AtkinsRéalis

Q3

Interim Condensed Consolidated Financial Statements (unaudited)

For the three-month and nine-month periods ended September 30, 2023 and 2022

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)	Note	SEPTEMBER 30 2023	DECEMBER 31 2022
ASSETS			
Current assets			
Cash and cash equivalents		**$ 563,505**	$ 570,279
Restricted cash		**5,345**	22,170
Trade receivables		**1,276,793**	1,177,388
Contract assets		**1,602,885**	1,170,961
Inventories		**18,854**	17,411
Other current financial assets		**274,718**	180,616
Other current non-financial assets		**262,867**	222,731
Total current assets		**4,004,967**	3,361,556
Property and equipment		**327,873**	334,554
Right-of-use assets		**262,381**	287,795
Capital investments accounted for by the equity method	5	**418,845**	406,925
Goodwill		**3,321,271**	3,370,706
Intangible assets related to business combinations		**284,803**	345,545
Deferred income tax asset		**871,544**	794,900
Non-current portion of receivables under service concession arrangements		**407,607**	320,343
Other non-current financial assets		**45,144**	32,064
Other non-current non-financial assets		**201,526**	205,598
Total assets		**$ 10,145,961**	$ 9,459,986
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and accrued liabilities		**$ 1,865,894**	$ 1,704,352
Contract liabilities		**982,069**	846,810
Other current financial liabilities		**324,685**	213,856
Other current non-financial liabilities		**344,227**	294,639
Current portion of provisions		**169,595**	240,108
Current portion of lease liabilities		**77,109**	87,625
Short-term debt and current portion of long-term debt:			
Recourse		**935,225**	376,302
Non-recourse		**162,588**	170,984
Total current liabilities		**4,861,392**	3,934,676
Long-term debt:			
Recourse		**796,167**	1,094,258
Limited recourse		**398,141**	400,000
Non-recourse		**—**	14,853
Other non-current financial liabilities		**29,111**	100,084
Non-current portion of provisions		**316,912**	347,355
Non-current portion of lease liabilities		**321,911**	348,660
Other non-current non-financial liabilities		**34,111**	28,529
Deferred income tax liability		**303,966**	312,486
Total liabilities		**7,061,711**	6,580,901
Equity			
Share capital		**1,805,080**	1,805,080
Retained earnings		**1,554,657**	1,404,589
Other components of equity	8	**(285,593)**	(340,155)
Equity attributable to AtkinsRéalis shareholders		**3,074,144**	2,869,514
Non-controlling interests		**10,106**	9,571
Total equity		**3,084,250**	2,879,085
Total liabilities and equity		**$ 10,145,961**	$ 9,459,986

See accompanying notes to interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

NINE MONTHS ENDED SEPTEMBER 30
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT NUMBER OF COMMON SHARES)

2023	EQUITY ATTRIBUTABLE TO ATKINSRÉALIS SHAREHOLDERS						
	SHARE CAPITAL						
	COMMON SHARES (IN THOUSANDS)	AMOUNT	RETAINED EARNINGS	OTHER COMPONENTS OF EQUITY (NOTE 8)	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at beginning of period	**175,554**	**$ 1,805,080**	**$ 1,404,589**	**$ (340,155)**	**$ 2,869,514**	**$ 9,571**	**$ 2,879,085**
Net income (loss) for the period	**—**	**—**	**197,210**	**—**	**197,210**	**(373)**	**196,837**
Other comprehensive income (loss) for the period	**—**	**—**	**(40,134)**	**54,562**	**14,428**	**(280)**	**14,148**
Total comprehensive income (loss) for the period	**—**	**—**	**157,076**	**54,562**	**211,638**	**(653)**	**210,985**
Dividends declared (Note 7)	**—**	**—**	**(10,533)**	**—**	**(10,533)**	**—**	**(10,533)**
Stock option compensation	**—**	**—**	**3,525**	**—**	**3,525**	**—**	**3,525**
Non-cash contribution by a non-controlling interest	**—**	**—**	**—**	**—**	**—**	**1,188**	**1,188**
Balance at end of period	**175,554**	**$ 1,805,080**	**$ 1,554,657**	**$ (285,593)**	**$ 3,074,144**	**$ 10,106**	**$ 3,084,250**

NINE MONTHS ENDED SEPTEMBER 30
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT NUMBER OF COMMON SHARES)

2022	EQUITY ATTRIBUTABLE TO ATKINSRÉALIS SHAREHOLDERS						
	SHARE CAPITAL						
	COMMON SHARES (IN THOUSANDS)	AMOUNT	RETAINED EARNINGS	OTHER COMPONENTS OF EQUITY (NOTE 8)	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at beginning of period	175,554	$ 1,805,080	$ 1,501,556	$ (333,269)	$ 2,973,367	$ 20,092	$ 2,993,459
Net income for the period	—	—	64,102	—	64,102	972	65,074
Other comprehensive income (loss) for the period	—	—	54,707	(95,076)	(40,369)	(856)	(41,225)
Total comprehensive income (loss) for the period	—	—	118,809	(95,076)	23,733	116	23,849
Dividends declared (Note 7)	—	—	(10,533)	—	(10,533)	—	(10,533)
Stock option compensation	—	—	1,363	—	1,363	—	1,363
Balance at end of period	175,554	$ 1,805,080	$ 1,611,195	$ (428,345)	$ 2,987,930	$ 20,208	$ 3,008,138

See accompanying notes to interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT EARNINGS PER SHARE AND NUMBER OF SHARES)		THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	Note	**2023**	2022	**2023**	2022
Continuing operations					
Revenues from:					
PS&PM		**$ 2,171,173**	$ 1,859,945	**$ 6,280,066**	$ 5,589,214
Capital investments accounted for by the consolidation method or at fair value through other comprehensive income		**9,676**	10,897	**26,220**	26,044
Capital investments accounted for by the equity method		**19,268**	18,576	**48,432**	33,713
	3	**2,200,117**	1,889,418	**6,354,718**	5,648,971
Direct costs of activities		**2,003,393**	1,755,945	**5,820,920**	5,286,765
Corporate selling, general and administrative expenses	4	**54,289**	31,870	**126,600**	95,922
Restructuring and transformation costs	14	**6,634**	8,845	**27,876**	28,953
Amortization of intangible assets related to business combinations		**21,052**	19,845	**62,514**	62,721
Gain on disposal of a Capital investment	5A	**—**	—	**—**	(4,327)
Gain on disposal of a PS&PM business	15A	**(46,191)**	—	**(46,191)**	—
DPCP Remediation Agreement expense	12	**—**	—	**—**	27,437
EBIT (1)		**160,940**	72,913	**362,999**	151,500
Financial expenses	6	**52,054**	31,488	**149,751**	84,575
Financial income and net foreign exchange losses (gains)	6	**(1,884)**	(8,463)	**(9,195)**	(15,762)
Earnings before income taxes from continuing operations		**110,770**	49,888	**222,443**	82,687
Income tax expense		**6,063**	3,289	**25,606**	10,723
Net income from continuing operations		**104,707**	46,599	**196,837**	71,964
Net loss from discontinued operations	15B	**—**	(6,890)	**—**	(6,890)
Net income for the period		**$ 104,707**	$ 39,709	**$ 196,837**	$ 65,074
Net income (loss) from continuing operations attributable to:					
AtkinsRéalis shareholders		**$ 104,967**	$ 44,663	**$ 197,210**	$ 70,992
Non-controlling interests		**(260)**	1,936	**(373)**	972
Net income from continuing operations for the period		**$ 104,707**	$ 46,599	**$ 196,837**	$ 71,964
Net income (loss) attributable to:					
AtkinsRéalis shareholders		**$ 104,967**	$ 37,773	**$ 197,210**	$ 64,102
Non-controlling interests		**(260)**	1,936	**(373)**	972
Net income for the period		**$ 104,707**	$ 39,709	**$ 196,837**	$ 65,074
Earnings per share from continuing operations (in $)					
Basic		**$ 0.60**	$ 0.25	**$ 1.12**	$ 0.40
Diluted		**$ 0.60**	$ 0.25	**$ 1.12**	$ 0.40
Weighted average number of outstanding shares (in thousands)					
Basic		**175,554**	175,554	**175,554**	175,554
Diluted		**175,676**	175,554	**175,554**	175,554

(1) Earnings before interest and taxes (“EBIT”)

See accompanying notes to interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

THREE MONTHS ENDED SEPTEMBER 30 (IN THOUSANDS OF CANADIAN DOLLARS)	2023			2022		
	ATTRIBUTABLE TO ATKINSRÉALIS SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL	ATTRIBUTABLE TO ATKINSRÉALIS SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL
Net income (loss) from continuing operations for the period	**$ 104,967**	**$ (260)**	**$ 104,707**	$ 44,663	$ 1,936	$ 46,599
Other comprehensive income (loss):						
Exchange differences on translating foreign operations (Note 8)	**7,454**	**117**	**7,571**	99,747	233	99,980
Cash flow hedges (Note 8)	**3,386**	**(961)**	**2,425**	3,919	(866)	3,053
Income taxes (Note 8)	**(1,700)**	**—**	**(1,700)**	(2,295)	—	(2,295)
Total of items that will be reclassified subsequently to net income	**9,140**	**(844)**	**8,296**	101,371	(633)	100,738
Equity instruments designated at fair value through other comprehensive income (Note 8)	**—**	**—**	**—**	11,434	—	11,434
Remeasurement of defined benefit plans (Note 8)	**19,878**	**—**	**19,878**	(139,285)	—	(139,285)
Income taxes (Note 8)	**(5,305)**	**—**	**(5,305)**	35,194	—	35,194
Total of items that will not be reclassified subsequently to net income	**14,573**	**—**	**14,573**	(92,657)	—	(92,657)
Total other comprehensive income (loss) from continuing operations for the period	**23,713**	**(844)**	**22,869**	8,714	(633)	8,081
Net loss from discontinued operations	**—**	**—**	**—**	(6,890)	—	(6,890)
Total other comprehensive loss from discontinued operations for the period	**—**	**—**	**—**	(6,890)	—	(6,890)
Total comprehensive income (loss) for the period	**$ 128,680**	**$ (1,104)**	**$ 127,576**	$ 46,487	$ 1,303	$ 47,790

