

# WSP GLOBAL INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THIRD QUARTER AND NINE-MONTH PERIOD ENDED  
OCTOBER 1, 2022



November 9, 2022



# TABLE OF CONTENTS

1	MANAGEMENT'S DISCUSSION AND ANALYSIS .....	3
2	NON-IFRS AND OTHER FINANCIAL MEASURES .....	3
3	CORPORATE OVERVIEW .....	4
4	FINANCIAL HIGHLIGHTS .....	6
5	EXECUTIVE SUMMARY .....	7
6	KEY EVENTS .....	8
7	SEGMENT OPERATIONAL REVIEW .....	9
8	FINANCIAL REVIEW .....	13
9	LIQUIDITY .....	21
10	EIGHT QUARTER SUMMARY .....	24
11	GOVERNANCE .....	24
12	SIGNIFICANT ACCOUNTING POLICIES .....	25
13	FINANCIAL INSTRUMENTS .....	25
14	RELATED PARTY TRANSACTIONS .....	26
15	OFF-BALANCE SHEET AGREEMENTS .....	26
16	FORWARD-LOOKING STATEMENTS .....	26
17	RISK FACTORS .....	27
18	ADDITIONAL INFORMATION .....	27
19	GLOSSARY OF SEGMENT REPORTING, NON-IFRS AND OTHER FINANCIAL MEASURES .....	28

# 1 MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the consolidated financial position and consolidated results of operations, dated November 9, 2022, is intended to assist readers in understanding WSP Global Inc. (together with its subsidiaries, the "Corporation" or "WSP") and its business environment, strategies, performance and risk factors. This MD&A should be read together with the Corporation's unaudited interim condensed consolidated financial statements and accompanying notes for the quarter and nine-month period ended October 1, 2022 as well as the Corporation's MD&A and audited consolidated financial statements and accompanying notes for the year ended December 31, 2021. The Corporation's unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended October 1, 2022 have been prepared in compliance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). All amounts shown in this MD&A are expressed in Canadian dollars, unless otherwise indicated. All information disclosed in this MD&A is based on unaudited figures.

This MD&A focuses on the Corporation's results for the third quarter and nine-month period ended October 1, 2022. The Corporation's second and third quarters are always comprised of 13 weeks of operations. However, the number of weeks of operations in the first and fourth quarters will vary as the Corporation has a statutory December 31 year end. The third quarter results include the period from July 3, 2022 to October 1, 2022 and the comparative third quarter results include the period from June 27, 2021 to September 25, 2021.

In this MD&A, references to the "Corporation", "we", "us", "our" and "WSP" or "WSP Global" refer to WSP Global Inc. Depending on the context, this term may also include subsidiaries and associated companies.

## 2 NON-IFRS AND OTHER FINANCIAL MEASURES

The Corporation reports its financial results in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. WSP uses a number of financial measures when assessing its results and measuring overall performance. Some of these financial measures are not calculated in accordance with IFRS. Regulation 52-112 respecting Non-GAAP and Other Financial Measures Disclosure ("Regulation 52-112") prescribes disclosure requirements that apply to the following types of measures used by the Corporation:

- i. non-IFRS financial measures;
- ii. non-IFRS ratios;
- iii. total of segments measures;
- iv. capital management measures; and
- v. supplemental financial measures.

In this MD&A, the following non-IFRS and other financial measures are used by the Corporation: net revenues; total adjusted EBITDA by segment; total adjusted EBITDA margin by segment; adjusted EBITDA; adjusted EBITDA margin; adjusted net earnings; adjusted net earnings per share; backlog; free cash flow; days sales outstanding ("DSO"); and net debt to adjusted EBITDA ratio. These measures are defined in section 19, "Glossary of segment reporting, non-IFRS and other financial measures" and reconciliations to IFRS measures can be found in section 8, "Financial Review" and section 9, "Liquidity".

Management of the Corporation ("Management") believes that these non-IFRS and other financial measures provide useful information to investors regarding the Corporation's financial condition and results of operations as they provide additional key metrics of its performance. These non-IFRS and other financial measures are not recognized under IFRS, do not have any standardized meaning prescribed under IFRS and may differ from similarly-named measures as reported by other issuers, and accordingly may not be comparable. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS.

