$**	**372**	$	241
Amortization		**402**		417
Impairment charges on PP&E and intangible assets		**2**		3
Special items excluding impairment charges on PP&E and intangible assets		**(34)**		(21)
Adjusted EBITDA(2)	**$**	**742**	$	640
Adjusted net debt to adjusted EBITDA ratio(3)		**6.0**		7.7

(1) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section for definitions of these metrics.
(2) 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.
(3) 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[1] which amounted to $559 million as at June 30, 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[1] 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 $389-million decrease in the net retirement benefit liability[1] is explained as follows:

Variation in net retirement benefit liability[1]			
Balance as at December 31, 2021	$	948	[2]
Changes in discount rates and other financial assumptions		(1,257)	
Employer contributions		(50)	
Changes in foreign exchange rates		(6)	
Actuarial losses on pension plan assets		861	
Service costs		45	
Accretion on net retirement benefit obligations		15	
Other		3	
Balance as at June 30, 2022	**$**	**559**	**[2]**

[1] Supplementary financial measure. Refer to the Non-GAAP and other financial measures section for definitions of these metrics.
[2] Includes retirement benefit assets of $158 million as at June 30, 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	
Non-GAAP Financial Measures	
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.
Non-GAAP Financial Ratios	
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.
Supplementary Financial Measures	
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 benefit 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 increase 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 increase 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[1]

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
EBIT	**$ 101**	$ 36	**$ 186**	$ 55
Special items	**2**	(4)	**(10)**	6
Adjusted EBIT	**$ 103**	$ 32	**$ 176**	$ 61
Total revenues	**$ 1,557**	$ 1,524	**$ 2,803**	$ 2,865
Adjusted EBIT margin	**6.6 %**	2.1 %	**6.3 %**	2.1 %

(1) Includes continuing operations only.

Reconciliation of adjusted EBITDA to EBIT and computation of adjusted EBITDA margin[(1)]

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
EBIT	**$ 101**	$ 36	**$ 186**	$ 55
Amortization	**98**	111	**190**	205
Impairment charges on PP&E and intangible assets[(2)]	**—**	—	**2**	3
Special items excluding impairment charges on PP&E and intangible assets[(2)]	**2**	(4)	**(10)**	3
Adjusted EBITDA	**$ 201**	$ 143	**$ 368**	$ 266
Total revenues	**$ 1,557**	$ 1,524	**$ 2,803**	$ 2,865
Adjusted EBITDA margin	**12.9 %**	9.4 %	**13.1 %**	9.3 %

Reconciliation of adjusted net loss to net income (loss) and computation of adjusted EPS[(1)]

	Three-month periods ended June 30			
	2022	**(per share)**	2021	(per share)
Net income (loss)	**$ (109)**		$ 139	
Adjustments to EBIT related to special items[(2)]	**2**	**$ 0.02**	(4)	$ (0.04)
Adjustments to net financing expense related to:				
Net loss (gain) on certain financial instruments	**82**	**0.86**	(388)	(4.01)
Accretion on net retirement benefit obligations	**7**	**0.07**	9	0.09
Loss (gain) on repayment of long-term debt[(2)]	**(21)**	**(0.22)**	107	1.11
Tax impact of special[(2)] and other adjusting items	**1**	**0.01**	—	—
Adjusted net loss	**(38)**		(137)	
Preferred share dividends, including taxes	**(7)**		(7)	
Adjusted net loss attributable to equity holders of Bombardier Inc.	**$ (45)**		$ (144)	
Weighted-average diluted number of common shares (in thousands)[(3)]	**94,818**		96,852	
Adjusted EPS (in dollars)[(3)]	**$ (0.48)**		$ (1.49)	

Reconciliation of adjusted EPS to diluted EPS (in dollars)[(1)]

	Three-month periods ended June 30	
	2022	2021
Diluted EPS[(3)]	**$ (1.22)**	$ 1.34
Impact of special[(2)] and other adjusting items[(3)]	**0.74**	(2.83)
Adjusted EPS[(3)]	**$ (0.48)**	$ (1.49)

(1) Includes continuing operations only.
(2) Refer to the Consolidated results of operations section for details regarding special items.
(3) As of June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation’s Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation.

Reconciliation of adjusted net loss to net loss and computation of adjusted EPS[1]

	Six-month periods ended June 30			
	2022	**(per share)**	2021	(per share)
Net loss	**$ (396)**		$ (112)	
Adjustments to EBIT related to special items[2]	**(10)**	**$ (0.11)**	6	$ 0.06
Adjustments to net financing expense related to:				
Net loss (gain) on certain financial instruments	**286**	**3.01**	(407)	(4.20)
Accretion on net retirement benefit obligations	**15**	**0.16**	20	0.21
Loss (gain) on repayment of long-term debt[2]	**(3)**	**(0.03)**	183	1.89
Adjusted net loss	**(108)**		(310)	
Preferred share dividends, including taxes	**(14)**		(14)	
Adjusted net loss attributable to equity holders of Bombardier Inc.	**$ (122)**		$ (324)	
Weighted-average diluted number of common shares (in thousands)[3]	**94,968**		96,850	
Adjusted EPS (in dollars)[3]	**$ (1.28)**		$ (3.35)	

Reconciliation of adjusted EPS to diluted EPS (in dollars)[1]

	Six-month periods ended June 30	
	2022	2021
Diluted EPS[3]	**$ (4.31)**	$ (1.27)
Impact of special[2] and other adjusting items[3]	**3.03**	(2.08)
Adjusted EPS[3]	**$ (1.28)**	$ (3.35)

(1) Includes continuing operations only.
(2) Refer to the Consolidated results of operations section for details regarding special items.
(3) As of June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation.