NINE MONTHS ENDED SEPTEMBER 30 (IN THOUSANDS OF CANADIAN DOLLARS)	2023			2022		
	ATTRIBUTABLE TO ATKINSRÉALIS SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL	ATTRIBUTABLE TO ATKINSRÉALIS SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL
Net income (loss) from continuing operations for the period	**$ 197,210**	**$ (373)**	**$ 196,837**	$ 70,992	$ 972	$ 71,964
Other comprehensive income (loss):						
Exchange differences on translating foreign operations (Note 8)	**45,840**	**(58)**	**45,782**	(99,423)	269	(99,154)
Cash flow hedges (Note 8)	**12,411**	**(222)**	**12,189**	4,428	(1,125)	3,303
Income taxes (Note 8)	**(3,689)**	**—**	**(3,689)**	(81)	—	(81)
Total of items that will be reclassified subsequently to net income	**54,562**	**(280)**	**54,282**	(95,076)	(856)	(95,932)
Equity instruments designated at fair value through other comprehensive income (Note 8)	**—**	**—**	**—**	25,654	—	25,654
Remeasurement of defined benefit plans (Note 8)	**(52,913)**	**—**	**(52,913)**	36,330	—	36,330
Income taxes (Note 8)	**12,779**	**—**	**12,779**	(7,277)	—	(7,277)
Total of items that will not be reclassified subsequently to net income	**(40,134)**	**—**	**(40,134)**	54,707	—	54,707
Total other comprehensive income (loss) from continuing operations for the period	**14,428**	**(280)**	**14,148**	(40,369)	(856)	(41,225)
Net loss from discontinued operations	**—**	**—**	**—**	(6,890)	—	(6,890)
Total other comprehensive loss from discontinued operations for the period	**—**	**—**	**—**	(6,890)	—	(6,890)
Total comprehensive income (loss) for the period	**$ 211,638**	**$ (653)**	**$ 210,985**	$ 23,733	$ 116	$ 23,849

See accompanying notes to interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS [(1)] (UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)		THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	Note	**2023**	2022	**2023**	2022
Operating activities					
Net income for the period		**$ 104,707**	$ 39,709	**$ 196,837**	$ 65,074
Income taxes paid		**(12,768)**	(2,298)	**(58,292)**	(65,202)
Interest paid		**(42,905)**	(36,820)	**(132,718)**	(86,026)
Depreciation and amortization	9A	**62,885**	63,153	**183,992**	191,109
Other reconciling items	9B	**(58,174)**	(40,981)	**(13,272)**	(81,081)
		53,745	22,763	**176,547**	23,874
Net change in non-cash working capital items	9C	**(47,321)**	(181,431)	**(383,357)**	(445,240)
Net cash generated from (used for) operating activities		**6,424**	(158,668)	**(206,810)**	(421,366)
Investing activities					
Acquisition of property and equipment		**(26,770)**	(41,556)	**(68,254)**	(75,934)
Payments for Capital investments		**—**	—	**—**	(39,633)
Refunds for Capital investments		**—**	11,846	**—**	11,846
Change in restricted cash position		**1,179**	(2,178)	**13,062**	(1,052)
Increase in receivables under service concession arrangements		**(51,649)**	(56,988)	**(172,709)**	(154,068)
Recovery of receivables under service concession arrangements		**28,370**	21,947	**75,836**	99,214
Net cash inflow on disposal of a Capital investment accounted for by the consolidation method	5A	**—**	—	**—**	40,482
Cash inflow on disposal of a Capital investment at fair value through other comprehensive income	5A	**34,325**	—	**34,325**	—
Net cash inflow (cash outflow) on disposals of PS&PM businesses	15	**147,075**	(713)	**147,075**	(713)
Other		**2,580**	(527)	**5,325**	1,063
Net cash generated from (used for) investing activities		**135,110**	(68,169)	**34,660**	(118,795)
Financing activities					
Increase in debt	9D	**303**	164,637	**569,025**	494,174
Repayment of debt and payment for debt issue costs	9D	**(105,759)**	(1,819)	**(331,099)**	(9,192)
Payment of lease liabilities	9D	**(22,317)**	(19,605)	**(60,498)**	(63,611)
Dividends paid to AtkinsRéalis shareholders	7, 9D	**(3,511)**	(3,511)	**(10,533)**	(10,533)
Other	9D	**—**	(10)	**—**	48
Net cash generated from (used for) financing activities		**(131,284)**	139,692	**166,895**	410,886
Increase (decrease) from exchange differences on translating cash and cash equivalents		**733**	2,338	**(1,519)**	1,240
Net increase (decrease) in cash and cash equivalents		**10,983**	(84,807)	**(6,774)**	(128,035)
Cash and cash equivalents at beginning of period [(2)]		**552,522**	567,382	**570,279**	610,610
Cash and cash equivalents at end of period		**$ 563,505**	$ 482,575	**$ 563,505**	$ 482,575

(1) The Company has elected to present a consolidated statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations are disclosed in Note 15B.

(2) The amount of $610.6 million as at December 31, 2021 included $2.2 million of cash and cash equivalents comprised within “Assets of disposal group classified as held for sale”.

See accompanying notes to interim condensed consolidated financial statements

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

SNC-Lavalin Group Inc. (doing business under the name "AtkinsRéalis") is incorporated under the Canada Business Corporations Act and has its registered office at 455 René-Lévesque Boulevard West, Montreal, Québec, H2Z 1Z3, Canada. SNC-Lavalin Group Inc. is a public company whose common shares are listed on the Toronto Stock Exchange in Canada. Reference to the "Company", "AtkinsRéalis" or to "SNC-Lavalin" means, as the context may require, SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint arrangements or associates, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements or associates.

Founded in 1911, the Company is a fully integrated professional services and project management company with offices around the world. AtkinsRéalis connects people, technology and data to help shape and deliver world-leading concepts and projects, while offering comprehensive innovative solutions across the asset lifecycle.

In these unaudited interim condensed consolidated financial statements ("financial statements"), activities related to Professional Services & Project Management ("PS&PM") are collectively referred to as "from PS&PM" to distinguish them from activities related to the Company's Capital investments.

2. BASIS OF PREPARATION

A) BASIS OF PREPARATION

The Company's financial statements are presented in **Canadian dollars**. All values in the tables included in these notes are rounded to the nearest thousand dollars, except where otherwise indicated.

These financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, ("IAS 34").

The International Financial Reporting Standards ("IFRS") accounting policies that are set out in Note 2 to the Company's annual audited consolidated financial statements for the year ended December 31, 2022 were consistently applied to all periods presented.

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 3 to the Company's annual audited consolidated financial statements for the year ended December 31, 2022 and are updated in these financial statements.

The Company's financial statements have been prepared on the historical cost basis, with the exception, when applicable, of: i) certain financial instruments, derivative financial instruments and liabilities for share unit plans, which are measured at fair value; ii) defined benefit assets (liabilities), which are measured as the net total of the fair value of plan assets minus the present value of the defined benefit obligation; iii) investments measured at fair value held by SNC-Lavalin Infrastructure Partners LP, which is an investment entity accounted for by the equity method and for which the Company elected to retain the fair value measurement applied by that investment entity; and iv) certain assets held for sale, which are measured at fair value less cost to sell. Historical cost generally represents the fair value of consideration given in exchange for assets upon initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, *Share-based Payment*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2, *Inventories*, or value in use in IAS 36, *Impairment of Assets*.

The Company's financial statements were authorized for issue by the Board of Directors of the Company on November 9, 2023.

2. BASIS OF PREPARATION (CONTINUED)

B) NEW AMENDMENTS ADOPTED IN THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

The following amendments to existing standards were adopted by the Company on January 1, 2023:

- Amendments to IAS 1, *Presentation of Financial Statements*, ("IAS 1") change the requirements in IAS 1 with regard to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy.
- Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Amendments to IAS 12, *Income Taxes*, ("IAS 12") specify how entities should account for deferred income taxes on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognizing deferred income taxes when they recognize assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations and that entities are required to recognize deferred income taxes on such transactions.

The following amendments issued in the second quarter of 2023 were adopted by the Company in the same period:

- Amendments to IAS 12 introduce: i) a temporary exception to the accounting for deferred income taxes arising from jurisdictions implementing the global minimum tax rules; and ii) targeted disclosure requirements to help investors better understand an entity's exposure to income taxes arising from the global minimum tax rules, particularly before legislation implementing the rules is in effect.

The adoption by the Company of the amendments listed above did not have a significant impact on the Company's financial statements for the three-month and nine-month periods ended September 30, 2023.

C) AMENDMENTS ISSUED TO BE ADOPTED AT A LATER DATE

The following amendments to existing standards have been issued and are applicable to the Company for its annual periods beginning on January 1, 2024 and thereafter, with an earlier application permitted:

- Amendments to IFRS 16, *Leases*, require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.
- Amendments to IAS 1 clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also clarify the classification requirements for debt an entity might settle by converting it into equity.
- Amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to financial statements.
- Amendments to IAS 7, *Statement of Cash Flows*, and IFRS 7, *Financial Instruments: Disclosures*, introduce disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The following amendments to an existing standard have been issued and are applicable to the Company for its annual periods beginning on January 1, 2025 and thereafter, with an earlier application permitted:

- Amendments to IAS 21, T*he Effects of Changes in Foreign Exchange Rates*, require an entity to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

The Company is currently evaluating the impacts of adopting these amendments on its financial statements.

3. SEGMENT DISCLOSURES

The following table presents revenues and Segment Adjusted EBIT for each of the Company's segments for the three-month periods ended September 30, 2023 and 2022:

THREE MONTHS ENDED SEPTEMBER 30	**2023**		2022	
	REVENUES	SEGMENT ADJUSTED EBIT	REVENUES	SEGMENT ADJUSTED EBIT
Engineering Services	**$ 1,518,087**	**$ 131,814**	$ 1,176,469	$ 97,888
Nuclear	**270,520**	**38,652**	219,205	36,585
O&M	**114,850**	**16,266**	124,297	15,796
Linxon	**140,083**	**397**	123,077	2,330
AtkinsRéalis Services (previously, SNCL Services)	**2,043,540**	**187,129**	1,643,048	152,599
LSTK Projects [(1)]	**127,633**	**(13,185)**	216,897	(43,923)
Capital	**28,944**	**22,780**	29,473	24,797
	$ 2,200,117		$ 1,889,418	
Segment Adjusted EBIT — Total		**196,724**		133,473
Corporate selling, general and administrative expenses not allocated to the segments — PS&PM		**(47,240)**		(24,821)
Corporate selling, general and administrative expenses not allocated to the segments — Capital		**(7,049)**		(7,049)
Restructuring and transformation costs (Note 14)		**(6,634)**		(8,845)
Amortization of intangible assets related to business combinations		**(21,052)**		(19,845)
Gain on disposal of a PS&PM business (Note 15A)		**46,191**		—
EBIT		**160,940**		72,913
Net financial expenses (Note 6)		**50,170**		23,025
Earnings before income taxes from continuing operations		**110,770**		49,888
Income tax expense		**6,063**		3,289
Net income from continuing operations		**104,707**		46,599
Net loss from discontinued operations (Note 15B)		**—**		(6,890)
Net income for the period		**$ 104,707**		$ 39,709

(1) In the three-month period ended September 30, 2022, the negative Segment Adjusted EBIT of LSTK Projects was mainly due to unfavourable cost reforecasts.

