

Supplementary Financial Information

SNC-LAVALIN GROUP INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

	DECEMBER 31 2022	DECEMBER 31 2021
(IN THOUSANDS OF CANADIAN DOLLARS)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 570,279	\$ 608,446
Restricted cash	22,170	13,398
Trade receivables	1,177,388	1,145,932
Contract assets	1,170,961	1,119,045
Inventories	17,411	17,037
Other current financial assets	180,616	138,371
Other current non-financial assets	222,731	246,158
Assets of disposal group classified as held for sale	—	343,913
Total current assets	3,361,556	3,632,300
Property and equipment	334,554	333,493
Right-of-use assets	287,795	355,637
Capital investments accounted for by the equity method	406,925	380,736
Capital investments at fair value through other comprehensive income	—	41,327
Goodwill	3,370,706	3,382,943
Intangible assets related to business combinations	345,545	445,716
Deferred income tax asset	794,900	658,061
Non-current portion of receivables under service concession arrangements	320,343	304,189
Other non-current financial assets	32,064	25,409
Other non-current non-financial assets	205,598	316,153
Total assets	\$ 9,459,986	\$ 9,875,964
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables and accrued liabilities	\$ 1,704,352	\$ 1,652,514
Contract liabilities	846,810	838,209
Other current financial liabilities	213,856	205,770
Other current non-financial liabilities	294,639	328,119
Current portion of provisions	240,108	425,613
Current portion of lease liabilities	87,625	91,317
Short-term debt and current portion of long-term debt:		
Recourse	376,302	96,853
Non-recourse	170,984	14,021
Liabilities of disposal group classified as held for sale	—	298,888
Total current liabilities	3,934,676	3,951,304
Long-term debt:		
Recourse	1,094,258	997,249
Limited recourse	400,000	400,000
Non-recourse	14,853	156,048
Other non-current financial liabilities	100,084	137,519
Non-current portion of provisions	347,355	470,410
Non-current portion of lease liabilities	348,660	405,741
Other non-current non-financial liabilities	28,529	37
Deferred income tax liability	312,486	364,197
Total liabilities	6,580,901	6,882,505
Equity		
Share capital	1,805,080	1,805,080
Retained earnings	1,404,589	1,501,556
Other components of equity	(340,155)	(333,269)
Equity attributable to SNC-Lavalin shareholders	2,869,514	2,973,367
Non-controlling interests	9,571	20,092
Total equity	2,879,085	2,993,459
Total liabilities and equity	\$ 9,459,986	\$ 9,875,964

Supplementary Financial Information (continued)

SNC-LAVALIN GROUP INC.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS AND NUMBER OF SHARES)

	FOURTH QUARTERS		YEARS ENDED DECEMBER 31	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
Continuing operations				
Revenues from:				
PS&PM	\$ 1,850,657	\$ 1,879,729	\$ 7,439,871	\$ 7,237,134
Capital investments accounted for by the consolidation method or at fair value through other comprehensive income	7,587	12,182	33,631	49,116
Capital investments accounted for by the equity method	41,816	53,035	75,529	85,002
	1,900,060	1,944,946	7,549,031	7,371,252
Direct costs of activities	1,849,154	1,878,372	7,135,919	6,881,947
Corporate selling, general and administrative expenses	31,347	53,293	127,269	141,348
Restructuring and transformation costs	53,922	30,851	82,875	70,117
Amortization of intangible assets related to business combinations	21,546	23,375	84,267	89,477
Loss (gain) on disposals of Capital investments	580	(5,000)	(3,747)	(5,000)
Loss on disposal of a PS&PM business	—	—	—	613
Reversal of impairment loss on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	—	—	—	(1,348)
DPCP Remediation Agreement expense	—	—	27,437	—
EBIT ⁽²⁾	(56,489)	(35,945)	95,011	194,098
Financial expenses	43,822	27,877	128,397	113,856
Financial income and net foreign exchange losses (gains)	3,114	(886)	(12,648)	(3,406)
Earnings (loss) before income taxes from continuing operations	(103,425)	(62,936)	(20,738)	83,648
Income tax recovery	(38,480)	(47,845)	(27,757)	(22,031)
Net income (loss) from continuing operations	(64,945)	(15,091)	7,019	105,679
Net income (loss) from discontinued operations	—	(37,559)	(6,890)	566,377
Net income (loss) for the period	\$ (64,945)	\$ (52,650)	\$ 129	\$ 672,056
Net income (loss) from continuing operations attributable to:				
SNC-Lavalin shareholders	\$ (54,352)	\$ (15,327)	\$ 16,640	\$ 100,186
Non-controlling interests	(10,593)	236	(9,621)	5,493
Net income (loss) from continuing operations for the period	\$ (64,945)	\$ (15,091)	\$ 7,019	\$ 105,679
Net income (loss) attributable to:				
SNC-Lavalin shareholders	\$ (54,352)	\$ (52,886)	\$ 9,750	\$ 666,563
Non-controlling interests	(10,593)	236	(9,621)	5,493
Net income (loss) for the period	\$ (64,945)	\$ (52,650)	\$ 129	\$ 672,056
Earnings (loss) per share from continuing operations (in \$)				
Basic	\$ (0.31)	\$ (0.09)	\$ 0.09	\$ 0.57
Diluted	\$ (0.31)	\$ (0.09)	\$ 0.09	\$ 0.57
Weighted average number of outstanding shares (in thousands)				
Basic	175,554	175,554	175,554	175,554
Diluted	175,554	175,554	175,554	175,554