## 3 CORPORATE OVERVIEW

As one of the world's leading professional services firms, WSP provides strategic advisory, engineering and design services to clients in the Transportation & Infrastructure, Earth & Environment, Property & Buildings, Power & Energy, Resources and Industry sectors. WSP's experts include advisors, engineers, environmental specialists, scientists, technicians, architects and planners, in addition to other design and program management professionals. With approximately 65,800 talented people globally, WSP is well positioned to deliver successful and sustainable projects, wherever clients need us.

The Corporation's business model is centered on maintaining a leadership position in each of its end markets and the regions in which it operates by establishing a strong commitment to, and recognizing the needs of, surrounding communities, as well as local and national clients. WSP offers a variety of professional services throughout all project execution phases, from the initial development and planning studies through to the project and program management, design, construction management, commissioning and maintenance phases.

Under this business model, the Corporation benefits from regional offices with a full-service offering. Functionally, sector leaders work together with regional leaders to develop and coordinate markets served, combining local knowledge and relationships with nationally recognized expertise. The Corporation has developed a multidisciplinary team approach whereby employees work closely with clients to develop optimized solutions.

The Corporation believes it has the capability and the depth of expertise to transform clients' visions into realities that are sustainable in every sense - commercially, technically, socially and environmentally.

The market sectors in which the Corporation operates are described below.

- Transportation & Infrastructure:** The Corporation's experts advise, plan, design and manage projects for rail transit, aviation, highways, bridges, tunnels, water, maritime and urban infrastructure. Public and private sector clients, together with construction contractors and other partners, seek WSP's expertise around the world to create mid and long-term transport and infrastructure strategies, and to provide guidance and support throughout the life-cycle of a wide range of projects and assets. As WSP offers comprehensive, innovative and value-oriented solutions to assist clients in achieving their desired outcomes, the Corporation takes great pride in solving clients' toughest problems. WSP offers a full range of services locally with extensive global experience to successfully deliver projects, helping clients overcome challenges and respond to emerging areas in new mobility, resiliency, decarbonization, social equity, digital project and design.
- Earth & Environment:** The Corporation has specialists working with and advising governments and private-sector clients on key aspects of earth sciences and environmental sustainability. WSP's experts advise on matters ranging from clean air, water and land, to biodiversity, green energy solutions, climate change and Environmental, Social and Governance ("ESG") issues. They provide specialized services to mining, oil and gas, power, industrial and transportation clients, all of which operate in some of the most highly-regulated industries. The Corporation delivers a broad range of advisory and operational services, including due diligence, permit approvals, regulatory compliance, waste/hazardous materials management, geotechnical and mining engineering, environmental/social impact assessments, feasibility and land remediation studies. WSP's reputation has been built on helping clients worldwide mitigate risk, manage and reduce impacts and maximize opportunities related to sustainability, climate change, energy use, resource extraction and the environment. The Corporation is able to support its clients through the entire project life-cycle, from design, permitting, planning and operations, to decommissioning and asset remediation.

- **Property & Buildings:** The Corporation is a world-leading provider of technical and advisory services with a track record in delivering buildings of the highest quality. WSP can be involved at every stage of a project's life cycle, from the business case, through design and construction, to asset management and refurbishment. The Corporation has teams of technical experts across the globe delivering engineering and consultancy services ranging from decarbonization strategies and digital building design to structural and mechanical, electrical, and plumbing ("MEP") engineering. The Corporation is an expert in enabling clients to maximize the outcome of their projects in sectors from high-rise to healthcare, stadia to stations and commercial to cultural.
- **Power & Energy:** The Corporation offers energy sector clients complete solutions for all aspects of their projects, whether they are large-scale power plants, smaller on-site facilities or retrofitting and efficiency programs, with an aim to reduce energy demand and deliver schemes to create a sustainable future. WSP's experts can advise and collaborate on every stage of a project, from pre-feasibility to design, operation, maintenance and decommissioning. They offer long-term operational management support services from the first feasibility studies, providing advice on aspects ranging from technical, financial and environmental issues, to engineering design and energy simulations.
- **Industry:** The Corporation works in almost every industrial sector including food and beverages, pharmaceutical and biotechnology, automotive and chemicals. WSP's experts offer a variety of skills with a deep understanding of industrial and energy processes, and the engineering expertise required to plan, design, build and operate a new plant, or to automate equipment in an existing industrial facility. A full range of consulting and engineering services is offered within multiple disciplines that span all stages of a project - from strategic studies, concept design and productivity analysis, to serving as an owner's engineer at each stage of an EPCM contract.