3. SEGMENT DISCLOSURES (CONTINUED)

The following table presents revenues and Segment Adjusted EBIT for each of the Company's segments for the nine-month periods ended September 30, 2023 and 2022:

NINE MONTHS ENDED SEPTEMBER 30	2023		2022	
	REVENUES	SEGMENT ADJUSTED EBIT	REVENUES	SEGMENT ADJUSTED EBIT
Engineering Services	**$ 4,328,364**	**$ 369,705**	$ 3,443,339	$ 278,507
Nuclear	**766,026**	**104,289**	672,314	103,405
O&M	**339,683**	**33,602**	365,591	38,923
Linxon	**403,857**	**3,026**	427,290	4,361
AtkinsRéalis Services (previously, SNCL Services)	**5,837,930**	**510,622**	4,908,534	425,196
LSTK Projects [(1)]	**442,136**	**(34,953)**	680,680	(111,095)
Capital	**74,652**	**58,129**	59,757	48,105
	$ 6,354,718		$ 5,648,971	
Segment Adjusted EBIT — Total		**533,798**		362,206
Corporate selling, general and administrative expenses not allocated to the segments — PS&PM		**(105,454)**		(74,776)
Corporate selling, general and administrative expenses not allocated to the segments — Capital		**(21,146)**		(21,146)
Restructuring and transformation costs (Note 14)		**(27,876)**		(28,953)
Amortization of intangible assets related to business combinations		**(62,514)**		(62,721)
Gain on disposal of a Capital investment (Note 5A)		**—**		4,327
Gain on disposal of a PS&PM business (Note 15A)		**46,191**		—
DPCP Remediation Agreement expense (Note 12)		**—**		(27,437)
EBIT		**362,999**		151,500
Net financial expenses (Note 6)		**140,556**		68,813
Earnings before income taxes from continuing operations		**222,443**		82,687
Income tax expense		**25,606**		10,723
Net income from continuing operations		**196,837**		71,964
Net loss from discontinued operations (Note 15B)		**—**		(6,890)
Net income for the period		**$ 196,837**		$ 65,074

(1) In the nine-month period ended September 30, 2022, the negative Segment Adjusted EBIT of LSTK Projects was mainly due to the same reason applicable to three-month period ended September 30, 2022 stated on the previous page.

3. SEGMENT DISCLOSURES (CONTINUED)

The following tables present revenues by geographic area according to project location:

THREE MONTHS ENDED SEPTEMBER 30			2023			2022
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER REVENUE	TOTAL	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER REVENUE	TOTAL
Americas:						
Canada	**$ 579,502**	**$ 18,460**	**$ 597,962**	$ 596,639	$ 23,889	$ 620,528
United States	**392,666**	**12,506**	**405,172**	353,056	11,473	364,529
Latin America	**34,018**	**—**	**34,018**	25,942	—	25,942
Europe:						
United Kingdom	**635,464**	**5,409**	**640,873**	527,355	2,710	530,065
Other	**102,907**	**(436)**	**102,471**	66,785	908	67,693
Middle East and Africa:						
Middle East	**284,097**	**169**	**284,266**	164,634	—	164,634
Africa	**45,988**	**3,349**	**49,337**	37,015	(1,383)	35,632
Asia Pacific	**86,018**	**—**	**86,018**	80,395	—	80,395
	$ 2,160,660	**$ 39,457**	**$ 2,200,117**	$ 1,851,821	$ 37,597	$ 1,889,418

NINE MONTHS ENDED SEPTEMBER 30			2023			2022
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER REVENUE	TOTAL	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER REVENUE	TOTAL
Americas:						
Canada	**$ 1,730,257**	**$ 45,020**	**$ 1,775,277**	$ 1,759,204	$ 46,529	$ 1,805,733
United States	**1,169,616**	**24,090**	**1,193,706**	1,063,963	26,665	1,090,628
Latin America	**89,798**	**—**	**89,798**	74,831	—	74,831
Europe:						
United Kingdom	**1,937,709**	**10,101**	**1,947,810**	1,626,919	9,511	1,636,430
Other	**278,129**	**(217)**	**277,912**	255,302	2,305	257,607
Middle East and Africa:						
Middle East	**721,118**	**1,163**	**722,281**	433,876	—	433,876
Africa	**110,873**	**10,291**	**121,164**	107,673	(17)	107,656
Asia Pacific	**226,770**	**—**	**226,770**	242,210	—	242,210
	$ 6,264,270	**$ 90,448**	**$ 6,354,718**	$ 5,563,978	$ 84,993	$ 5,648,971

In the third quarters and nine-month periods ended September 30, 2023 and 2022, Canada, the United Kingdom and the United States were the only countries where the Company derived more than 10% of its revenues.

3. SEGMENT DISCLOSURES (CONTINUED)

The following tables present revenues by type of contracts:

THREE MONTHS ENDED SEPTEMBER 30				2023				2022
	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS	STANDARDIZED EPC CONTRACTS	LUMP-SUM TURNKEY CONSTRUCTION CONTRACTS	TOTAL	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS	STANDARDIZED EPC CONTRACTS	LUMP-SUM TURNKEY CONSTRUCTION CONTRACTS	TOTAL
Engineering Services	**$ 1,501,849**	**$ 10,508**	**$ —**	**$ 1,512,357**	$ 1,147,257	$ 14,505	$ —	$ 1,161,762
Nuclear	**259,013**	**—**	**(411)**	**258,602**	214,400	—	5,292	219,692
O&M	**114,846**	**—**	**—**	**114,846**	124,297	—	—	124,297
Linxon	**1,008**	**139,075**	**—**	**140,083**	2,695	120,382	—	123,077
Revenue from contracts with customers – AtkinsRéalis Services (previously, SNCL Services)	**1,876,716**	**149,583**	**(411)**	**2,025,888**	1,488,649	134,887	5,292	1,628,828
Revenue from contracts with customers – LSTK Projects	**—**	**—**	**127,633**	**127,633**	—	—	216,893	216,893
	$ 1,876,716	**$ 149,583**	**$ 127,222**	**$ 2,153,521**	$ 1,488,649	$ 134,887	$ 222,185	$ 1,845,721
Revenue from PS&PM investments accounted for by the equity method				**17,652**				14,224
Revenue from contracts with customers – Capital segment				**7,139**				6,100
Other revenue – Capital segment				**21,805**				23,373
				$ 2,200,117				$ 1,889,418

NINE MONTHS ENDED SEPTEMBER 30				2023				2022
	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS	STANDARDIZED EPC CONTRACTS	LUMP-SUM TURNKEY CONSTRUCTION CONTRACTS	TOTAL	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS	STANDARDIZED EPC CONTRACTS	LUMP-SUM TURNKEY CONSTRUCTION CONTRACTS	TOTAL
Engineering Services	**$ 4,272,278**	**$ 44,823**	**$ —**	**$ 4,317,101**	$ 3,367,188	$ 38,744	$ —	$ 3,405,932
Nuclear	**744,447**	**—**	**(2,294)**	**742,153**	649,530	—	22,581	672,111
O&M	**339,694**	**—**	**—**	**339,694**	365,591	—	—	365,591
Linxon	**2,126**	**401,731**	**—**	**403,857**	16,644	410,646	—	427,290
Revenue from contracts with customers – AtkinsRéalis Services (previously, SNCL Services)	**5,358,545**	**446,554**	**(2,294)**	**5,802,805**	4,398,953	449,390	22,581	4,870,924
Revenue from contracts with customers – LSTK Projects	**—**	**—**	**442,136**	**442,136**	—	—	680,654	680,654
	$ 5,358,545	**$ 446,554**	**$ 439,842**	**$ 6,244,941**	$ 4,398,953	$ 449,390	$ 703,235	$ 5,551,578
Revenue from PS&PM investments accounted for by the equity method				**35,125**				37,636
Revenue from contracts with customers – Capital segment				**19,329**				12,400
Other revenue – Capital segment				**55,323**				47,357
				$ 6,354,718				$ 5,648,971

4. CORPORATE SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2023	2022	**2023**	2022
Corporate selling, general and administrative expenses before loss (gain) arising on financial instruments at fair value through profit or loss	**$ 58,526**	$ 32,360	**$ 135,097**	$ 92,850
Loss (gain) arising on financial instruments at fair value through profit or loss	**(4,237)**	(490)	**(8,497)**	3,072
Corporate selling, general and administrative expenses	**$ 54,289**	$ 31,870	**$ 126,600**	$ 95,922

5. CAPITAL INVESTMENTS

The Company makes investments in infrastructure concessions for public services such as bridges, highways, mass transit systems, power facilities, energy infrastructure, water treatment plants and social infrastructure (e.g. hospitals).

The main concessions and public-private partnerships contracts reported under IFRIC Interpretation 12, *Service Concession Arrangements*, are all accounted for under the financial asset model.

In order to provide the reader of the financial statements with a better understanding of the financial position and results of operations of its Capital investments, the Company presents certain distinct financial information related specifically to its Capital investments throughout its financial statements, as well as additional information below.

A) VARIATIONS IN OWNERSHIP INTERESTS IN INVESTMENTS

I) IN THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

CARLYLE GLOBAL INFRASTRUCTURE OPPORTUNITY FUND, L.P. (“CARLYLE”)

In the third quarter of 2023, the Company collected the remaining balance of the consideration receivable, which was previously included in “Other current financial assets” in the Company’s consolidated statement of financial position, for the disposal of its ownership interest in Carlyle in 2022. This consideration received of US$25.5 million (approximately CA$34.3 million) was included in “Cash inflow on disposal of a Capital investment at fair value through other comprehensive income” in the Company’s consolidated statement of cash flows for the three-month and nine-month periods ended September 30, 2023.

II) IN THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

INPOWER BC GENERAL PARTNERSHIP AND ITS RELATED HOLDING COMPANIES

On February 7, 2022, the Company announced that it completed the sale and transfer of its ownership interest in InPower BC General Partnership and its related holding companies to SNC-Lavalin Infrastructure Partners LP (“SNCL IP Partnership”), in which the Company has a 20% ownership interest.

Net gain on disposal

NINE MONTHS ENDED SEPTEMBER 30	2022
Consideration received in cash	$ 40,760
Consideration received in equity instruments of the SNCL IP Partnership	10,190
Total consideration received	50,950
Net assets disposed of	(44,676)
Disposition-related costs and other	(1,947)
Gain on disposal	4,327
Income tax recovery	102
Net gain on disposal	$ 4,429

5. CAPITAL INVESTMENTS (CONTINUED)

Net assets disposed of

On the disposal date, the major classes of assets and liabilities disposed of were as follows:

Cash and cash equivalents	$	278
Restricted cash		22,454
Other current assets		23,240
Non-current assets		296,057
Assets disposed of		342,029
Current liabilities		21,417
Non-current liabilities		275,936
Liabilities disposed of		297,353
Net assets disposed of	$	44,676

Net cash inflow on disposal

NINE MONTHS ENDED SEPTEMBER 30		2022
Consideration received in cash	$	40,760
Less: cash and cash equivalents balances disposed of		278
Net cash inflow on disposal	$	40,482

B) **FINANCIAL INFORMATION**

Statements of financial position

The Company's consolidated statements of financial position include the following net assets (liabilities) from its consolidated Capital investments and net book value from its Capital investments accounted for by the equity method.