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 flows from operating activities

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Cash flows from operating activities - continuing operations	**$ 422**	$ 155	**$ 639**	$ (217)
Net additions to PP&E and intangible assets	**(81)**	(64)	**(125)**	(97)
Free cash flow (usage) from continuing operations	**$ 341**	$ 91	**$ 514**	$ (314)

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		June 30, 2022		December 31, 2021
Cash and cash equivalents	**$**	**1,394**	$	1,675
Undrawn amounts under available senior secured term loan		**—**		—
Available short-term capital resources	**$**	**1,394**	$	1,675

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		June 30, 2022		December 31, 2021
Cash and cash equivalents	**$**	**1,394**	$	1,675
Certain restricted cash supporting various bank guarantees		**410**		429
Adjusted liquidity	**$**	**1,804**	$	2,104

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 corporations 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[1]

		Four-quarter trailing periods ended		
		June 30, 2022		December 31, 2021
Long-term debt	**$**	**6,280**	$	7,047
Less: Cash and cash equivalents		**1,394**		1,675
Certain restricted cash supporting various bank guarantees		**410**		429
Adjusted net debt	**$**	**4,476**	$	4,943
Adjusted EBITDA	**$**	**742**	$	640
Adjusted net debt to adjusted EBITDA ratio		**6.0**		7.7

[1] 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 20 - 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 20 - 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 June 30, 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 six-month period ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

OTHER

On June 23, 2022, the Corporation confirmed that it had received approval from the Toronto Stock Exchange for the renewal of its normal course issuer bid (NCIB) to purchase, from June 28, 2022 to June 27, 2023, up to 880,000 Class B shares (subordinate voting). Class B shares (subordinate voting) purchased under the NCIB will be cancelled if purchased in order to mitigate the dilutive effect of granting stock options under the Corporation's stock option plan, or will be placed in trust and eventually be used to settle the Corporation's obligations under certain of its employee share-based incentive plans, including its PSU and RSU plans.

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:

	June 30, 2022	December 31, 2021	Decrease
Euro	**1.0442**	1.1325	(8)%
Canadian dollar	**0.7756**	0.7849	(1)%
Pound sterling	**1.2125**	1.3499	(10)%

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

	June 30, 2022	June 30, 2021	Decrease
Euro	**1.0662**	1.2048	(12)%
Canadian dollar	**0.7839**	0.8140	(4)%
Pound sterling	**1.2586**	1.3973	(10)%

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

	June 30, 2022	June 30, 2021	Decrease
Euro	**1.0945**	1.2053	(9)%
Canadian dollar	**0.7867**	0.8017	(2)%
Pound sterling	**1.3005**	1.3878	(6)%

SELECTED FINANCIAL INFORMATION

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

Fiscal years	**2022**	2021				2020		
	Second	First	Fourth	Third	Second	First	Fourth	Third
Revenues from continuing operations	**$ 1,557**	$ 1,246	$ 1,771	$ 1,449	$ 1,524	$ 1,341	$ 2,337	$ 1,405
Revenues from discontinued operations	**$ —**	$ —	$ —	$ —	$ —	$ —	$ 2,076	$ 2,120
Total	**$ 1,557**	$ 1,246	$ 1,771	$ 1,449	$ 1,524	$ 1,341	$ 4,413	$ 3,525
Net income (loss) attributable to equity holders of Bombardier Inc.								
Continuing operations	**$ (109)**	$ (287)	$ 239	$ (376)	$ 139	$ (251)	$ (15)	$ (24)
Discontinued operations	**$ (20)**	$ —	$ (1)	$ (1)	$ —	$ 5,321	$ (322)	$ 216
Total	**$ (129)**	$ (287)	$ 238	$ (377)	$ 139	$ 5,070	$ (337)	$ 192
EPS (in dollars)[1]								
Continuing operations basic	**$ (1.22)**	$ (3.09)	$ 2.42	$ (3.97)	$ 1.36	$ (2.66)	$ (0.14)	$ (0.30)
Continuing operations diluted	**$ (1.22)**	$ (3.09)	$ 2.35	$ (3.97)	$ 1.34	$ (2.59)	$ (0.14)	$ (0.30)
Discontinued operations basic	**$ (0.21)**	$ 0.00	$ (0.01)	$ (0.01)	$ (0.01)	$ 54.60	$ (4.21)	$ 1.40
Discontinued operations diluted	**$ (0.21)**	$ 0.00	$ (0.01)	$ (0.01)	$ (0.01)	$ 53.31	$ (4.21)	$ 1.40

(1) As of June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation.

SHAREHOLDER INFORMATION

On June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the numbers for the average basic and diluted Class A shares and Class B shares (subordinate voting) outstanding, the number of PSUs, RSUs, DSUs, stock options and warrants and the EPS for the current and prior periods have been adjusted and restated to reflect the effect of the Share Consolidation. See Note 7 - Earnings per share and Note 17 - Share-based plans for more information.

Authorized, issued and outstanding share data, as at August 2, 2022

	Authorized	Issued and outstanding
Class A Shares (multiple voting)[(1) (2)]	143,680,000	12,349,370
Class B Shares (subordinate voting)[(2) (3)]	143,680,000	81,519,890 [(4)]
Series 2 Cumulative Redeemable Preferred Shares	12,000,000	2,684,527
Series 3 Cumulative Redeemable Preferred Shares	12,000,000	9,315,473
Series 4 Cumulative Redeemable Preferred Shares	9,400,000	9,400,000

(1) Ten votes each, convertible at the option of the holder into one Class B Subordinate Voting Share.
(2) As of June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation.
(3) Convertible at the option of the holder into one Class A Share under certain conditions.
(4) Net of 3,704,417 Class B Subordinate Voting Shares purchased and held in trust in connection with the PSU and RSU plans.

Warrant, share option, PSU, DSU and RSU data as at June 30, 2022

Warrants issued and outstanding	4,234,074
Options issued and outstanding under the share option plans	4,679,120
PSUs, DSUs and RSUs issued and outstanding under the PSU, DSU and RSU plans	3,786,389
Class B Subordinate Voting Shares held in trust to satisfy PSU and RSU obligations	3,033,009

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

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	April 27, 2023
Second Quarterly Report, for the period ending June 30, 2023	August 3, 2023

Information

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This MD&A for the three- and six-month periods ended June 30, 2022 was authorized for issuance by the Board of Directors on August 3, 2022.

Additional information relating to the Corporation, including the financial report and annual information form, are available on SEDAR at sedar.com or on Bombardier's dedicated investor relations website at 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.