⁽¹⁾ Comparative figures have been restated by combining the line items "Corporate selling, general and administrative expenses" and "Loss (gain) arising on financial instruments at fair value through profit or loss" into the line item "Corporate selling, general and administrative expenses".

⁽²⁾ Earnings before interest and taxes ("EBIT")

Supplementary Financial Information (continued)

SNC-LAVALIN GROUP INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)	FOURTH QUARTERS		YEARS ENDED DECEMBER 31	
	2022	2021	2022	2021
Operating activities				
Net income (loss) for the period	\$ (64,945)	\$ (52,650)	\$ 129	\$ 672,056
Income taxes paid	(12,249)	(10,808)	(77,451)	(71,390)
Interest paid	(34,553)	(35,158)	(120,579)	(97,011)
Depreciation and amortization ⁽¹⁾	60,350	66,536	251,459	271,314
Other reconciling items ⁽¹⁾	42,733	109,353	(38,348)	(543,552)
	(8,664)	77,273	15,210	231,417
Net change in non-cash working capital items	184,670	38,151	(260,570)	(97,219)
Net cash generated from (used for) operating activities	176,006	115,424	(245,360)	134,198
Investing activities				
Acquisition of property and equipment	(33,893)	(47,286)	(109,827)	(106,291)
Payments for Capital investments	—	—	(39,633)	(29,731)
Refunds for Capital investments	—	—	11,846	2,529
Change in restricted cash position	1,052	(6,551)	—	(6,551)
Increase in receivables under service concession arrangements	(51,540)	(86,993)	(205,608)	(386,157)
Recovery of receivables under service concession arrangements	83,515	70,956	182,729	255,622
Cash outflow on disposals of PS&PM businesses	—	—	(713)	(21,076)
Net cash inflow on disposal of a Capital investment accounted for by the consolidation method	—	—	40,482	—
Cash inflow on disposal of a Capital investment accounted for by the equity method	—	5,000	—	5,000
Cash inflow on disposal of a Capital investment at fair value through other comprehensive income	29,491	—	29,491	—
Other	7,700	13,266	8,763	22,948
Net cash generated from (used for) investing activities	36,325	(51,608)	(82,470)	(263,707)
Financing activities				
Increase in debt	300,262	50,991	794,436	121,039
Repayment of debt and payment for debt issue costs	(399,619)	(1,730)	(408,811)	(201,466)
Payment of lease liabilities	(21,851)	(23,215)	(85,462)	(99,775)
Dividends paid to SNC-Lavalin shareholders	(3,511)	(3,511)	(14,044)	(14,044)
Other	(3,049)	3,386	(3,001)	1,711
Net cash generated from (used for) financing activities	(127,768)	25,921	283,118	(192,535)
Increase (decrease) from exchange differences on translating cash and cash equivalents	3,141	1,107	4,381	(248)
Net increase (decrease) in cash and cash equivalents	87,704	90,844	(40,331)	(322,292)
Cash and cash equivalents at beginning of period	482,575	519,766	610,610	932,902
Cash and cash equivalents at end of period	\$ 570,279	\$ 610,610	\$ 570,279	\$ 610,610
Presented on the statement of financial position as follows:				
Cash and cash equivalents	\$ 570,279	\$ 608,446	\$ 570,279	\$ 608,446
Assets of disposal group classified as held for sale	—	2,164	—	2,164
	\$ 570,279	\$ 610,610	\$ 570,279	\$ 610,610

⁽¹⁾ Effective January 1, 2022, the Company decided to present “Depreciation and amortization” separately from “Other reconciling items”, both presented in operating activities in the consolidated statements of cash flows. The Company has restated the comparative figures accordingly.

Supplementary Financial Information (continued)

SEGMENT DISCLOSURES

(UNAUDITED)

SNC-Lavalin Group Inc. (the “Company” or “SNC-Lavalin”) has six reportable segments consisting of Engineering Services, Nuclear, O&M, Linxon and LSTK Projects (which together regroup PS&PM activities), and Capital, the latter being its own reportable segment and separate from PS&PM.