		SEPTEMBER 30 2023		DECEMBER 31 2022
Net assets from Capital investments accounted for by the consolidation method	**$**	**277,345**	$	184,896
Net book value of Capital investments accounted for by the equity method (1)		**418,845**		406,925
	$	**696,190**	$	591,821

(1) Includes the Company's investment in Highway 407 ETR, for which the net book value was nil as at September 30, 2023 and December 31, 2022.

Income statements

The Company's consolidated income statements include the following revenues and expenses from its Capital investments.

	THIRD QUARTERS				NINE MONTHS ENDED SEPTEMBER 30			
		2023		2022		**2023**		2022
Revenues from Capital	**$**	**28,944**	$	29,473	**$**	**74,652**	$	59,757
Direct cost of activities		**6,164**		4,676		**16,523**		11,652
		22,780		24,797		**58,129**		48,105
Corporate selling, general and administrative expenses not allocated to the segments — Capital		**7,049**		7,049		**21,146**		21,146
Gain on disposal of a Capital investment		**—**		—		**—**		(4,327)
EBIT		**15,731**		17,748		**36,983**		31,286
Net financial expenses		**1,596**		1,091		**5,929**		2,892
Earnings before income taxes		**14,135**		16,657		**31,054**		28,394
Income taxes		**131**		1,487		**616**		3,038
Net income for the period	**$**	**14,004**	$	15,170	**$**	**30,438**	$	25,356

6. NET FINANCIAL EXPENSES

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2023	2022	**2023**	2022
Interest on debt:				
Recourse	**$ 31,752**	$ 17,808	**$ 83,769**	$ 39,734
Limited recourse	**8,799**	6,707	**24,572**	14,472
Non-recourse	**3,344**	2,164	**9,665**	5,665
Interest on lease liabilities	**4,671**	3,186	**15,976**	12,243
Other	**3,488**	1,623	**15,769**	12,461
Financial expenses	**52,054**	31,488	**149,751**	84,575
Financial income	**(4,065)**	(2,036)	**(11,506)**	(5,174)
Net foreign exchange losses (gains)	**2,181**	(6,427)	**2,311**	(10,588)
Financial income and net foreign exchange losses (gains)	**(1,884)**	(8,463)	**(9,195)**	(15,762)
Net financial expenses	**$ 50,170**	$ 23,025	**$ 140,556**	$ 68,813

7. DIVIDENDS

During the nine-month period ended September 30, 2023, the Company recognized as distributions to its equity shareholders dividends of $10.5 million or $0.06 per share (2022: $10.5 million or $0.06 per share).

NINE MONTHS ENDED SEPTEMBER 30	**2023**	2022
Dividends payable at January 1	**$ —**	$ —
Dividends declared during the period	**10,533**	10,533
Dividends paid during the period	**(10,533)**	(10,533)
Dividends payable at September 30	**$ —**	$ —

8. OTHER COMPONENTS OF EQUITY

The Company has the following elements, net of income taxes, within its other components of equity at September 30, 2023 and December 31, 2022:

	SEPTEMBER 30 2023	DECEMBER 31 2022
Exchange differences on translating foreign operations	**$ (289,016)**	$ (335,279)
Cash flow hedges	**3,423**	(4,876)
Other components of equity	**$ (285,593)**	$ (340,155)

- Exchange differences on translating foreign operations component represents exchange differences relating to the translation from the functional currencies of the Company's foreign operations into Canadian dollars. On disposal of a foreign operation, the cumulative translation differences are reclassified to net income as part of the gain or loss on disposal. Exchange differences also include gains and losses on hedging instruments, if any, relating to the effective portion of hedges of net investments of foreign operations, which are reclassified to net income on the disposal of the foreign operation.
- Cash flow hedges component represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in net income when the hedged transaction impacts net income, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

8. OTHER COMPONENTS OF EQUITY (CONTINUED)

A) ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME

The following table provides a reconciliation of each element of other components of equity for the third quarters and nine-month periods ended September 30, 2023 and 2022:

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2023	2022	**2023**	2022
Exchange differences on translating foreign operations:				
Balance at beginning of the period	**$ (296,185)**	$ (526,442)	**$ (335,279)**	$ (329,121)
Current period gains (losses)	**2,492**	91,581	**46,219**	(123,438)
Reclassification to net income (Note 15A)	**2,813**	—	**2,813**	—
Net investment hedge – current period gains (losses)	**2,149**	8,166	**(3,192)**	24,015
Income taxes relating to current period gains (losses)	**(285)**	(1,082)	**423**	767
Balance at end of the period	**(289,016)**	(427,777)	**(289,016)**	(427,777)
Cash flow hedges:				
Balance at beginning of the period	**1,452**	(3,274)	**(4,876)**	(4,148)
Current period gains	**12,165**	6,026	**35,881**	8,147
Income taxes relating to current period gains	**(3,523)**	(2,034)	**(10,030)**	(2,416)
Reclassification to net income	**(8,779)**	(2,107)	**(23,470)**	(3,719)
Income taxes relating to amounts reclassified to net income	**2,108**	821	**5,918**	1,568
Balance at end of the period	**3,423**	(568)	**3,423**	(568)
Other components of equity	**$ (285,593)**	$ (428,345)	**$ (285,593)**	$ (428,345)

B) ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME

Remeasurement recognized in other comprehensive income

The following tables present changes in the cumulative amount of remeasurement gains (losses) recognized in other comprehensive income relating to defined benefit pension plans and other post-employment benefits for the third quarters and nine-month periods ended September 30, 2023 and 2022:

THREE MONTHS ENDED SEPTEMBER 30	**2023**			2022		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of the period	**$ 101,744**	**$ (13,064)**	**$ 88,680**	$ 474,307	$ (101,880)	$ 372,427
Gains (losses) recognized during the period	**19,878**	**(5,305)**	**14,573**	(139,285)	35,194	(104,091)
Cumulative amount at end of the period	**$ 121,622**	**$ (18,369)**	**$ 103,253**	$ 335,022	$ (66,686)	$ 268,336

NINE MONTHS ENDED SEPTEMBER 30	**2023**			2022		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of the period	**$ 174,535**	**$ (31,148)**	**$ 143,387**	$ 298,692	$ (59,409)	$ 239,283
Gains (losses) recognized during the period	**(52,913)**	**12,779**	**(40,134)**	36,330	(7,277)	29,053
Cumulative amount at end of the period	**$ 121,622**	**$ (18,369)**	**$ 103,253**	$ 335,022	$ (66,686)	$ 268,336

8. OTHER COMPONENTS OF EQUITY (CONTINUED)

Equity instruments designated at fair value through other comprehensive income

The following tables present changes in fair value of the equity instruments designated at fair value through other comprehensive income for the third quarters and nine-month periods ended September 30, 2023 and 2022:

THREE MONTHS ENDED SEPTEMBER 30	2023			2022		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of the period	**$ (1,973)**	**$ (150)**	**$ (2,123)**	$ 10,187	$ 105	$ 10,292
Gains recognized during the period	**—**	**—**	**—**	11,434	—	11,434
Cumulative amount at end of the period	**$ (1,973)**	**$ (150)**	**$ (2,123)**	$ 21,621	$ 105	$ 21,726

NINE MONTHS ENDED SEPTEMBER 30	2023			2022		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of the period	**$ (1,973)**	**$ (150)**	**$ (2,123)**	$ (4,033)	$ 105	$ (3,928)
Gains recognized during the period	**—**	**—**	**—**	25,654	—	25,654
Cumulative amount at end of the period	**$ (1,973)**	**$ (150)**	**$ (2,123)**	$ 21,621	$ 105	$ 21,726

9. STATEMENTS OF CASH FLOWS

A) DEPRECIATION AND AMORTIZATION

The following table presents the items composing “Depreciation and amortization” for the third quarters and nine-month periods ended September 30, 2023 and 2022:

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2023	2022	**2023**	2022
Property and equipment	**$ 23,542**	$ 20,267	**$ 67,964**	$ 67,491
Intangible assets related to business combinations	**21,052**	19,845	**62,514**	62,721
Right-of-use assets	**18,291**	23,041	**53,514**	60,897
Total	**$ 62,885**	$ 63,153	**$ 183,992**	$ 191,109

The depreciation and amortization charge was presented in the Company’s income statements in the following lines for the third quarters and nine-month periods ended September 30, 2023 and 2022:

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2023	2022	**2023**	2022
Direct costs of activities	**$ 39,595**	$ 42,043	**$ 117,122**	$ 124,723
Corporate selling, general and administrative expenses	**2,238**	1,265	**4,356**	3,665
Amortization of intangible assets related to business combinations	**21,052**	19,845	**62,514**	62,721
Total	**$ 62,885**	$ 63,153	**$ 183,992**	$ 191,109

9. STATEMENTS OF CASH FLOWS (CONTINUED)

B) OTHER RECONCILING ITEMS

The following table presents the other reconciling items related to operating activities presented in the statements of cash flows for the third quarters and nine-month periods ended September 30, 2023 and 2022:

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2023	2022	**2023**	2022
Income taxes recognized in net income	**$ 6,063**	$ 2,698	**$ 25,606**	$ 10,132
Net financial expenses recognized in net income (Note 6)	**50,170**	23,025	**140,556**	68,813
Expense recognized in respect of cash-settled share-based payment arrangements	**26,543**	7,047	**61,379**	12,359
Expense recognized in respect of stock options	**514**	173	**3,525**	1,363
Income from Capital investments accounted for by the equity method	**(19,268)**	(18,576)	**(48,432)**	(33,713)
Dividends and distributions received from Capital investments accounted for by the equity method	**14,570**	16,700	**35,066**	25,089
Income from PS&PM investments accounted for by the equity method	**(17,652)**	(14,224)	**(35,125)**	(37,636)
Dividends and distributions received from PS&PM investments accounted for by the equity method	**6,189**	3,137	**27,920**	28,668
Net change in provisions related to forecasted losses on certain contracts	**(26,452)**	(12,124)	**(45,283)**	(35,036)
Gain on disposal of a Capital investment (Note 5A)	**—**	—	**—**	(4,327)
Restructuring and transformation costs recognized in net income (Note 14)	**6,634**	8,845	**27,876**	28,953
Restructuring and transformation costs paid	**(15,783)**	(21,251)	**(43,386)**	(46,232)
Loss (gain) on disposals of PS&PM businesses (Note 15)	**(46,191)**	7,481	**(46,191)**	7,481
DPCP Remediation Agreement expense (Note 12)	**—**	—	**—**	27,437
Payments related to federal charges settlement (PPSC) and DPCP Remediation Agreement (1)	**(15,111)**	(15,273)	**(26,495)**	(31,438)
Loss (gain) arising on financial instruments at fair value through profit or loss (Note 4)	**(4,237)**	(490)	**(8,497)**	3,072
Net change in other provisions (2)	**(14,594)**	(36,610)	**(50,611)**	(34,120)
Other (1)	**(9,569)**	8,461	**(31,180)**	(71,946)
Other reconciling items	**$ (58,174)**	$ (40,981)	**$ (13,272)**	$ (81,081)

(1) 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.