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.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2022
(Unaudited)
(Tabular figures are in millions of U.S. dollars, unless otherwise indicated)

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
		PSU	Performance share unit
EBT	Earnings (loss) before income taxes	R&D	Research and development
EPS	Earnings (loss) per share attributable to equity holders of Bombardier Inc.	RSU	Restricted share unit
		SG&A	Selling, general and administrative
FVOCI	Fair value through other comprehensive income	U.K.	United Kingdom
FVTP&L	Fair value through profit and loss	U.S.	United States of America
IAS	International Accounting Standard(s)		

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

		Three-month periods ended June 30		Six-month periods ended June 30	
	Notes	**2022**	2021	**2022**	2021
Revenues	2	**$ 1,557**	$ 1,524	**$ 2,803**	$ 2,865
Cost of sales	10	**1,288**	1,309	**2,295**	2,466
Gross margin		**269**	215	**508**	399
SG&A		**93**	87	**180**	168
R&D	3	**80**	92	**159**	166
Other expense (income)	4	**(7)**	4	**(7)**	4
Special items	5	**2**	(4)	**(10)**	6
EBIT		**101**	36	**186**	55
Financing expense	6	**233**	286	**591**	576
Financing income	6	**(25)**	(389)	**(11)**	(413)
EBT		**(107)**	139	**(394)**	(108)
Income taxes		**2**	—	**2**	4
Net income (loss) from continuing operations		**$ (109)**	$ 139	**$ (396)**	$ (112)
Net income (loss) from discontinued operations[1]		**(20)**	—	**(20)**	5,321
Net income (loss)		**$ (129)**	$ 139	**$ (416)**	$ 5,209
Attributable to					
Equity holders of Bombardier Inc.		**$ (129)**	$ 139	**$ (416)**	$ 5,180
NCI[1]		**—**	—	**—**	29
		$ (129)	$ 139	**$ (416)**	$ 5,209
Net income (loss) attributable to equity holders of Bombardier Inc.					
Continuing operations		**$ (109)**	$ 139	**$ (396)**	$ (112)
Discontinued operations[1]		**(20)**	—	**(20)**	5,292
		$ (129)	$ 139	**$ (416)**	$ 5,180
EPS (in dollars)[2]	7				
Continuing operations basic		**$ (1.22)**	$ 1.36	**$ (4.31)**	$ (1.30)
Continuing operations diluted		**$ (1.22)**	$ 1.34	**$ (4.31)**	$ (1.27)
Discontinued operations basic[1]		**$ (0.21)**	$ (0.01)	**$ (0.21)**	$ 54.64
Discontinued operations diluted[1]		**$ (0.21)**	$ (0.01)	**$ (0.21)**	$ 53.54
Total basic		**$ (1.43)**	$ 1.35	**$ (4.52)**	$ 53.34
Total diluted		**$ (1.43)**	$ 1.33	**$ (4.52)**	$ 52.27

(1) Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom and recognized a gain related to the sale in the six-month period ended June 30, 2021. The expenses recorded in discontinued operations for the three- and six-month periods ended June 30, 2022 principally relate to change in estimates of a provision for professional fees.
(2) As of June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation.

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 June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Net income (loss)	**$ (129)**	$ 139	**$ (416)**	$ 5,209
OCI				
Items that may be reclassified to net income				
Net change in cash flow hedges				
Net gain (loss) on derivative financial instruments	**(55)**	12	**(17)**	20
Reclassification to income or to the related non-financial asset	**13**	(4)	**19**	(20)
Income taxes	**11**	(2)	**(1)**	—
	(31)	6	**1**	—
FVOCI financial assets				
Net unrealized gain (loss)	**(9)**	2	**(23)**	(9)
CCTD				
Net investments in foreign operations	**(1)**	—	**(1)**	19
Items that are never reclassified to net income				
FVOCI equity instruments				
Net unrealized gain (loss)	**(4)**	2	**(7)**	3
Retirement benefits				
Remeasurement of defined benefit plans	**(57)**	11	**410**	570
Total OCI	**(102)**	21	**380**	583
Total comprehensive income (loss)	**$ (231)**	$ 160	**$ (36)**	$ 5,792
Attributable to				
Equity holders of Bombardier Inc.	**$ (231)**	$ 160	**$ (36)**	$ 5,802
NCI[1]	**—**	—	**—**	(10)
	$ (231)	$ 160	**$ (36)**	$ 5,792
Total comprehensive income (loss) attributable to equity holders of Bombardier Inc.				
Continuing operations	**$ (211)**	$ 160	**$ (16)**	$ 471
Discontinued operations[1]	**(20)**	—	**(20)**	5,331
	$ (231)	$ 160	**$ (36)**	$ 5,802

[1] Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom and recognized a gain related to the sale in the six-month period ended June 30, 2021. The expenses recorded in discontinued operations for the three- and six-month periods ended June 30, 2022 principally relate to change in estimates of a provision for professional fees.

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		June 30 2022		December 31 2021
Assets					
Cash and cash equivalents		**$**	**1,394**	$	1,675
Trade and other receivables			**256**		269
Contract assets	9		**57**		55
Inventories	10		**3,473**		3,242
Other financial assets	11		**482**		76
Other assets	12		**147**		164
Current assets			**5,809**		5,481
PP&E			**1,035**		837
Aerospace program tooling			**4,011**		4,129
Deferred income taxes			**248**		250
Other financial assets	11		**843**		1,680
Other assets	12		**364**		387
Non-current assets			**6,501**		7,283
		$	**12,310**	$	12,764
Liabilities					
Trade and other payables		**$**	**1,248**	$	1,164
Provisions	13		**104**		101
Contract liabilities	9		**3,328**		2,853
Other financial liabilities	14		**282**		216
Other liabilities	15		**370**		434
Current liabilities			**5,332**		4,768
Provisions	13		**162**		229
Contract liabilities	9		**1,521**		1,156
Long-term debt	16		**6,280**		7,047
Retirement benefits			**717**		1,100
Other financial liabilities	14		**1,162**		1,252
Other liabilities	15		**293**		301
Non-current liabilities			**10,135**		11,085
			15,467		15,853
Equity (deficit)					
Attributable to equity holders of Bombardier Inc.			**(3,157)**		(3,089)
		$	**12,310**	$	12,764
Commitments and contingencies	20				