In addition to these sectors, the Corporation offers the highly specialized strategic advisory services listed below:

- **Planning and Advisory Services:** The Corporation helps clients make informed decisions during various stages of the project life cycle, taking into consideration changing economic, environmental and social factors, evolving government priorities and emerging technologies. To stay competitive and effectively manage and develop their infrastructure and property assets, public and private sector organizations are looking to gain access to more refined data and "lessons learned" from experts who help drive client success around the globe. The Corporation not only provides local expertise, but also offers international benchmarks and best practice solutions based on its extensive experience. WSP's team blends the technical skills of its global network with results-oriented business acumen, to provide effective and sustainable strategies that also contribute to the advancement of the communities where WSP is present.
- **Management Services:** The Corporation's professionals help clients assess and define their goals, as well as the technical, environmental and commercial realities and challenges they face. Coupled with the Corporation's integrated service offerings, this helps the Corporation build strategic relationships with clients. WSP supports them throughout the planning, implementation and commissioning stages of their projects, including during times of emergency. With a focus on cost, schedule, quality and safety, and using best-in-class management processes and techniques, WSP can mobilize the right team from anywhere in the organization across the world to execute projects of varying sizes and complexity.
- **Technology and Sustainability Services:** The Corporation's professionals work throughout the life cycle of a project to offer innovative solutions with a strong focus on change management and executive engagement. As significant technological advancement offers the opportunity to improve the way we live, commute, and travel, it also sheds a new light on how property and infrastructure owners need to adapt and embrace the changes. The Corporation's Technology Services experts integrate the use of digital solutions and software to enhance engineering, infrastructure, buildings and environmental projects. In addition, as the world faces significant challenges related to population growth, resource demands and constraints, and extreme weather events that impact the resiliency and sustainability of communities, the Corporation remains committed to integrating the principles of sustainability into WSP's work in planning, designing and managing both property and infrastructure.

## 4 FINANCIAL HIGHLIGHTS

(in millions of dollars, except percentages, per share data, DSO and ratios)	Third quarters ended		Nine-month periods ended	
	October 1, 2022	September 25, 2021	October 1, 2022	September 25, 2021
Revenues	\$2,896.1	\$2,650.2	\$8,372.1	\$7,388.1
Net revenues <sup>(1)</sup>	\$2,193.9	\$2,026.6	\$6,403.5	\$5,722.2
Earnings before net financing expense and income taxes	\$236.4	\$221.2	\$563.8	\$539.4
Adjusted EBITDA <sup>(2)</sup>	\$407.0	\$377.7	\$1,083.8	\$961.3
Adjusted EBITDA margin <sup>(3)</sup>	18.6 %	18.6 %	16.9 %	16.8 %
Net earnings attributable to shareholders of WSP Global Inc.	\$127.5	\$139.0	\$311.8	\$346.9
Basic net earnings per share attributable to shareholders	\$1.05	\$1.18	\$2.62	\$2.99
Adjusted net earnings <sup>(2)(4)</sup>	\$193.4	\$179.7	\$483.3	\$421.2
Adjusted net earnings per share <sup>(3)(4)</sup>	\$1.59	\$1.53	\$4.06	\$3.63
Cash inflows from operating activities	\$165.0	\$236.1	\$207.4	\$546.9
Free cash inflow (outflow) <sup>(2)</sup>	\$36.7	\$138.3	\$(133.7)	\$276.2
<b>As at</b>			<b>October 1, 2022</b>	<b>September 25, 2021</b>
Backlog <sup>(5)</sup>			\$13,253.8	\$10,032.4
DSO <sup>(5)</sup>			75 days	73 days
<b>As at</b>			<b>October 1, 2022</b>	<b>December 31, 2021</b>
Net debt to adjusted EBITDA ratio <sup>(6)</sup>			2.0	0.6

<sup>(1)</sup> Total of segments measure. Refer to section 8.1, "Net revenues" for a reconciliation to revenues.

<sup>(2)</sup> Non-IFRS financial measure without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. Refer to sections 8.3, "Adjusted EBITDA", 8.8, "Adjusted net earnings", 9.1, "Operating activities and free cash flow", as well as section 19, "Glossary of segment reporting, non-IFRS and other financial measures", for quantitative reconciliations to the most directly comparable IFRS measures, as well as explanations of the composition and usefulness of these non-IFRS financial measures.