(2) Net change in other provisions includes changes in all provisions, except for: i) pension, other long-term benefits and other post-employment benefits, which change is included in "Other"; ii) forecasted losses on certain contracts, which change is separately presented in the table above; and iii) restructuring, which change is separately presented in the table above.

9. STATEMENTS OF CASH FLOWS (CONTINUED)

C) NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The following table presents the net change in non-cash working capital items related to operating activities presented in the statements of cash flows for the third quarters and nine-month periods ended September 30, 2023 and 2022:

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2023	2022	**2023**	2022
Decrease (increase) in trade receivables	**$ (88,377)**	$ (13,766)	**$ (108,380)**	$ 13,157
Increase in contract assets	**(26,189)**	(182,759)	**(452,221)**	(409,670)
Decrease (increase) in inventories	**(1,332)**	(2,043)	**(1,393)**	563
Increase in other current financial assets	**(12,688)**	(18,239)	**(25,928)**	(21,059)
Increase in other current non-financial assets	**(36,121)**	(14,162)	**(62,338)**	(44,897)
Increase (decrease) in trade payables and accrued liabilities	**88,951**	(13,365)	**152,341**	38,825
Increase in contract liabilities	**4,302**	46,048	**132,410**	38,638
Increase (decrease) in other current financial liabilities	**4,872**	(3,315)	**14,331**	3,096
Increase (decrease) in other current non-financial liabilities	**19,261**	20,170	**(32,179)**	(63,893)
Net change in non-cash working capital items	**$ (47,321)**	$ (181,431)	**$ (383,357)**	$ (445,240)

D) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table provides a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities for the nine-month period ended September 30, 2023:

	Recourse debt (1)	Limited recourse debt	Non-recourse debt (2)	Lease liabilities (3)
Balance at January 1, 2023	**$ 1,470,560**	**$ 400,000**	**$ 185,837**	**$ 436,285**
Changes arising from cash flows:				
Increase	**568,722**	**—**	**303**	**—**
Repayment	**(304,366)**	**(2,011)**	**(24,142)**	**(60,498)**
Total – changes arising from cash flows	**264,356**	**(2,011)**	**(23,839)**	**(60,498)**
Non-cash changes:				
Effect of foreign currency exchange differences	**(6,351)**	**—**	**(322)**	**1,074**
Amortization of deferred financing costs and discounts and increase from the passage of time	**2,827**	**152**	**2,100**	**—**
Net increase of lease liabilities	**—**	**—**	**—**	**22,159**
Non-cash contribution by a non-controlling interest	**—**	**—**	**(1,188)**	**—**
Balance at September 30, 2023	**$ 1,731,392**	**$ 398,141**	**$ 162,588**	**$ 399,020**

(1), (2), (3) See Notes 1, 2 and 3 on the following page

9. STATEMENTS OF CASH FLOWS (CONTINUED)

CHANGES ARISING FROM CASH FLOWS – RECOURSE DEBT, LIMITED RECOURSE DEBT AND NON-RECOURSE DEBT

NINE MONTHS ENDED SEPTEMBER 30	2023		
	INCREASE OF DEBT	REPAYMENT OF DEBT	PAYMENT FOR DEBT ISSUE COSTS
Recourse debt:			
Revolving Facility	$ 568,722	$ (102,559)	$ (1,397)
Term Loan	—	—	(410)
Series 7 Debentures	—	—	(580)
Series 4 Debentures	—	(200,000)	—
Total – Recourse debt	568,722	(302,559)	(2,387)
Limited recourse debt:			
CDPQ Loan	—	—	(2,011)
Total – Limited recourse debt	—	—	(2,011)
Non-recourse debt:			
Credit facility – TransitNEXT General Partnership	303	—	—
Senior Secured Notes of a PS&PM investment	—	(22,970)	—
Other	—	(1,172)	—
Total – Non-recourse debt	303	(24,142)	—
Total	$ 569,025	$ (326,701)	$ (4,398)

(1) Recourse short-term debt and recourse long-term debt were presented in the Company's consolidated statements of financial position as follows:

	SEPTEMBER 30 2023	JANUARY 1 2023
Recourse short-term debt	$ 935,225	$ 376,302
Recourse long-term debt	796,167	1,094,258
Total	$ 1,731,392	$ 1,470,560

(2) Non-recourse short-term debt and non-recourse long-term debt were presented in the Company's consolidated statements of financial position as follows:

	SEPTEMBER 30 2023	JANUARY 1 2023
Non-recourse short-term debt	$ 162,588	$ 170,984
Non-recourse long-term debt	—	14,853
Total	$ 162,588	$ 185,837

(3) Lease liabilities were presented in the Company's consolidated statements of financial position as follows:

	SEPTEMBER 30 2023	JANUARY 1 2023
Current portion of lease liabilities	$ 77,109	$ 87,625
Non-current portion of lease liabilities	321,911	348,660
Total	$ 399,020	$ 436,285

9. STATEMENTS OF CASH FLOWS (CONTINUED)

The following table provides a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities for the nine-month period ended September 30, 2022:

	Recourse [(1)] debt	Limited recourse debt	Non-[(2)] recourse debt	Lease [(3)] liabilities	Dividends declared to AtkinsRéalis shareholders	Other non-[(4)] current financial liabilities	Other non-[(4)] current non-financial liabilities
Balance at January 1, 2022	$ 1,094,102	$ 400,000	$ 170,069	$ 497,058	$ —	$ 137,519	$ 37
Changes arising from cash flows:							
Increase	478,115	—	16,059	—	—	—	75
Repayment	(3,815)	—	(5,377)	(63,611)	(10,533)	(100)	(70)
Total – changes arising from cash flows	474,300	—	10,682	(63,611)	(10,533)	(100)	5
Non-cash changes:							
Declaration of dividends to AtkinsRéalis shareholders	—	—	—	—	10,533	—	—
Effect of foreign currency exchange differences	10,368	—	1,028	(20,532)	—	(587)	—
Amortization of deferred financing costs and discounts and increase from the passage of time	2,517	—	1,117	—	—	4,913	—
Change in fair value of derivatives used for hedges	—	—	—	—	—	13,268	—
Change in fair value of contingent consideration related to the Linxon transaction	—	—	—	—	—	(972)	—
Net increase of lease liabilities	—	—	—	22,951	—	—	—
Reclassification of payable related to federal charges settlement (PPSC) to “Other current financial liabilities”	—	—	—	—	—	(53,447)	—
Payable related to DPCP Remediation Agreement	—	—	—	—	—	13,902	—
Balance at September 30, 2022	$ 1,581,287	$ 400,000	$ 182,896	$ 435,866	$ —	$ 114,496	$ 42

(1), (2), (3), (4) See Notes 1, 2, 3 and 4 on the following page

9. STATEMENTS OF CASH FLOWS (CONTINUED)

CHANGES ARISING FROM CASH FLOWS – RECOURSE DEBT AND NON-RECOURSE DEBT

NINE MONTHS ENDED SEPTEMBER 30	2022		
	INCREASE OF DEBT	REPAYMENT OF DEBT	PAYMENT FOR DEBT ISSUE COSTS
Recourse debt:			
Revolving Facility	$ 462,712	$ —	$ (3,010)
Term Loan	—	—	(805)
Bank overdraft	15,403	—	—
Total – Recourse debt	478,115	—	(3,815)
Non-recourse debt:			
Credit facility – TransitNEXT General Partnership	16,059	—	—
Senior Secured Notes of a PS&PM investment	—	(5,377)	—
Total – Non-recourse debt	16,059	(5,377)	—
Total	$ 494,174	$ (5,377)	$ (3,815)

(1) Recourse short-term debt and recourse long-term debt were presented in the Company's consolidated statements of financial position as follows:

	SEPTEMBER 30 2022	JANUARY 1 2022
Recourse short-term debt	$ 783,770	$ 96,853
Recourse long-term debt	797,517	997,249
Total	$ 1,581,287	$ 1,094,102

(2) Non-recourse short-term debt and non-recourse long-term debt were presented in the Company's consolidated statements of financial position as follows:

	SEPTEMBER 30 2022	JANUARY 1 2022
Non-recourse short-term debt	$ 25,943	$ 14,021
Non-recourse long-term debt	156,953	156,048
Total	$ 182,896	$ 170,069

(3) Lease liabilities were presented in the Company's consolidated statements of financial position as follows:

	SEPTEMBER 30 2022	JANUARY 1 2022
Current portion of lease liabilities	$ 89,601	$ 91,317
Non-current portion of lease liabilities	346,265	405,741
Total	$ 435,866	$ 497,058

(4) Changes arising from cash flows of other non-current financial liabilities and other non-current non-financial liabilities were presented in the financing activities in the Company's consolidated statement of cash flows as follows:

NINE MONTHS ENDED SEPTEMBER 30	2022
Other non-current financial liabilities	$ (100)
Other non-current non-financial liabilities	5
Other	143
Total	$ 48

10. RELATED PARTY TRANSACTIONS

In the normal course of its operations, AtkinsRéalis enters into transactions with certain of its associates and joint ventures, mainly its Capital investments. Investments in which AtkinsRéalis has significant influence or joint control, which are accounted for by the equity method, are considered related parties.

For the third quarters and nine-month periods ended September 30, 2023 and 2022, the Company recognized the following transactions with its related parties:

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2023	2022	**2023**	2022
PS&PM revenue from contracts with investments accounted for by the equity method	**$ 72,449**	$ 112,529	**$ 292,385**	$ 369,853
Income from Capital investments accounted for by the equity method	**19,268**	18,576	**48,432**	33,713
Dividends and distributions received from Capital investments accounted for by the equity method	**14,570**	16,700	**35,066**	25,089
Income from PS&PM investments accounted for by the equity method	**17,652**	14,224	**35,125**	37,636
Dividends and distributions received from PS&PM investments accounted for by the equity method	**$ 6,189**	$ 3,137	**$ 27,920**	$ 28,668

As at September 30, 2023 and December 31, 2022, the Company has the following balances with its related parties:

	SEPTEMBER 30 2023	DECEMBER 31 2022
Trade receivables from investments accounted for by the equity method	**$ 167,927**	$ 132,489
Retentions on client contracts from investments accounted for by the equity method (1)	**115,039**	113,775
Remaining commitment to invest in Capital investments accounted for by the equity method (2)	**24,921**	24,921
Dividends and distributions receivable from Capital investments accounted for by the equity method (3)	**$ 597**	$ 1,603

(1) Included in “Contract assets” or “Contract liabilities” in the statements of financial position

(2) Included in “Other current financial liabilities” in the statements of financial position

(3) Included in “Other current financial assets” in the statements of financial position

In the nine-month period ended September 30, 2022, the Company sold and transferred its investment in InPower BC General Partnership and its related holding companies to an investment accounted for by the equity method, namely the SNCL IP Partnership, which resulted in a gain on disposal of $4.4 million after income taxes (see Note 5A).