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					
	Preferred shares	Common shares[1]	Warrants[1]	Other retained earnings (deficit)	Remeasurement gains (losses)	Contributed surplus	FVOCI	Cash flow hedges	CCTD	Total	NCI	Total equity (deficit)
As at March 31, 2022	$ 347	$ 2,624	$ 11	$ (4,278)	$ (2,090)	$ 479	$ (4)	$ 10	$ (15)	$ (2,916)	$ —	$ (2,916)
Total comprehensive income (loss)												
Net loss	—	—	—	(129)	—	—	—	—	—	(129)	—	(129)
OCI	—	—	—	—	(57)	—	(13)	(31)	(1)	(102)	—	(102)
	—	—	—	(129)	(57)	—	(13)	(31)	(1)	(231)	—	(231)
Dividends - preferred shares, net of taxes	—	—	—	(7)	—	—	—	—	—	(7)	—	(7)
Shares purchased - PSU/RSU plans[2]	—	(8)	—	—	—	—	—	—	—	(8)	—	(8)
Shares distributed - PSU plan	—	1	—	—	—	(1)	—	—	—	—	—	—
Options exercised	—	1	—	—	—	—	—	—	—	1	—	1
Share-based expense	—	—	—	—	—	4	—	—	—	4	—	4
As at June 30, 2022	**$ 347**	**$ 2,618**	**$ 11**	**$ (4,414)**	**$ (2,147)**	**$ 482**	**$ (17)**	**$ (21)**	**$ (16)**	**$ (3,157)**	**$ —**	**$ (3,157)**
As at March 31, 2021	$ 347	$ 2,678	$ 73	$ (3,964)	$ (2,629)	$ 418	$ 10	$ 21	$ (15)	$ (3,061)	$ —	$ (3,061)
Total comprehensive income												
Net income	—	—	—	139	—	—	—	—	—	139	—	139
OCI	—	—	—	—	11	—	4	6	—	21	—	21
	—	—	—	139	11	—	4	6	—	160	—	160
Dividends - preferred shares, net of taxes	—	—	—	(7)	—	—	—	—	—	(7)	—	(7)
Shares purchased - PSU/RSU plans[2]	—	(8)	—	—	—	—	—	—	—	(8)	—	(8)
Shares distributed - PSU plan	—	9	—	—	—	(9)	—	—	—	—	—	—
Expiration of warrants[3]	—	—	(30)	—	—	30	—	—	—	—	—	—
Share-based expense	—	—	—		—	5	—	—	—	5	—	5
As at June 30, 2021	$ 347	$ 2,679	$ 43	$ (3,832)	$ (2,618)	$ 444	$ 14	$ 27	$ (15)	$ (2,911)	$ —	$ (2,911)

(1) As of June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares at a consolidation ratio of 25-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation for numbers of shares and warrants. See Note 7 - Earnings per share for more information.
(2) In the three-month period ended June 30, 2022, the Corporation purchased 0.3 million (0.3 million[1] in June 2021) of Class B shares (subordinate voting) in order to satisfy future obligations under the Corporation's employee PSU and RSU plans, refer to Note 17 - Share-based plans.
(3) On June 30, 2021, 2 million[1] of warrants held by Investissement Quebec expired.

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

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
For the six-month periods ended
(in millions of U.S. dollars)

	Attributable to equity holders of Bombardier Inc.											
	Share capital			Retained earnings (deficit)			Accumulated OCI					
	Preferred shares	Common shares[1]	Warrants[1]	Other retained earnings (deficit)	Remeasurement gains (losses)	Contributed surplus	FVOCI	Cash flow hedges	CCTD	Total	NCI	Total equity (deficit)
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	—	—	—	(416)	—	—	—	—	—	(416)	—	(416)
OCI	—	—	—	—	410	—	(30)	1	(1)	380	—	380
	—	—	—	(416)	410	—	(30)	1	(1)	(36)	—	(36)
Dividends - preferred shares, net of taxes	—	—	—	(14)	—	—	—	—	—	(14)	—	(14)
Shares purchased - PSU/RSU plans[2]	—	(28)	—	—	—	—	—	—	—	(28)	—	(28)
Shares distributed - PSU plan	—	1	—	—	—	(1)	—	—	—	—	—	—
Options exercised	—	2	—	—	—	—	—	—	—	2	—	2
Share-based expense	—	—	—	—	—	8	—	—	—	8	—	8
As at June 30, 2022	**$ 347**	**$ 2,618**	**$ 11**	**$ (4,414)**	**$ (2,147)**	**$ 482**	**$ (17)**	**$ (21)**	**$ (16)**	**$ (3,157)**	**$ —**	**$ (3,157)**
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	—	—	—	5,180	—	—	—	—	—	5,180	29	5,209
OCI	—	—	—	—	570	—	(6)	—	58	622	(39)	583
	—	—	—	5,180	570	—	(6)	—	58	5,802	(10)	5,792
Disposal of business[3]	—	—	—	—	—	—	—	58	564	622	(2,658)	(2,036)
Dividends - preferred shares, net of taxes	—	—	—	(14)	—	—	—	—	—	(14)	—	(14)
Shares purchased - PSU/RSU plans[2]	—	(8)	—	—	—	—	—	—	—	(8)	—	(8)
Shares distributed - PSU plan	—	11	—	—	—	(11)	—	—	—	—	—	—
Expiration of warrants[4]	—	—	(30)	—	—	30	—	—	—	—	—	—
Share-based expense	—	—	—	—	—	12	—	—	—	12	—	12
As at June 30, 2021	$ 347	$ 2,679	$ 43	$ (3,832)	$ (2,618)	$ 444	$ 14	$ 27	$ (15)	$ (2,911)	$ —	$ (2,911)

(1) As of June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares at a consolidation ratio of 25-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation for numbers of shares and warrants. See Note 7 - Earnings per share for more information.
(2) In the six-month period ended June 30, 2022, the Corporation purchased 0.9 million (0.3 million[1] in June 2021) of Class B shares (subordinate voting) in order to satisfy future obligations under the Corporation's employee PSU and RSU plans, refer to Note 17 - Share-based plans.
(3) Related to the sale of Transportation to Alstom, which closed on January 29, 2021.
(4) On June 30, 2021, 2 million[1] of warrants held by Investissement Quebec expired.