<sup>(3)</sup> Non-IFRS ratio without a standardized definition under IFRS, which may not be comparable to similar ratios used by other issuers. Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of net revenues. Adjusted net earnings per share is the ratio of adjusted net earnings divided by the basic weighted average number of shares outstanding for the period. Refer to section 19, "Glossary of segment reporting, non-IFRS and other financial measures" for references to the non-IFRS financial measures which are components of these non-IFRS ratios, and the use of these non-IFRS ratios.

<sup>(4)</sup> Management has amended its definition of adjusted net earnings, effective January 1, 2022, to exclude impairment charges on long-lived assets and reversals thereof. The comparative period results did not require restatement to apply the current definition as no impairment of long-lived assets was recorded in 2021 nor in the first quarter of 2022. Refer to section 8.8, "Adjusted net earnings" for further explanation.

<sup>(5)</sup> Supplemental financial measure. Backlog represents future revenues stemming from existing signed contracts to be completed. DSO represents the average number of days to convert the Corporation's trade receivables (net of sales taxes) and costs and anticipated profits in excess of billings into cash, net of billings in excess of costs and anticipated profits.

<sup>(6)</sup> This capital management measure is the ratio of net debt to adjusted EBITDA for the trailing twelve-month period. Net debt is defined as long-term debt, including current portions but excluding lease liabilities, and net of cash.

## 5 EXECUTIVE SUMMARY

WSP delivered a third quarter with continued solid organic net revenue growth across all reportable segments, and increases in adjusted EBITDA, adjusted net earnings and adjusted net earnings per share.

### Financial highlights for the third quarter of 2022

- Revenues and net revenues for the quarter reached \$2.9 billion and \$2.2 billion, up 9.3% and 8.3%, respectively, compared to Q3 2021. Net revenue organic growth of 8.2% in the quarter is attributable to all reportable segments, led by Canada, the US, the UK and Australia.
- Backlog as at October 1, 2022 stood at \$13.3 billion, representing 12.3 months of revenues. In the twelve-month period ended October 1, 2022, backlog grew organically by 15.2% across all reportable segments.
- Since the start of the year, the number of employees has increased organically by approximately 3,200, and approximately 1,000 in the third quarter alone. Combined with our recent acquisitions, headcount increased by 10,500 in 2022.
- Adjusted EBITDA in the quarter of \$407.0 million, compared to \$377.7 million in Q3 2021. Adjusted EBITDA margin for the quarter reached 18.6%, stable as compared to Q3 2021.
- Earnings before net financing expense and income taxes in the quarter of \$236.4 million, up \$15.2 million compared to Q3 2021.
- Adjusted net earnings for the quarter of \$193.4 million, or \$1.59 per share, up \$13.7 million and \$0.06, respectively, compared to Q3 2021. The respective increases in these metrics are mainly attributable to higher adjusted EBITDA.
- Net earnings attributable to shareholders for the quarter of \$127.5 million, or \$1.05 per share, compared to \$139.0 million and \$1.18 per share in Q3 2021. The decreases are mainly attributable to higher net financing expenses, higher business acquisition and integration costs and ERP implementation costs, partially offset by higher adjusted EBITDA.
- DSO as at October 1, 2022 stood at 75 days, compared to 73 days as at September 25, 2021, in line with our annual target range.
- Free cash outflow of \$133.7 million for the nine-month period. The main contributors to the outflow are an additional period of payroll, which will reverse in the fourth quarter of 2022, the normalization of our DSO and higher income taxes paid mainly due to changes in tax regulations in the US which delays the deductibility of certain expenses. Trailing twelve-months of free cash flow amounted to \$236.2 million, representing 0.5 times the net earnings attributable to shareholders. Excluding the impact of changes in tax regulations in the US and the additional period of payroll, trailing twelve-months of free cash flow would represent approximately 0.9 times net earnings attributable to shareholders.
- Cash inflows from operating activities of \$207.4 million in the nine-month period ended October 1, 2022, compared to \$546.9 million in the corresponding period in 2021. The decrease is attributable to same elements as free cash flow listed above.
- The net debt to adjusted EBITDA ratio stood at 2.0x, compared to 0.6x as at December 31, 2021. The increase is due to issuance of long-term debt used to finance the E&I Acquisition (as defined below), while the trailing twelve-month adjusted EBITDA does not yet include the full results of recently acquired businesses. Incorporating a full twelve months of adjusted EBITDA of all acquired businesses, the net debt to adjusted EBITDA ratio would be 1.8x.
- Quarterly dividend declared of \$0.375 per share, or \$46.6 million, with a 49.1% Dividend Reinvestment Plan (“DRIP”) participation.