All of these related party transactions are measured at fair value.

11. FINANCIAL INSTRUMENTS

A) CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the carrying value of AtkinsRéalis' financial assets as at September 30, 2023 and December 31, 2022 by category and classification, with the corresponding fair value, when available.

AT SEPTEMBER 30	2023				
	CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY				
	FVTPL [(1)]	AMORTIZED COST	DERIVATIVES USED FOR HEDGES	TOTAL	FAIR VALUE
Cash and cash equivalents	**$ 563,505**	**$ —**	**$ —**	**$ 563,505**	**$ 563,505**
Restricted cash	**5,345**	**—**	**—**	**5,345**	**5,345**
Trade receivables [(2)]	**—**	**1,276,793**	**—**	**1,276,793**	**1,276,793**
Other current financial assets	**6,861**	**231,578**	**36,279**	**274,718**	**264,058**
Non-current portion of receivables under service concession arrangements [(3)]	**—**	**407,607**	**—**	**407,607**	**354,249**
Other non-current financial assets [(3)]	**—**	**18,131**	**27,013**	**45,144**	**45,144**
Total	**$ 575,711**	**$ 1,934,109**	**$ 63,292**	**$ 2,573,112**	

AT DECEMBER 31	2022				
	CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY				
	FVTPL [(1)]	AMORTIZED COST	DERIVATIVES USED FOR HEDGES	TOTAL	FAIR VALUE
Cash and cash equivalents	$ 570,279	$ —	$ —	$ 570,279	$ 570,279
Restricted cash	22,170	—	—	22,170	22,170
Trade receivables [(2)]	—	1,177,388	—	1,177,388	1,177,388
Other current financial assets	6,903	162,304	11,409	180,616	177,102
Non-current portion of receivables under service concession arrangements [(3)]	—	320,343	—	320,343	278,843
Other non-current financial assets [(3)]	—	21,009	11,055	32,064	32,064
Total	$ 599,352	$ 1,681,044	$ 22,464	$ 2,302,860	

(1) Fair value through profit or loss ("FVTPL")

(2) Due to the short-term nature of trade receivables, their carrying amount is considered to be a reasonable approximation of their fair value.

(3) For receivables under service concession arrangements and most of the other non-current financial assets other than at fair value, the Company uses the present value technique to determine the fair value.

11. FINANCIAL INSTRUMENTS (CONTINUED)

The following tables present the carrying value of AtkinsRéalis' financial liabilities as at September 30, 2023 and December 31, 2022 by category and classification, with the corresponding fair value, when available.

AT SEPTEMBER 30	2023				
	CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY				
	DERIVATIVES USED FOR HEDGES	FVTPL [1]	AMORTIZED COST	TOTAL	FAIR VALUE
Trade payables and accrued liabilities [2]	**$ —**	**$ —**	**$ 1,865,894**	**$ 1,865,894**	**$ 1,865,894**
Other current financial liabilities [2]	**23,025**	**—**	**301,660**	**324,685**	**323,508**
Provisions [2]	**—**	**—**	**22,833**	**22,833**	**22,833**
Lease liabilities	**—**	**—**	**399,020**	**399,020**	**N/A** [3]
Short-term debt and long-term debt [4]	**—**	**—**	**2,292,121**	**2,292,121**	**2,289,362**
Other non-current financial liabilities [5]	**3,124**	**14,797**	**11,190**	**29,111**	**29,043**
Total	**$ 26,149**	**$ 14,797**	**$ 4,892,718**	**$ 4,933,664**	

AT DECEMBER 31	2022				
	CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY				
	DERIVATIVES USED FOR HEDGES	FVTPL [1]	AMORTIZED COST	TOTAL	FAIR VALUE
Trade payables and accrued liabilities [2]	$ —	$ —	$ 1,704,352	$ 1,704,352	$ 1,704,352
Other current financial liabilities [2]	19,327	—	194,529	213,856	213,856
Provisions [2]	—	—	40,145	40,145	40,145
Lease liabilities	—	—	436,285	436,285	N/A [3]
Short-term debt and long-term debt [4]	—	—	2,056,397	2,056,397	2,052,929
Other non-current financial liabilities [5]	13,625	15,287	71,172	100,084	97,561
Total	$ 32,952	$ 15,287	$ 4,502,880	$ 4,551,119	

(1) Fair value through profit or loss ("FVTPL")

(2) Due to the short-term nature of trade payables and accrued liabilities, other current financial liabilities other than at fair value and provisions, their carrying amount is considered to be a reasonable approximation of their fair value, except for the current portion of the interest-free payable related to the federal charges settlement (PPCS) and DPCP Remediation Agreement included in "Other current financial liabilities".

(3) N/A: not applicable

(4) The fair value of short-term debt and long-term debt was determined using public quotations or the discounted cash flows method in accordance with current financing arrangements. The discount rates used correspond to prevailing market rates offered to AtkinsRéalis or to the Capital investments, depending on which entity has issued the debt instrument, for debt with similar terms and conditions.

(5) For most of the other non-current financial liabilities other than at fair value, the Company uses the present value technique to determine the fair value.

For the nine-month periods ended September 30, 2023 and 2022, there were no changes in the valuation techniques or the inputs used in the fair value measurements and there were no transfers between the levels of the fair value hierarchy.

B) LEVEL 3 FINANCIAL INSTRUMENTS

The following table presents changes in fair value of Level 3 financial instruments for the nine-month period ended September 30, 2023:

	CONTINGENT CONSIDERATION RECEIVABLE FROM THE ACQUIRER OF THE 10.01% INTEREST IN HIGHWAY 407 ETR	CONTINGENT CONSIDERATION PAYABLE TO SELLER RELATED TO LINXON ACQUISITION
Balance as at January 1, 2023	**$ —**	**$ 15,287**
Unrealized net gain [6]	**—**	**(321)**
Effect of foreign currency exchange differences	**—**	**(169)**
Balance as at September 30, 2023	**$ —**	**$ 14,797**

(6) Included in "Corporate selling, general and administrative expenses" in the consolidated income statement

No reasonable change in the principal assumptions used in the valuation would result in a significant change in the estimated fair value of Level 3 financial instruments.

C) INTEREST RATE SWAPS

In the first quarter of 2023, the Company entered into an interest rate swap agreement with a financial institution related to its unsecured non-revolving variable interest bearing term loan in the aggregate principal amount of $500 million (the "Term Loan"). Under this interest rate swap agreement, the Company pays interest at a fixed rate and receives interest at a variable rate on a total notional amount of $125 million. This interest rate swap agreement is similar to agreements related to the Term Loan entered into in the third quarter of 2022 for a notional amount of $250 million. All these interest rate swap agreements will expire in April 2025 and are subject to hedge accounting as being part of cash flow hedges.

12. CONTINGENT LIABILITIES

Class actions

Ruediger Class Action

On February 6, 2019, a Motion for authorization of a class action and for authorization to bring an action against the Company and certain of its directors and officers (collectively, the "Ruediger Defendants") pursuant to section 225.4 of the *Securities Act* (Québec) (the "Ruediger Class Action") was filed with the Superior Court of Québec, on behalf of persons who acquired the Company securities from February 22, 2018 through January 27, 2019 (the "Ruediger Class Period") and held some or all of such securities as of the commencement of trading on January 28, 2019.

The Ruediger Class Action alleges that certain documents filed by the Company and oral statements made by its then Chief Executive Officer during the Ruediger Class Period contained misrepresentations related to the Company's revenue forecasts and to the financial performance of the former Mining & Metallurgy segment and the former Oil & Gas segment, which misrepresentations would have been corrected by way of the Company's January 28, 2019 press release.

The Ruediger Class Action seeks leave from the Québec Superior Court to bring a statutory misrepresentation claim under the *Securities Act* (Québec). The plaintiff in the proposed action claims damages and seeks the condemnation of the Ruediger Defendants to pay the class members an unspecified amount for compensatory damages with interest and additional indemnity as well as full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution.

On October 15, 2019, the plaintiffs in the Ruediger Class Action delivered an amended "Motion for authorization of a class action and for authorization to bring an action pursuant to section 225.4 of Québec's Securities Act". The amendments extend the Ruediger Class Period to July 22, 2019 and broaden the scope of the claim to include, among other things, disclosure alleged to have been made regarding the Company's ability to execute certain fixed price contracts.

On October 20, 2021, a class action in the Ontario Superior Court of Justice pertaining to facts similar to those in the Ruediger Class Action (the "Drywall Class Action") was dismissed and the claimants in the Drywall Class Action were consequently entitled to have their claims included in the Ruediger Class Action.

The authorization hearing on the amended Ruediger Class Action occurred in April 2022 and, on October 11, 2022, the Québec Superior Court ruled dismissing the Ruediger Class Action, as amended, on all grounds. On November 18, 2022, the plaintiffs appealed the ruling to the Québec Court of Appeal. The final judgment is expected to be rendered in the second half of 2024.

Peters Class Action

On February 25, 2019, a Notice of action was issued with the Ontario Superior Court of Justice by a proposed representative plaintiff, Mr. John Peters, on behalf of persons who acquired the Company securities from September 4, 2018 through October 10, 2018. On March 25, 2019, a Statement of Claim was filed with the Ontario Superior Court of Justice with respect to the claims set out in the Notice of Action (together, the Notice of Action and the Statement of Claim are referred to as the "Peters Class Action").

The Peters Class Action alleges that the defendants, including the Company, the then chair of its Board of Directors and certain of its then officers, failed to make timely disclosure of a material change in the business, operations or capital of the Company, by failing to disclose that on September 4, 2018, the Director of the Public Prosecution Service of Canada communicated her decision to the Company not to award an opportunity to negotiate a remediation agreement.

The Peters Class Action seeks leave from the Ontario Superior Court of Justice to bring a statutory misrepresentation claim under the *Securities Act* (Ontario) and the comparable securities legislation in other provinces and also asserts a claim for common law negligent misrepresentation. The Peters Class Action claims damages in the sum of $75 million or such other amount as the Superior Court may determine plus interest and costs.

12. CONTINGENT LIABILITIES (CONTINUED)

On March 5, 2020, the plaintiff in the Peters Class Action brought a motion for leave and certification of the Peters Class Action. The leave and certification hearing was held between June 1 and June 3, 2021 and, on July 16, 2021, the court dismissed the Peters Class Action. The Plaintiff appealed the ruling and the appeal hearing was held on November 8, 2022. The Court of Appeal delivered its judgement on May 24, 2023 dismissing the appeal. The Plaintiff has not sought leave to appeal to the Supreme Court and this matter is resolved with the lawsuit having been definitively dismissed.