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 June 30		Six-month periods ended June 30	
		2022	2021	**2022**	2021
Operating activities					
Net income (loss) from continuing operations		**$ (109)**	$ 139	**$ (396)**	$ (112)
Net income (loss) from discontinuing operations[1]		**(20)**	—	**(20)**	5,321
Non-cash items					
Amortization[2]		**98**	111	**190**	205
Impairment charges on PP&E and intangible assets	4,5	**—**	—	**2**	3
Deferred income taxes		**1**	(3)	**1**	(1)
Losses on disposals of PP&E and intangible assets	4	**—**	—	**—**	1
Gains on disposal of businesses[1]		**—**	(1)	**—**	(5,336)
Share of expense of joint ventures and associates		**—**	1	**—**	—
Share-based expense	17	**4**	5	**8**	12
Losses (gains) on repayment of long-term debt	5	**(21)**	107	**(3)**	183
Net change in non-cash balances	18	**469**	(204)	**857**	(1,114)
Cash flows from operating activities - total		**422**	155	**639**	(838)
Cash flows from operating activities - discontinued operations[1]		**—**	—	**—**	(621)
Cash flows from operating activities - continuing operations		**422**	155	**639**	(217)
Investing activities					
Additions to PP&E and intangible assets		**(81)**	(64)	**(125)**	(101)
Proceeds from disposals of PP&E and intangible assets		**—**	—	**—**	4
Net proceeds from disposal of business[1]		**—**	(41)	**—**	2,868
Deconsolidation of cash and cash equivalents related to Transportation		**—**	—	**—**	(279)
Proceeds from sale of Alstom shares		**—**	611	**—**	611
Changes to restricted cash	11	**10**	—	**19**	(477)
Other		**2**	(37)	**(2)**	(15)
Cash flows from investing activities - total		**(69)**	469	**(108)**	2,611
Cash flows from investing activities - discontinued operations[1]		**(6)**	(41)	**(6)**	2,589
Cash flows from investing activities - continuing operations		**(63)**	510	**(102)**	22
Financing activities					
Net proceeds from issuance of long-term debt		**—**	1,443	**—**	1,443
Repayments of long-term debt	16	**(350)**	(2,903)	**(760)**	(3,698)
Net change in short-term borrowings related to Transportation		**—**	—	**—**	365
Payment of lease liabilities[3]		**(8)**	(7)	**(13)**	(15)
Dividends paid - Preferred shares		**(5)**	(5)	**(10)**	(10)
Issuance of Class B shares		**1**	—	**2**	—
Purchase of Class B shares held in trust under the PSU and RSU plans	17	**(8)**	(8)	**(28)**	(8)
Other		**5**	—	**(3)**	1
Cash flows from financing activities - total		**(365)**	(1,480)	**(812)**	(1,922)
Cash flows from financing activities - discontinued operations[1]		**—**	—	**—**	240
Cash flows from financing activities - continuing operations		**(365)**	(1,480)	**(812)**	(2,162)
Effect of exchange rates on cash and cash equivalents		**—**	(9)	**—**	(13)
Net decrease in cash and cash equivalents		**(12)**	(865)	**(281)**	(162)
Cash and cash equivalents at beginning of period[4]		**1,406**	3,153	**1,675**	2,450
Cash and cash equivalents at end of period		**$ 1,394**	$ 2,288	**$ 1,394**	$ 2,288
Supplemental information					
Cash paid for					
Interest		**$ 186**	$ 237	**$ 274**	$ 366
Income taxes		**$ 2**	$ 5	**$ 5**	$ 7
Cash received for					
Interest		**$ 4**	$ 5	**$ 6**	$ 10
Income taxes		**$ —**	$ —	**$ —**	$ —

(1) Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom.
(2) Includes $7 million and $14 million representing amortization charge related to right-of-use of assets for the three- and six-month periods ended June 30, 2022 ($7 million and $16 million for the three- and six-month periods ended June 30, 2021).
(3) 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- and six-month periods ended June 30, 2022 amounted to $15 million and $25 million ($12 million and $25 million for the three- and six-month periods ended June 30, 2021).
(4) 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 six-month period ended June 30, 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 June 13, 2022, Bombardier proceeded with a share consolidation of the Corporation’s Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1 (the “Share Consolidation”). As a result, the numbers for the average basic and diluted shares outstanding, the EPS, and the number of PSUs, RSUs, DSUs, stock options and warrants for all periods presented in the interim consolidated financial statements have been restated to reflect the effect of the Share Consolidation.

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 June 30, 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- and six-month periods ended June 30, 2022 were authorized for issuance by the Board of Directors on August 3, 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 June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Business Aircraft				
Manufacturing and Other[1]	**$ 1,182**	$ 1,205	**$ 2,050**	$ 2,255
Services[2]	**359**	295	**720**	564
Others[3]	**16**	24	**33**	46
	$ 1,557	$ 1,524	**$ 2,803**	$ 2,865

(1) Includes revenues from sale of new aircraft, specialized aircraft solutions and pre-owned aircraft.
(2) Includes revenues from aftermarket services including parts, *Smart Services*, service centers, training and technical publications.
(3) 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 June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
R&D expenditures	**$ 23**	$ 15	**$ 41**	$ 25
Less: development expenditures capitalized to aerospace program tooling	**(18)**	(12)	**(28)**	(17)
	5	3	**13**	8
Add: amortization of aerospace program tooling	**75**	89	**146**	158
	$ 80	$ 92	**$ 159**	$ 166

4. OTHER EXPENSE (INCOME)

Other expense (income) was as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Sale of assets	**$ (7)**	$ —	**$ (7)**	$ —
Impairment charges of PP&E and intangible assets[1]	**—**	—	**2**	—
Changes in estimates and fair value[2]	**—**	2	**—**	3
Losses on disposals of PP&E and intangible assets	**—**	—	**—**	1
Other	**—**	2	**(2)**	—
	$ (7)	$ 4	**$ (7)**	$ 4

(1) Excludes those presented in special items.
(2) Includes net loss (gain) on certain financial instruments measured at fair value and changes in estimates related to certain provisions or certain financial instruments, excluding losses (gains) arising from changes in interest rates.

5. 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 June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Reversal of *Learjet 85* aircraft program cancellation provisions[1]	**$ —**	$ —	**$ (7)**	$ —
Changes in divestures provisions and other[2]	**—**	(10)	**(3)**	(10)
Losses (gains) on repayment of long-term debt[3]	**(21)**	107	**(3)**	183
Restructuring charges[4]	**2**	7	**—**	30
Gain on sale of EWIS[5]	**—**	(1)	**—**	(14)
	$ (19)	$ 103	**$ (13)**	$ 189
Of which is presented in				
Special items in EBIT	**$ 2**	$ (4)	**$ (10)**	$ 6
Financing expense - losses (gains) on repayment of long-term debt[3]	**(21)**	107	**(3)**	183
	$ (19)	$ 103	**$ (13)**	$ 189

1. Based on the ongoing activities with respect to the cancellation of the *Learjet 85* aircraft program, the Corporation reduced the related provisions by nil and $7 million for the three- and six-month periods ended June 30, 2022 (nil for the three- and six-month periods ended June 30, 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.
2. Based on the ongoing activities with respect to the 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.
3. For the three- and six-month periods ended June 30, 2022, represents the losses (gains) related to the partial repayment of the Senior Notes due 2024, 2025 and 2027. For the three- and six-month periods ended June 30, 2021, represents the losses related to the repayment of the Senior Secured Term Loan and the partial repayments of the Senior Notes due 2021, the Senior Notes due March 2022, the Senior Notes due October 2022 and the Senior Notes due 2023. Refer to Note 6 - Financing expense and financing income and Note 16 - Long-term debt for more information.
4. For the three- and six-month periods ended June 30, 2022, represents addition of severance charges of $1 million and reversal of severance charges of $1 million, and other charges of $1 million and $1 million, respectively. For the three- and six-month periods ended June 30, 2021, represents severance charges of $7 million and $35 million, and impairment of PP&E of nil and $3 million, partially offset by curtailment gains of nil and $8 million.
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 $1 million and $14 million for the three- and six-month periods ended June 30, 2021.