## 6 KEY EVENTS

The following are highlights from July 3, 2022 to November 9, 2022, the date of the MD&A for the quarter ended October 1, 2022.

### Acquisition of the Environment & Infrastructure business of John Wood Group plc

In September 2022, the Corporation acquired the Environment & Infrastructure business (“E&I”) of John Wood Group plc (“Wood”), previously announced on June 1, 2022, for aggregate cash consideration of US\$1.8 billion, subject to final adjustments (\$2.4 billion) (the “E&I Acquisition”). E&I provides engineering, remediation consulting, environmental permitting, inspection & monitoring, and environmental management services to clients in the government, industrial, infrastructure, oil & gas, power, water and mining industries. E&I operates in approximately 100 offices with approximately 6,000 environmental consulting staff across more than 10 countries.

The E&I Acquisition was funded by a new fully committed US\$1.8 billion term credit facility with various tenors of up to 5 years in length.

### Other acquisitions

In August 2022, WSP acquired Australian-based Greencap Holdings Ltd. (“Greencap”), a subsidiary of Wesfarmers Industrial and Safety. Greencap's 250 professionals in Australia provide environmental, hazardous materials and risk management solutions to its clients.

In September 2022, WSP acquired two UK-based businesses, Capita (Real Estate & Infrastructure) Ltd. (“Capita REI”) and GL Hearn Ltd. (“GLH”), both part of the Capita plc group, for an aggregate cash consideration of £69.7 million, subject to final adjustments (\$112.4 million). Capita REI is a leading provider of specialist advisory, design, engineering, environmental and project management services, while GLH specialises in commercial real estate and planning advice to developers, investors and occupiers. Together, both businesses added around 1,000 UK-based employees to WSP’s workforce.

These acquisitions were financed using WSP's available cash and credit facilities.

### Equity Financings

On August 16, 2022, the Corporation completed a bought deal public offering (the “Offering”) of common shares of the Corporation (the “Offering Common Shares”) and a private placement (the “Concurrent Private Placement”) of common shares of the Corporation (the “Private Placement Common Shares”) for aggregate gross proceeds of \$920.2 million.

The Corporation issued from treasury 3,031,400 Offering Common Shares, including 395,400 Offering Common Shares issued as a result of the exercise of the over-allotment option at a price of \$151.75 per Offering Common Share for aggregate gross proceeds of \$460.0 million.

In addition, the Corporation issued 3,032,550 Private Placement Common Shares at a price of \$151.75 per Private Placement Common Share by way of the Concurrent Private Placement with GIC Pte. Ltd. (“GIC”), Caisse de dépôt et placement du Québec (“CDPQ”) and a subsidiary of Canada Pension Plan Investment Board (“CPP Investments”) for aggregate gross proceeds of \$460.2 million, which includes 395,550 Private Placement Common Shares issued pursuant to the exercise in full of the additional subscription options. Following the Concurrent Private Placement, CDPQ beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 22,483,722 common shares of the Corporation, representing 18.1% of the issued and outstanding common shares, and CPP Investments beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 18,217,889 common shares of the Corporation, representing 14.7% of the issued and outstanding common shares.

The Corporation used the proceeds from the equity financings to reimburse a portion of the E&I Acquisition financing.

## Previously-announced acquisition

In August 2022, WSP announced an agreement with RPS Group plc (“RPS”) on the terms of a cash acquisition pursuant to which the Corporation would acquire the entire issued and to be issued share capital of RPS (the “RPS Acquisition”). In light of a competing offer, WSP announced in October 2022 that it would not be revising its offer and as a result, the RPS Acquisition, and its related financing, have lapsed.

## Leadership announcement

In July 2022, Chadi Habib joined WSP as Global Chief Technology Officer and Head of Business Solutions. Mr. Habib is a senior technology and business transformation executive with over 25 years of international experience.

# 7 SEGMENT OPERATIONAL REVIEW

The Corporation’s reportable segments are: Canada, Americas (US and Latin America), EMEIA (Europe, Middle East, India and Africa) and APAC (Asia Pacific, comprising Australia, New Zealand and Asia). Segment performance is measured using net revenues and adjusted EBITDA by segment.