The following table presents revenues and Segment Adjusted EBIT for each of the Company’s segments for the three-month periods ended December 31, 2022 and 2021:

THREE MONTHS ENDED DECEMBER 31	2022		2021 ⁽¹⁾	
	REVENUES	SEGMENT ADJUSTED EBIT	REVENUES	SEGMENT ADJUSTED EBIT
Engineering Services	\$ 1,242,859	\$ 119,227	\$ 1,216,334	\$ 189,519
Nuclear	223,640	40,618	220,436	34,772
O&M	131,647	10,211	114,611	11,537
Linxon	133,935	(14,203)	164,287	3,165
SNCL Services	1,732,081	155,853	1,715,668	238,993
LSTK Projects	118,576	(150,186)	164,061	(232,984)
Capital	49,403	45,239	65,217	60,565
	<u>\$ 1,900,060</u>		<u>\$ 1,944,946</u>	
Segment Adjusted EBIT — Total		50,906		66,574
Corporate selling, general and administrative expenses not allocated to the segments — PS&PM		(24,299)		(46,245)
Corporate selling, general and administrative expenses not allocated to the segments — Capital		(7,048)		(7,048)
Restructuring and transformation costs		(53,922)		(30,851)
Amortization of intangible assets related to business combinations		(21,546)		(23,375)
Gain (loss) on disposals of Capital investments		(580)		5,000
EBIT		(56,489)		(35,945)
Net financial expenses		46,936		26,991
Loss before income taxes from continuing operations		(103,425)		(62,936)
Income tax recovery		(38,480)		(47,845)
Net loss from continuing operations		(64,945)		(15,091)
Net loss from discontinued operations		—		(37,559)
Net loss for the period		\$ (64,945)		\$ (52,650)

⁽¹⁾ Comparative figures have been restated to reflect the new reportable segments effective as of January 1, 2022.

Supplementary Financial Information (continued)

SEGMENT DISCLOSURES (CONTINUED)

(UNAUDITED)

The following table presents revenues and Segment Adjusted EBIT for each of the Company's segments for the years ended December 31, 2022 and 2021:

YEARS ENDED DECEMBER 31	2022		2021 ⁽¹⁾	
	REVENUES	SEGMENT ADJUSTED EBIT	REVENUES	SEGMENT ADJUSTED EBIT
Engineering Services	\$ 4,686,198	\$ 397,734	\$ 4,366,447	\$ 463,956
Nuclear	895,954	144,023	904,678	135,854
O&M	497,238	49,134	470,381	54,628
Linxon	561,225	(9,842)	588,417	18,172
SNCL Services	6,640,615	581,049	6,329,923	672,610
LSTK Projects	799,256	(261,281)	907,211	(302,606)
Capital	109,160	93,344	134,118	119,301
	<u>\$ 7,549,031</u>		<u>\$ 7,371,252</u>	
Segment Adjusted EBIT — Total		413,112		489,305
Corporate selling, general and administrative expenses not allocated to the segments — PS&PM		(99,075)		(113,154)
Corporate selling, general and administrative expenses not allocated to the segments — Capital		(28,194)		(28,194)
Restructuring and transformation costs		(82,875)		(70,117)
Amortization of intangible assets related to business combinations		(84,267)		(89,477)
Gain on disposals of Capital investments		3,747		5,000
Loss on disposal of a PS&PM business		—		(613)
Reversal of impairment loss on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell		—		1,348
DPCP Remediation Agreement expense		(27,437)		—
EBIT		95,011		194,098
Net financial expenses		115,749		110,450
Earnings (loss) before income taxes from continuing operations		(20,738)		83,648
Income tax recovery		(27,757)		(22,031)
Net income from continuing operations		7,019		105,679
Net income (loss) from discontinued operations		(6,890)		566,377
Net income for the year		\$ 129		\$ 672,056

⁽¹⁾ Comparative figures have been restated to reflect the new reportable segments effective as of January 1, 2022.

Supplementary Financial Information (continued)

ADDITIONAL INFORMATION — STATEMENTS OF CASH FLOWS

(UNAUDITED)

A) DEPRECIATION AND AMORTIZATION

The following table presents the items composing “Depreciation and amortization”:

	FOURTH QUARTERS		YEARS ENDED DECEMBER 31	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
Property and equipment	\$ 22,450	\$ 19,167	\$ 89,941	\$ 93,671
Intangible assets related to business combinations	21,546	23,375	84,267	89,477
Right-of-use assets	16,354	23,994	77,251	88,166
Total	\$ 60,350	\$ 66,536	\$ 251,459	\$ 271,314

The depreciation and amortization charge was presented in the Company’s income statements in the following lines:

	FOURTH QUARTERS		YEARS ENDED DECEMBER 31	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
Direct costs of activities	\$ 38,003	\$ 42,398	\$ 162,726	\$ 170,125
Corporate selling, general and administrative expenses	801	2,773	4,466	6,899
Amortization of intangible assets related to business combinations	21,546	23,375	84,267	89,477
Net income from discontinued operations	—	(2,010)	—	4,813
Total	\$ 60,350	\$ 66,536	\$ 251,459	\$ 271,314

⁽¹⁾ Effective January 1, 2022, the Company decided to present “Depreciation and amortization” separately from “Other reconciling items”, both presented in operating activities in the consolidated statements of cash flows. The Company has restated the comparative figures accordingly.