6. FINANCING EXPENSE AND FINANCING INCOME

Financing expense and financing income were as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Financing expense				
Net loss on certain financial instruments[1]	**$ 82**	$ —	**$ 286**	$ —
Accretion on other financial liabilities	**9**	7	**16**	11
Accretion on net retirement benefit obligations	**7**	9	**15**	20
Interest expense on lease liabilities	**7**	5	**14**	11
Accretion on advances	**6**	9	**11**	18
Accretion on provisions	**1**	1	**1**	2
Losses on repayment of long term-debt[2]	**—**	107	**—**	183
Consent fees[3]	**—**	12	**—**	12
Other	**2**	1	**3**	4
	114	151	**346**	261
Interest on long-term debt, after effect of hedges	**119**	135	**245**	315
	$ 233	$ 286	**$ 591**	$ 576
Financing income				
Gain on repayment of long-term debt[2]	**$ (21)**	$ —	**$ (3)**	$ —
Net gain on certain financial instruments[1]	**—**	(388)	**—**	(407)
Other	**—**	—	**(1)**	—
	(21)	(388)	**(4)**	(407)
Interest on cash and cash equivalents	**(3)**	(1)	**(4)**	(2)
Income from investment in securities	**(1)**	—	**(3)**	(4)
	(4)	(1)	**(7)**	(6)
	$ (25)	$ (389)	**$ (11)**	$ (413)

(1) Net losses (gains) on certain financial instruments classified as FVTP&L, including losses (gains) arising from changes in interest rates and the gain on sale of Alstom shares, completed on May 7, 2021.

(2) Represents the gains related to the partial repayment of the Senior Notes due 2024, 2025 and 2027 for the three- and six-month periods ended June 30, 2022 (the losses related to the repayment of the Senior Secured Term Loan and the partial repayments of the Senior Notes due 2021, the Senior Notes due March 2022, the Senior Notes due October 2022 and the Senior Notes due 2023 for the three- and six-month periods ended June 30, 2021), which were reported as a special item. See Note 5 - Special items and Note 16 - Long-term debt for more information.

(3) Represents the consent payments made in May 2021 to certain noteholders with respect to the Consent Solicitations process conducted by the Corporation whereby it sought consents from noteholders under certain outstanding indentures to obtain certain amendments and waivers.

7. EARNINGS PER SHARE

On June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the numbers for the average basic and diluted shares outstanding, the number of PSUs, RSUs, DSUs, stock options and warrants and the EPS for the current and prior periods have been adjusted and restated to reflect the effect of the Share Consolidation.

Basic and diluted EPS were computed as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**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	**$ (109)**	$ 139	**$ (396)**	$ (112)
Discontinued operations[1]	**(20)**	—	**(20)**	5,292
Preferred share dividends, including taxes	**(7)**	(7)	**(14)**	(14)
Net income (loss) attributable to common equity holders of Bombardier Inc.	**$ (136)**	$ 132	**$ (430)**	$ 5,166
Weighted-average number of common shares outstanding[2]	**94,818**	96,852	**94,968**	96,850
Net effect of stock options, PSUs, RSUs, DSUs and warrants[2]	**—**	1,689	**—**	1,984
Weighted-average diluted number of common shares[2]	**94,818**	98,541	**94,968**	98,834
EPS (in dollars)[2]				
Continuing operations basic	**$ (1.22)**	$ 1.36	**$ (4.31)**	$ (1.30)
Continuing operations diluted	**$ (1.22)**	$ 1.34	**$ (4.31)**	$ (1.27)
Discontinued operations basic[1]	**$ (0.21)**	$ (0.01)	**$ (0.21)**	$ 54.64
Discontinued operations diluted[1]	**$ (0.21)**	$ (0.01)	**$ (0.21)**	$ 53.54
Total basic[2]	**$ (1.43)**	$ 1.35	**$ (4.52)**	$ 53.34
Total diluted[2]	**$ (1.43)**	$ 1.33	**$ (4.52)**	$ 52.27

(1) Transportation business was classified as discontinued operations. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom.
(2) Restated retroactively for the Share Consolidation.

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 12,231,880 and 12,209,885 for the three- and six-month periods ended June 30, 2022, respectively (13,452,429 and 13,366,544 for the three- and six-month periods ended June 30, 2021, respectively) 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.

8. FINANCIAL INSTRUMENTS

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

	FVTP&L						
	FVTP&L	**Designated**	**FVOCI** [(1)]	**Amortized cost**	**DDHR**	**Total carrying value**	**Fair value**
June 30, 2022							
Financial assets							
Cash and cash equivalents	**$ —**	**$ —**	**$ —**	**$ 1,394**	**$ —**	**$ 1,394**	**$ 1,394**
Trade and other receivables	**—**	**—**	**—**	**256**	**—**	**256**	**256**
Other financial assets	**573**	**—**	**234**	**516**	**2**	**1,325**	**1,325**
	$ 573	**$ —**	**$ 234**	**$ 2,166**	**$ 2**	**$ 2,975**	**$ 2,975**
Financial liabilities							
Trade and other payables	**$ —**	**$ —**	**n/a**	**$ 1,248**	**$ —**	**$ 1,248**	**$ 1,248**
Long-term debt	**—**	**—**	**n/a**	**6,280**	**—**	**6,280**	**5,311**
Other financial liabilities	**7**	**574**	**n/a**	**827**	**36**	**1,444**	**1,426**
	$ 7	**$ 574**	**n/a**	**$ 8,355**	**$ 36**	**$ 8,972**	**$ 7,985**
December 31, 2021							
Financial assets							
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
	$ 944	$ —	$ 262	$ 2,493	$ 1	$ 3,700	$ 3,700
Financial liabilities							
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
	$ 5	$ 652	n/a	$ 8,990	$ 32	$ 9,679	$10,080

[(1)] Includes investments in equity instruments designated at FVOCI.

n/a: Not applicable

9. CONTRACT BALANCES

Contract assets represent costs incurred and recorded margins on service contracts in the amount of $57 million and $55 million as at June 30, 2022 and December 31, 2021, respectively.