The Company believes that the claims outlined in the Ruediger Class Action are, in each case, entirely without merit and is vigorously defending these claims. Due to the inherent uncertainties of litigation, it is not possible to predict the final outcomes of the Ruediger Class Action or to determine the amount of any potential losses resulting therefrom, if any, and the Company may, in the future, be subject to further class action lawsuits or other litigation. The Company has directors' and officers' liability insurance insuring individuals against liability for acts or omissions in their capacity as directors and officers, and the Company itself has coverage for such claims. The amount of coverage under the directors' and officers' policy is limited and such coverage may be less than any amounts the Company is required or determines to pay in connection with these proceedings. If the Company is required or determines to pay an amount in connection with the Ruediger Class Action, such amount could have a material adverse effect on the Company's liquidity and financial results.

Pyrrhotite case

On June 12, 2014, the Québec Superior Court rendered a decision in "Wave 1" of the matter commonly referred to as the "Pyrrhotite Case" in Trois-Rivières, Québec and in which the Company was one of numerous defendants. The Québec Superior Court ruled in favour of the plaintiffs, awarding an aggregate amount of approximately $168 million in damages apportioned amongst the then-known defendants, on a solidary (in solidum) basis (the "Wave 1 claims"). The Québec Superior Court ruled that the Company's share of the damages award was approximately 70%. The Company's external insurers disputed the extent of the insurance coverage available to the Company and this dispute was included in the Pyrrhotite Case. The Company, among other parties, appealed the Québec Superior Court's ruling and, on April 6, 2020, the Québec Court of Appeal rendered its decision dismissing most of the appeals filed by all parties and upheld: (i) the Québec Superior Court's ruling regarding the Company's approximate 70% share of liability; and (ii) the solidary nature of the defendants' liability. In a further ruling, on June 12, 2020, the Québec Court of Appeal confirmed the Company's allocated share of the damages, inclusive of interest and costs at approximately $200 million, and the Company paid this amount of damages awarded to the plaintiffs on August 3, 2020. The Company filed a notice seeking leave to appeal to the Supreme Court of Canada.

The Québec Court of Appeal also dismissed an appeal from the Company's external insurers and confirmed that multiple insurance policy towers were triggered by the Wave 1 claims, resulting in multiple years of coverage. The Company's external insurers filed notices seeking leave to appeal to the Supreme Court of Canada.

On May 6, 2021, the Supreme Court of Canada dismissed both the Company's and its external insurers' applications seeking leave to appeal.

Given that the Company's external insurers initially refused to comply with terms contained in the relevant policies of insurance and the orders of the Québec Superior Court and the Québec Court of Appeal requiring them to pay a substantial portion of the $200 million damages award, the Company filed an application with the Québec Superior Court seeking an order requiring the Company's external insurers to comply with the Québec Court of Appeal's order and facilitate execution of the $200 million damages award by way of the multiple towers of insurance. On October 16, 2020, the Québec Superior Court ruled in favour of the Company ordering the Company's external insurers to pay the Company approximately $141 million, which was fully collected. An additional $33 million in insurance proceeds was also collected by the Company through a reinsurance policy which was not subject to this court ruling.

The Company filed a recourse in warranty claim against Lafarge Canada Inc. ("Lafarge") seeking its contribution to the damages awarded against the Company in the Wave 1 judgment. The trial commenced in March 2019 and concluded in 2020. On February 4, 2021, the Québec Superior Court dismissed the Company's claim and the Company appealed the Québec Superior Court's ruling to the Québec Court of Appeal. The appeal hearing occurred from November 8 through 10, 2022 and on July 14, 2023, the Court of Appeal upheld the first instance decision. The Company filed its application for leave to appeal this decision to the Supreme Court of Canada on September 29, 2023. A decision on leave is not expected before the first half of 2024.

12. CONTINGENT LIABILITIES (CONTINUED)

In parallel to the Wave 1 claims, notices of additional potential claims have been made and continue to be made against certain defendants, including the Company, in "Wave 2" of the Pyrrhotite Case. In April 2022, the parties, including most of the Company's external insurers, reached a settlement concerning Wave 2 claims that relate to certain residential buildings. The Company's portion of the settlement in capital and interest totaled $60.9 million, of which the uninsured portion was $25.7 million. On June 27, 2023, the court approved a settlement between the parties, including most of the Company's external insurers, concerning various multi-apartment claims and certain commercial claims. The Company's and its insurers' portion of the settlement in capital, interest and fees totaled $17.6 million, of which the uninsured portion was $7.1 million. These settlements did not have an impact on the Company's financial results as their outcomes were covered by the amounts previously provisioned for by the Company. The Company's liability exposure for the remaining Wave 2 claims remains subject to several uncertainties. In addition, the Company has filed a separate recourse in warranty claim against Lafarge with respect to the Wave 2 claims.

Dubai civil case

In November 2018, WS Atkins & Partners Overseas, a subsidiary of the Company, was named as defendant together with other parties by the subrogated insurers of a property developer in a civil case initiated before the courts of Dubai. The claimant sought damages jointly from the defendants on account of the alleged refurbishment costs and loss of income arising from a fire at the property developer's building. WS Atkins & Partners Overseas was a subcontractor in the hotel's design and construction supervision and the claim revolved around alleged negligence in the specification, testing and installation of the building cladding, which was claimed to have exacerbated the fire, thereby increasing the damage to the building. In a first instance court ruling in 2021, the claim was dismissed against all defendants including WS Atkins & Partners Overseas. The claimant filed an appeal, and on September 14, 2022, the court dismissed the claimant's appeal. On November 14, 2022, the claimant filed a further appeal to the Court of Cassation (Dubai's highest tribunal). WS Atkins & Partners Overseas objected to the appeal on December 5, 2022, alongside the other defendants. The appeal before the Court of Cassation was heard on August 17, 2023 and was dismissed on August 24, 2023 such that this matter is resolved with the lawsuit having been definitively dismissed as against all defendants, including WS Atkins & Partners Overseas.

Australian Arbitration

One of the Company's former subsidiaries, divested as part of the sale of the Company's Oil & Gas business, had a 35% interest in a joint operation for a project that has been completed. The construction joint operation is in a dispute with the project owner over labour rates. Pursuant to the agreement to sell the Oil & Gas business, the Company has retained the divested subsidiary's risk associated with, and conduct of, this dispute. Under the relevant project contract, the subsidiary is jointly and severally liable with the other joint operator vis-à-vis the project owner for performance and other liabilities. In December 2018, the joint operation received a split award of liability from an arbitration tribunal resulting in an adverse decision on certain aspects of the dispute. In August 2020, a hearing on residual legal issues occurred and, in September 2020, the tribunal ruled in favour of the joint operation. The ruling was challenged by the project owner and a court hearing occurred in June 2021 and, on September 28, 2021, the court found in favor of the project owner effectively reversing the September 2020 tribunal ruling. The joint operation appealed the September 2021 court ruling and the appeal hearing occurred in September 2022. On January 17, 2023, the court dismissed the joint operation's appeal, and the joint operation then filed an application to the Australian High Court seeking leave to appeal the ruling. The outcome of the application for leave to appeal is likely to be received late 2023. If successful, the substantive appeal will likely be heard in 2024, with the arbitration on quantum resuming in 2025. If unsuccessful, the arbitration will likely resume in 2024.

General litigation risk

Due to the inherent uncertainties of litigation, it is not possible to (a) predict the final outcome of these and other related proceedings generally, (b) determine if the amount included in the Company's provisions is sufficient, or (c) determine the amount of potential losses, if any, that may be incurred in connection with any final judgment on these matters.

The Company maintains insurance coverage for various aspects of its business and operations. The Company's insurance programs have varying coverage limits and maximums, and insurance companies may deny claims the Company might make. In addition, the Company has elected to retain a portion of losses that may occur through the use of various deductibles, limits and retentions under these programs. As a result, the Company may be subject to future liability in respect of lawsuits or investigations for which it is only partially insured, or completely uninsured.

12. CONTINGENT LIABILITIES (CONTINUED)

In addition, the nature of the Company's business sometimes results in clients, subcontractors and suppliers presenting claims for, among other things, recovery of costs related to certain projects. Similarly, the Company occasionally presents change orders and other claims to clients, subcontractors, and suppliers. If the Company fails to properly issue the change orders or other claims, or fails to document the nature of claims and change orders or is otherwise unsuccessful in negotiating reasonable settlements with clients, subcontractors and suppliers, the Company could incur cost overruns, reduced profits or, in some cases, a loss for a project. A failure to recover promptly on these types of claims could have a material adverse impact on the Company's liquidity and financial results. Additionally, irrespective of how well the Company documents the nature of its claims and change orders, the cost to prosecute and defend claims and change orders can be significant.

In addition, a number of project contracts have warranty periods and/or outstanding claims that may result in legal proceedings that extend beyond the actual performance and completion of the projects.

Litigation and regulatory proceedings are subject to inherent uncertainties and unfavourable rulings can and do occur. Pending or future claims against the Company could result in professional liability, product liability, criminal liability, warranty obligations, and other liabilities which, to the extent the Company is not insured against a loss or its insurer fails to provide coverage, could have a material adverse impact on the Company's business, financial condition and results of operations.

<u>Jacques Cartier Bridge Criminal Charges (Canada)</u>

On September 23, 2021, the Royal Canadian Mounted Police (the "RCMP"), represented by the Province of Québec's Directeur des Poursuites Criminelles et Pénales ("DPCP"), laid charges against the Company's subsidiary, SNC-Lavalin Inc. and its indirect subsidiary, SNC-Lavalin International Inc. Each entity was jointly charged (along with a former employee of the Company, Normand Morin) with the following counts: 1) forgery under Section 366 of the Criminal Code (Canada) (the "Criminal Code"), 2) fraud under Section 380 of the Criminal Code, and 3) fraud against the government under Section 121 of the Criminal Code. Each entity was charged with one count of conspiracy to commit the aforementioned crimes (the "Criminal Charges"). On the same date, the DPCP gave notice to SNC-Lavalin Inc. and SNC-Lavalin International Inc. of an invitation to negotiate a remediation agreement in accordance with Part XXII.1. of the Criminal Code with respect to the Criminal Charges, and on October 1, 2021, both entities formally accepted the invitation. These Criminal Charges follow the RCMP's formal investigation relating to alleged payments in connection with a 2002 contract for the refurbishment of the Jacques Cartier Bridge by a consortium which included SNC-Lavalin Inc. and which has previously led to a guilty plea on certain criminal charges in 2017 by the former head of the Canada Federal Bridges Corporation. Another former employee of the Company, Kamal Francis, was also charged separately with similar offenses.