Supplementary Financial Information (continued)

ADDITIONAL INFORMATION — STATEMENTS OF CASH FLOWS (CONTINUED)

(UNAUDITED)

B) OTHER RECONCILING ITEMS

The following table presents the items to reconcile net income (loss) to cash flows from operating activities presented in the statements of cash flows:

	FOURTH QUARTERS		YEARS ENDED DECEMBER 31	
	2022	2021 ^{(1) (2)}	2022	2021 ^{(1) (2)}
Income taxes recognized in net income	\$ (38,480)	\$ (38,054)	\$ (28,348)	\$ (69,190)
Net financial expenses recognized in net income	46,936	29,215	115,749	110,614
Expense (recovery) recognized in respect of cash-settled share-based payment arrangements	3,308	(2,115)	15,667	36,801
Expense recognized in respect of stock options	55	—	1,418	—
Income from Capital investments accounted for by the equity method	(41,816)	(53,035)	(75,529)	(85,002)
Dividends and distributions received from Capital investments accounted for by the equity method	40,782	48,358	65,871	76,584
Income from PS&PM investments accounted for by the equity method	(14,013)	(9,477)	(51,649)	(56,329)
Dividends and distributions received from PS&PM investments accounted for by the equity method	24,877	29,377	53,545	55,965
Net change in provisions related to forecasted losses on certain contracts	16,485	24,117	(18,551)	(42,119)
Loss (gain) on disposals of Capital investments	580	(5,000)	(3,747)	(5,000)
Restructuring and transformation costs recognized in net income	53,922	44,865	82,875	87,613
Restructuring and transformation costs paid	(17,981)	(28,321)	(64,213)	(59,133)
Loss (gain) on disposals of PS&PM businesses	—	—	7,481	(572,429)
DPCP Remediation Agreement expense	—	—	27,437	—
Payments related to federal charges settlement (PPSC) and DPCP Remediation Agreement ⁽²⁾	(45,545)	(30,545)	(76,983)	(56,000)
Loss (gain) arising on financial instruments at fair value through profit or loss	227	3,381	3,299	(3,725)
Reversal of impairment loss on remeasurement of assets of disposal groups classified as held for sale to fair value less cost to sell	—	—	—	(6,232)
Net change in other provisions	(25,480)	112,600	(59,600)	68,725
Other ⁽²⁾	38,876	(16,013)	(33,070)	(24,695)
Other reconciling items	\$ 42,733	\$ 109,353	\$ (38,348)	\$ (543,552)

⁽¹⁾ Effective January 1, 2022, the Company decided to present “Depreciation and amortization” separately from “Other reconciling items”, both presented in operating activities in the consolidated statements of cash flows. The Company has restated the comparative figures accordingly.

⁽²⁾ Effective as of the fourth quarter of 2022, the Company presents “Payments related to federal charges settlement (PPSC) and DPCP Remediation Agreement” separately from “Other”. The Company has restated the comparative figures accordingly.

Supplementary Financial Information (continued)

ADDITIONAL INFORMATION — STATEMENTS OF CASH FLOWS (CONTINUED)

(UNAUDITED)

C) NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The following table presents the items included in the net change in non-cash working capital related to operating activities presented in the statements of cash flows:

	FOURTH QUARTERS		YEARS ENDED DECEMBER 31	
	2022	2021	2022	2021
Decrease (increase) in trade receivables	\$ (47,932)	\$ 28,680	\$ (34,775)	\$ 42,036
Decrease (increase) in contract assets	279,606	56,800	(130,064)	(163,760)
Increase in inventories	(1,055)	(2,509)	(492)	(941)
Decrease (increase) in other current financial assets	(9,249)	23,751	(30,308)	150,207
Increase in other current non-financial assets	(25,536)	(30,495)	(70,433)	(41,466)
Increase (decrease) in trade payables and accrued liabilities	(17,618)	(146,759)	21,207	(63,528)
Increase (decrease) in contract liabilities	(34,815)	63,567	3,823	(14,186)
Increase in other current financial liabilities	4,076	58,065	7,172	75,082
Increase (decrease) in other current non-financial liabilities	37,193	(12,949)	(26,700)	(80,663)
Net change in non-cash working capital items	\$ 184,670	\$ 38,151	\$ (260,570)	\$ (97,219)