Contract liabilities were as follows, as at:

	June 30, 2022	December 31, 2021
Advances on aerospace programs	$ 4,429	$ 3,594
Long term service contracts deferred revenues	255	244
Other deferred revenues	165	171
	$ 4,849	$ 4,009
Of which current	$ 3,328	$ 2,853
Of which non-current	1,521	1,156
	$ 4,849	$ 4,009

10. INVENTORIES

Inventories were as follows, as at:

	June 30, 2022	December 31, 2021
Aerospace programs	$ 3,039	$ 2,826
Finished products	434	416
	$ 3,473	$ 3,242

The amount of inventories recognized as cost of sales totaled $1,113 million and $1,978 million for the three- and six-month periods ended June 30, 2022, respectively ($1,159 million and $2,185 million for the three- and six-month periods ended June 30, 2021, respectively). These amounts include $5 million and $10 million of write-downs and $3 million and $7 million of reversal of write-downs for the three- and six-month periods ended June 30, 2022, respectively ($13 million and $34 million of write-downs and $1 million and $3 million of reversal of write-downs for the three- and six-month periods ended June 30, 2021, respectively).

For the three- and six-month periods ended June 30, 2022, the Corporation recorded wage subsidies in the amount of $8 million and $26 million in cost of sales and nil in SG&A respectively ($45 million and $79 million in cost of sales and $4 million and $8 million in SG&A for the three- and six-month periods ended June 30, 2021, respectively). As at June 30, 2022, there is an amount of $6 million remaining as a reduction of inventory related to wage subsidies.

11. OTHER FINANCIAL ASSETS

Other financial assets were as follows, as at:

	June 30, 2022	December 31, 2021
Restricted cash[1]	**$ 498**	$ 527
Receivable from ACLP[2]	**383**	467
Investments in securities	**234**	262
Investments in financing structures[3]	**187**	177
Derivative financial instruments	**4**	296
Aircraft loans	**2**	2
Receivable from MHI[4]	**1**	5
Balance of payment on disposal of investment in associate[5]	**—**	8
Other	**16**	12
	$ 1,325	$ 1,756
Of which current	**$ 482**	$ 76
Of which non-current	**843**	1,680
	$ 1,325	$ 1,756

[1] Includes cash collateral supporting various bank guarantees.
[2] This receivable from ACLP represents a back-to-back agreement that the Corporation has with ACLP related to certain government refundable advances. See Note 14 – Other financial liabilities for more information.
[3] 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 14 – Other financial liabilities for more information.
[4] This receivable represents a back-to-back agreement that the Corporation has with MHI on lease subsidies of $3 million as at June 30, 2022 ($5 million as at December 31, 2021). See Note 14 – Other financial liabilities for more information.
[5] The balance of payment on disposal of investment in associate represented an amount owed by Stelia Aerospace.

12. OTHER ASSETS

Other assets were as follows, as at:

	June 30, 2022	December 31, 2021
Retirement benefits	**$ 158**	$ 152
Prepaid expenses	**122**	99
Sales tax and other taxes	**87**	87
Intangible assets other than aerospace program tooling	**71**	72
Prepaid sales concessions and deferred contract costs	**37**	84
Receivable from MHI[1]	**26**	52
Income taxes receivable	**3**	2
Other	**7**	3
	$ 511	$ 551
Of which current	**$ 147**	$ 164
Of which non-current	**364**	387
	$ 511	$ 551

[1] This receivable represents a back-to-back agreement that the Corporation has with MHI on credit and residual value guarantees provisions. See Note 13 - Provisions.

13. PROVISIONS

Changes in provisions were as follows, for the three- and six-month periods ended June 30:

	Product warranties	Credit and residual value guarantees	Restructuring, severance and other termination benefits	Onerous contracts	Other[1]	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)** [2]	**(7)** [3]	**(2)**	**(11)**
Balance as at March 31, 2022	**$ 169**	**$ 50**	**$ 1**	**$ 35**	**$ 35**	**$ 290**
Additions	**17**	**—**	**1** [2]	**1**	**3**	**22**
Utilization	**(6)**	**—**	**(1)**	**(3)**	**—**	**(10)**
Reversals	**(11)**	**(24)**	**—**	**—**	**(2)**	**(37)**
Accretion expense	**—**	**—**	**—**	**1**	**—**	**1**
Balance as at June 30, 2022	**$ 169**	**$ 26** [4]	**$ 1**	**$ 34**	**$ 36**	**$ 266**
Of which current	**$ 61**	**$ —**	**$ 1**	**$ 8**	**$ 34**	**$ 104**
Of which non-current	**108**	**26**	**—**	**26**	**2**	**162**
	$ 169	**$ 26**	**$ 1**	**$ 34**	**$ 36**	**$ 266**

	Product warranties	Credit and residual value guarantees	Restructuring, severance and other termination benefits	Onerous contracts	Other[1]	Total
Balance as at January 1, 2021	$ 154	$ 80	$ 5	$ 111	$ 85	$ 435
Additions	10	—	22 [2]	1	1	34
Utilization	(12)	—	(15)	(2)	(1)	(30)
Reversals	—	(27)	—	(1)	(1)	(29)
Accretion expense	—	—	—	1	—	1
Balance as at March 31, 2021	$ 152	$ 53	$ 12	$ 110	$ 84	$ 411
Additions	15	—	8 [2]	3	—	26
Utilization	(12)	—	(10)	(2)	—	(24)
Reversals	—	—	(2) [2]	(1)	(5)	(8)
Accretion expense	—	—	—	1	—	1
Balance as at June 30, 2021	$ 155	$ 53 [4]	$ 8	$ 111	$ 79	$ 406
Of which current	$ 51	$ 1	$ 8	$ 12	$ 77	$ 149
Of which non-current	104	52	—	99	2	257
	$ 155	$ 53	$ 8	$ 111	$ 79	$ 406

[1] Mainly comprised of claims and litigation.
[2] See Note 5 – Special items for more details on additions and reversals related to restructuring charges.
[3] Related to the reversal of *Learjet 85* aircraft program cancellation provisions. See Note 5 - Special items for more details.
[4] Following the sale of the CRJ business, the Corporation retains those provisions and has a back-to-back agreement with MHI. See Note 12 – Other Assets.

14. OTHER FINANCIAL LIABILITIES

Other financial liabilities were as follows, as at:

	June 30, 2022	December 31, 2021
Government refundable advances(1)	**$ 548**	$ 647
Lease liabilities	**346**	269
Liabilities related to RASPRO assets(2)	**188**	180
Credit and residual value guarantees payable	**134**	169
Derivative financial instruments	**43**	37
Vendor non-recurring costs	**30**	39
Lease subsidies(3)	**3**	5
Other(4)	**152**	122
	$ 1,444	$ 1,468
Of which current	**$ 282**	$ 216
Of which non-current	**1,162**	1,252
	$ 1,444	$ 1,468

(1) Of which $383 million as at June 30, 2022 has a back-to-back agreement with ACLP ($467 million as at December 31, 2021). Refer to Note 11 - 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.
(2) 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 11 - Other financial assets for more information.
(3) 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 11 - Other financial assets for more information.
(4) Mainly represent liabilities related to various divestitures.