SNC-Lavalin Inc. and SNC-Lavalin International Inc. reached agreement on the terms of the remediation agreement and, on May 11, 2022, the Québec Superior Court issued an order approving the remediation agreement. The remediation agreement has a three-year term, and requires a total payment of $29.6 million payable over three years as well as the appointment of a monitor for a three-year period, amongst other obligations. The Company estimated the net present value of these installments at $27.4 million at May 11, 2022, which was included in "DPCP Remediation Agreement expense" in the consolidated income statement for the year ended December 31, 2022. The Criminal Charges are suspended during the term of the remediation agreement, and, upon its expiry, provided the terms will have been complied with and subject to Court approval, the Criminal Charges will be dismissed. Also on May 11, 2022, the Company entered into an administrative agreement with Public Services and Procurement Canada allowing the Company to continue to do business with the Canadian federal government and federal departments and agencies under the auspices of the federal Integrity Regime despite the Criminal Charges being suspended pursuant to the remediation agreement.

The Company cannot predict what, if any, other actions may be taken by any other applicable government or authority or the Company's customers or other third parties as a result of the Criminal Charges.

<u>Ongoing and potential investigations</u>

The Company is subject to ongoing investigations that could subject the Company to criminal and administrative enforcement actions, civil actions and sanctions, fines and other penalties, some of which may be significant. These investigations, and potential results thereof, could harm the Company's reputation, result in suspension, prohibition or debarment of the Company from participating in certain projects, reduce its revenues and net income and adversely affect its business.

The Company understands that there are investigations by various authorities which may remain ongoing in connection with certain legacy matters in various jurisdictions, including, without limitation, Algeria, Brazil and Angola.

12. CONTINGENT LIABILITIES (CONTINUED)

The Company is currently unable to determine when any of these investigations will be completed or whether other investigations of the Company by these or other authorities will be initiated or the scope of current investigations broadened or result in legal proceedings against the Company. The Company continues to cooperate and communicate with authorities in connection with all ongoing investigations.

If regulatory, enforcement or administrative authorities or third parties determine to take action against the Company or to sanction the Company in connection with possible violations of law, contracts or otherwise as a result of ongoing or future investigations, the consequences of any such sanctions or other actions, whether actual or alleged, could require the Company to pay material fines or damages, consent to restrictions on future conduct or lead to other penalties, including temporary or permanent, mandatory or discretionary suspension, prohibition or debarment from participating in projects, or the revocation of authorizations or certifications, by certain administrative organizations or by governments (such as the Government of Canada and/or the Government of Québec) under applicable procurement laws, regulations, policies or practices. The Company derives a significant percentage of its annual consolidated revenue from government and government-related contracts. Further, public and private sector bid processes in some instances assess whether the bidder, or an affiliate thereof, has ever been the object of any investigations, or sanctions or other actions resulting therefrom. In such instances, if the Company or one of its subsidiaries or investee entities must answer affirmatively to a query as to past or current investigations, or sanctions or other actions resulting therefrom, such answer may affect that entity's ability to be considered for the applicable project. In addition, the Company may not win contracts that it has bid upon due to a client's perception of the Company's reputation and/or perceived reputational advantages held by competitors as a result of such investigations, sanctions or other actions. Loss of bidding opportunities resulting from such investigations, sanctions or other actions, whether discretionary (including as a result of reputational factors) or mandatory, from participating in certain government, government-related and private contracts (in Canada, Canadian provinces or elsewhere) could materially adversely affect the Company's business, financial condition and liquidity and the market price of the Company's issued and traded securities.

The outcomes of ongoing or future investigations could also result in, among other things, (i) covenant defaults under various project contracts, (ii) third party claims, which may include claims for special, indirect, derivative or consequential damages, or (iii) adverse consequences on the Company's ability to secure or continue its own financing, or to continue or secure financing for current or future projects, any of which could materially adversely affect the Company's business, financial condition and liquidity and the market price of the Company's issued and traded securities. In addition, these investigations and outcomes of these investigations and any negative publicity associated therewith could damage the Company's reputation and ability to do business.

Due to the uncertainties related to the outcome of ongoing or future investigations, the Company is currently unable to reliably estimate an amount of potential liabilities or a range of potential liabilities, if any, in connection with any of these investigations.

The Company's senior management and Board of Directors have been required to devote significant time and resources to the investigations described above and ongoing related matters, as well as the investigations leading to the settlements described above, which have distracted and may continue to distract from the conduct of the Company's daily business, and significant expenses have been and may continue to be incurred in connection with such investigations including substantial fees of lawyers and other advisors. In addition, the Company and/or its employees or former employees could become the subject of these or other investigations by law enforcement and/or regulatory authorities in respect of the matters described above or below, or other matters, which, in turn, could require the devotion of additional time of senior management and the diversion or utilization of other resources.

Other legal proceedings

The Company becomes involved in various legal proceedings in the ordinary course of its business and this section describes important ordinary course of business legal proceedings, including the general cautionary language relating to the risks inherent to all litigation and proceedings against the Company, which is equally applicable to the legal proceedings described below.

The Company has initiated court proceedings against a Canadian client stemming from engineering, procurement and construction management services that the Company provided in relation to the client's expansion of an ore-processing facility. The Company claimed from the client certain amounts due under the project contract. The client has counter-claimed alleging that the Company defaulted under the project contracts and is seeking damages.

The Company has initiated court proceedings in Qatar against a main contractor stemming from its involvement in a consortium that was a sub-contractor for mechanical, electrical and plumbing services in relation to the construction of a hospital. The Company claimed from the main contractor certain amounts due under the sub-contract. The Company's consortium partner has also initiated court proceedings against the main contractor claiming certain amounts due to it under the sub-contract. The main contractor has counter-claimed alleging that the Company and its consortium partner defaulted under the sub-contract and is seeking damages.

12. CONTINGENT LIABILITIES (CONTINUED)

Due to the inherent uncertainties of litigation, it is not possible to (a) predict the final outcome of this and other legal proceedings generally, (b) determine if the amount included in the Company's provisions is sufficient, or (c) determine the amount of potential losses, if any, that may be incurred in connection with any final judgment on these matters.

The Company is a party to other claims and litigation arising in the normal course of operations, including by clients, subcontractors, and suppliers presenting claims for, amongst other things, recovery of costs related to certain projects. Due to the inherent uncertainties of litigation and/or the early stage of certain proceedings, it is not possible to predict the final outcome of all ongoing claims and litigation at any given time or to determine the amount of any potential losses, if any. With respect to claims or litigation arising in the normal course of operations which are at a more advanced stage and which permit a better assessment of potential outcome, the Company does not expect the resolution of these matters to have a material adverse effect on its financial position or results of operations.

13. SHORT-TERM DEBT AND LONG-TERM DEBT

AMENDMENTS TO THE 2022 CREDIT AGREEMENT

In the second quarter of 2023, the Company entered into an agreement with its lenders to extend the maturity of its 2022 Credit Agreement from May 13, 2025 to May 31, 2026. As a result of this agreement, the notional amount of Tranche A of the revolving credit facility is $1,350.0 million until May 13, 2025 and $1,315.1 million thereafter and until May 31, 2026, the notional amount of Tranche B of the revolving credit facility is $450.0 million until May 13, 2025 and $438.4 million thereafter and until May 31, 2026, and the notional amount of the Term Loan remains at $500.0 million until May 31, 2026.

AMENDMENTS TO THE CDPQ LOAN

In the third quarter of 2023, the Company entered into an agreement with CDPQ Revenu fixe I Inc. mainly to extend the maturity of its CDPQ Loan from July 2024 to July 2026. The notional amount of the CDPQ Loan remains at $400.0 million until July 2026.

AMENDMENT TO THE UNSECURED LOAN OF LINXON

In the third quarter of 2023, the Company entered into an agreement with the holder of the non-controlling interest of 49% in Linxon to extend the maturity of the interest-free loan in the principal amount of US$9.3 million (approximately CA$12.5 million) from September 1, 2023 to September 1, 2024.

14. RESTRUCTURING AND TRANSFORMATION COSTS

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2023	2022	**2023**	2022
Restructuring costs	**$ 1,570**	$ 1,247	**$ 12,064**	$ 5,481
Transformation costs	**5,064**	7,598	**15,812**	23,472
Restructuring and transformation costs	**$ 6,634**	$ 8,845	**$ 27,876**	$ 28,953

The restructuring costs recognized in the three-month and nine-month periods ended September 30, 2023 and 2022 were mainly for severances and occupancy obligations.

15. DISPOSALS OF PS&PM BUSINESSES

A) DISPOSAL OF THE COMPANY'S SCANDINAVIAN ENGINEERING SERVICES BUSINESS

On August 31, 2023, the Company announced that it completed the sale of its Scandinavian Engineering Services business (comprising Denmark, Sweden and Norway) to SYSTRA Group, a France-based engineering and consulting group specialized in public transport and mobility solutions.

Net gain on disposal of Scandinavian Engineering Services business

NINE MONTHS ENDED SEPTEMBER 30		2023
Consideration received in cash	$	153,949
Consideration payable in cash to the purchaser for purchase price adjustments		(621)
Deferred settlement of forward foreign exchange contracts used to hedge the consideration received in cash		(2,258)
Total consideration		151,070
Net assets disposed of		(94,669)
Cumulative exchange loss on translating foreign operations reclassified from equity on disposal		(2,813)
Disposition-related costs and other		(7,397)
Gain on disposal of Scandinavian Engineering Services business		46,191
Income taxes		—
Net gain on disposal of Scandinavian Engineering Services business	$	46,191

Net assets disposed of

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

Cash and cash equivalents	$	6,874
Other current financial assets		10,826
Current non-financial assets		16,611
Goodwill		74,480
Intangible assets related to business combinations		5,032
Other non-current non-financial assets		12,790
Assets disposed of		126,613
Current financial liabilities		11,287
Current non-financial liabilities		4,089
Non-current financial liabilities		6,846
Non-current non-financial liabilities		9,722
Liabilities disposed of		31,944
Net assets disposed of	$	94,669

Net cash inflow on disposal of Scandinavian Engineering Services business

NINE MONTHS ENDED SEPTEMBER 30		2023
Consideration received in cash	$	153,949
Less: cash and cash equivalents balances disposed of		6,874
Net cash inflow on disposal of Scandinavian Engineering Services business	$	147,075

B) ADJUSTMENT ON NET GAIN ON DISPOSAL OF OIL & GAS BUSINESS

In the third quarter of 2022, the Company concluded with the purchaser on purchase price adjustments related to the consideration receivable, which resulted in a reduction of the gain on disposal of Oil & Gas business of $7.5 million before income taxes ($6.9 million after income taxes) included in "Net loss from discontinued operations" in the consolidated income statement. In the same quarter, there was a cash outflow of $0.7 million related to the settlement of the consideration receivable, which is included in "Net cash inflow (cash outflow) on disposals of PS&PM businesses" in the consolidated statement of cash flows.

www.atkinsrealis.com

ATKINSRÉALIS
455 René-Lévesque Boulevard West
Montreal, Québec
H2Z 1Z3 Canada
Tel: 514-393-1000
Fax: 514-866-0795