15. OTHER LIABILITIES

Other liabilities were as follows, as at:

	June 30, 2022	December 31, 2021
Supplier contributions to aerospace programs	**$ 258**	$ 271
Employee benefits	**224**	260
Sales incentive and customer credit notes	**59**	64
Income taxes payable	**28**	28
Other	**94**	112
	$ 663	$ 735
Of which current	**$ 370**	$ 434
Of which non-current	**293**	301
	$ 663	$ 735

16. LONG-TERM DEBT

In March 2022, the Corporation completed the partial repayment of Senior Notes due 2024 and 2025 for an aggregate amount of $400 million using its cash and cash equivalents.

In June 2022, the Corporation completed the partial repayment of Senior Notes due 2024, 2025 and 2027 for an aggregate amount of $373 million using its cash and cash equivalents.

See Note 5 - Special items and Note 6 - Financing expense and financing income for more information.

17. SHARE-BASED PLANS

On June 13, 2022, Bombardier proceeded with a Share Consolidation of the Corporation's Class A shares and Class B shares (subordinate voting) at a consolidation ratio of 25-for-1. As a result, the number of PSUs, DSUs, RSUs and stock options for the current and prior periods have been adjusted and restated to reflect the effect of the Share Consolidation.

PSU, DSU and RSU plans
The number of PSUs, DSUs and RSUs has varied as follows:

						Three-month periods ended June 30
			2022			2021 [1]
	PSU	**DSU**	**RSU**	PSU	DSU	RSU
Balance at beginning of period	**1,155,472**	**38,609**	**2,653,629**	1,519,515	38,609	2,486,303
Granted	**373,594**	**—**	**355,926**	368,680	—	312,794
Vested	**(23,669)**	**—**	**—**	(121,409)	—	—
Exercised	**—**	**—**	**—**	—	—	—
Forfeited	**(764,847)**	**—**	**(2,325)**	(603,090)	—	(75,129)
Balance at end of period	**740,550**	**38,609** [2]	**3,007,230**	1,163,696	38,609 [2]	2,723,968

						Six-month periods ended June 30
			2022			2021 [1]
	PSU	**DSU**	**RSU**	PSU	DSU	RSU
Balance at beginning of period	**1,161,453**	**38,609**	**2,676,482**	1,897,169	39,379	5,069,938
Granted	**374,423**	**—**	**357,041**	368,680	—	312,794
Vested	**(23,669)**	**—**	**—**	(168,747)	—	—
Exercised	**—**	**—**	**—**	—	(770)	—
Forfeited	**(771,657)**	**—**	**(26,293)**	(933,406)	—	(2,658,764) [3]
Balance at end of period	**740,550**	**38,609** [2]	**3,007,230**	1,163,696	38,609 [2]	2,723,968

[1] Restated retroactively for the Share Consolidation.
[2] Of which 38,609 DSUs are vested as at June 30, 2022 (38,609 as at June 30, 2021).
[3] Of which 2,289,785 RSUs were cancelled following the sale of Transportation.

The compensation expense with respect to the PSU, DSU and RSU plans amounted to $4 million and $6 million during the three- and six-month periods ended June 30, 2022, respectively ($2 million and $7 million during the three- and six-month periods ended June 30, 2021, respectively).

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 June 30		Six-month periods ended June 30	
	2022	2021 [1]	**2022**	2021 [1]
Balance at beginning of period	**4,664,791**	5,159,130	**4,922,748**	5,356,700
Granted	**149,592**	224,305	**149,592**	224,305
Exercised	**(32,838)**	—	**(61,943)**	—
Forfeited	**(35,903)**	(8,136)	**(189,239)**	(203,654)
Expired	**(66,522)**	—	**(142,038)**	(2,052)
Balance at end of period	**4,679,120**	5,375,299	**4,679,120**	5,375,299

[1] Restated retroactively for the Share Consolidation.

A compensation expense of nil and $2 million was recorded during the three- and six-month periods ended June 30, 2022, respectively, with respect to share option plans ($2 million and $2 million during the three- and six-month periods ended June 30, 2021, respectively).

18. NET CHANGE IN NON-CASH BALANCES

Net change in non-cash balances was as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	**2022**	2021
Trade and other receivables	**$ 32**	$ (2)	**$ 6**	$ 1
Inventories	**(150)**	67	**(286)**	93
Contract assets	**(3)**	6	**(3)**	(191)
Contract liabilities	**343**	317	**841**	(60)
Other financial assets and liabilities, net	**51**	(411)	**282**	(812)
Other assets	**104**	(58)	**42**	(74)
Trade and other payables	**167**	(127)	**81**	(80)
Provisions	**(25)**	(3)	**(65)**	(47)
Retirement benefit liability	**(45)**	39	**34**	112
Other liabilities	**(5)**	(32)	**(75)**	(56)
	$ 469	$ (204)	**$ 857**	$ (1,114)

19. 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 pays 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 the 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 June 30, 2022:

	Total	Level 1	Level 2	Level 3
Financial assets				
Receivable from ACLP[(1)]	**$ 383**	**$ —**	**$ —**	**$ 383**
Investments in securities	**234**	**34**	**200**	**—**
Investments in financing structures[(2)]	**187**	**—**	**—**	**187**
Derivative financial instruments[(3)]	**4**	**—**	**4**	**—**
Receivable from MHI[(4)]	**1**	**—**	**—**	**1**
	$ 809	**$ 34**	**$ 204**	**$ 571**
Financial liabilities				
Government refundable advances[(1)]	**$ 383**	**$ —**	**$ —**	**$ 383**
Liabilities related to RASPRO assets[(2)]	**188**	**—**	**—**	**188**
Derivative financial instruments[(3)]	**43**	**—**	**43**	**—**
Lease subsidies[(4)]	**3**	**—**	**—**	**3**
	$ 617	**$ —**	**$ 43**	**$ 574**

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

(2) 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.

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

(4) 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.

20. COMMITMENTS AND CONTINGENCIES

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

		June 30, 2022		December 31, 2021
Aircraft sales				
Residual value	$	**38**	$	65
Credit		**8**		398
Mutually exclusive exposure[1]		**(8)**		(65)
Total credit and residual value exposure	$	**38**	$	398
Trade-in commitments	$	**302**	$	249
Conditional repurchase obligations	$	**59**	$	51

[1] 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 $26 million as at June 30, 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 June 30, 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 six-month period ending June 30, 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 June 30, 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.