## CANADA

(in millions of dollars, except percentages and number of employees)

	Third quarters ended			Nine-month periods ended		
	October 1, 2022	September 25, 2021	Variance	October 1, 2022	September 25, 2021	Variance
Net revenues	\$402.3	\$366.7	9.7 %	\$1,146.8	\$943.9	21.5 %
Organic growth			7.2 %			10.8 %
Acquisition growth			2.5 %			10.7 %
Adjusted EBITDA by segment	\$101.4	\$87.2	16.3 %	\$256.0	\$195.4	31.0 %
Adjusted EBITDA margin by segment	25.2 %	23.8 %	140 bps	22.3 %	20.7 %	160 bps
<b>As at</b>	<b>October 1, 2022</b>	<b>September 25, 2021</b>	<b>Variance</b>	<b>October 1, 2022</b>	<b>December 31, 2021</b>	<b>Variance</b>
Backlog	\$2,364.0	\$1,836.8	28.7 %	\$2,364.0	\$1,817.3	30.1 %
Organic backlog growth			1.4 %			2.5 %
Approximate number of employees	11,850	9,700	22.2 %			

bps: basis points

## Net revenues

In the quarter ended October 1, 2022, net revenues in Canada were \$402.3 million, an increase of \$35.6 million, or 9.7%, compared to the same quarter in 2021. Organic growth and acquisition growth were 7.2 % and 2.5 %, respectively. Acquisition growth is due to the E&I Acquisition completed in September 2022.

In the nine-month period ended October 1, 2022, net revenues in Canada were \$1.1 billion, an increase of \$202.9 million, or 21.5%, compared to the corresponding period in 2021. Organic growth and acquisition growth were 10.8% and 10.7%, respectively. Acquisition growth is due to the acquisition of Golder Associates (“Golder” and the “Golder Acquisition”) completed in April 2021 and the E&I Acquisition completed in September 2022.

Strong demand in all market sectors resulted in net revenue organic growth in the quarter and nine-month period and is reflected in the solid level of backlog in the segment. Recent acquisitions resulted in a more diversified platform, which also contributed to organic growth in net revenues.

Net revenues for the nine-month period also benefitted from more billable days in Q1 2022 as compared to Q1 2021, as well as the favourable impact of a change order signed in the first quarter of 2022.

The Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 89% of net revenues for the nine-month period ended October 1, 2022. Public sector clients accounted for 29% of net revenues, for the same period.

## Backlog

Backlog grew organically by 2.5% and 1.4%, respectively, in the nine- and twelve-month periods ended October 1, 2022, when compared to December 31, 2021 and September 25, 2021. The pipeline of opportunities remains strong and recent wins are expected to positively impact backlog in coming quarters.

## Adjusted EBITDA margin

For the quarter ended October 1, 2022, adjusted EBITDA margin in Canada increased mainly due to improved project performance. For the nine-month period ended October 1, 2022, adjusted EBITDA margin in Canada increased mainly due to improved project performance, the higher margin profile of the Golder business, stronger productivity and the favourable impact of a change order signed in the first quarter of 2022.

## AMERICAS

(in millions of dollars, except percentages and number of employees)

	Third quarters ended			Nine-month periods ended		
	October 1, 2022	September 25, 2021	Variance	October 1, 2022	September 25, 2021	Variance
Net revenues	\$806.8	\$706.3	14.2 %	\$2,270.3	\$1,945.9	16.7 %
Organic growth*			7.5 %			7.1 %
Acquisition growth*			3.7 %			7.3 %
Foreign currency exchange impact**			3.0 %			2.3 %
Adjusted EBITDA by segment	\$168.7	\$151.2	11.6 %	\$433.6	\$384.8	12.7 %
Adjusted EBITDA margin by segment	20.9 %	21.4 %	(50) bps	19.1 %	19.8 %	(70) bps
<b>As at</b>	<b>October 1, 2022</b>	<b>September 25, 2021</b>	<b>Variance</b>	<b>October 1, 2022</b>	<b>December 31, 2021</b>	<b>Variance</b>
Backlog	\$6,473.2	\$4,218.1	53.5 %	\$6,473.2	\$4,536.5	42.7 %
Organic backlog growth			24.1 %			16.3 %
Approximate number of employees	20,350	15,900	28.0 %			

\* Organic growth and acquisition growth are calculated based on local currencies.

\*\* Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into the Canadian equivalent amount, net of organic growth and acquisition growth.

bps: basis points

## Net revenues

In the quarter ended October 1, 2022, net revenues in the Americas reportable segment were \$806.8 million, an increase of \$100.5 million, or 14.2%, compared to the same quarter in 2021. Organic growth and acquisition growth were 7.5% and 3.7%, respectively, both on a constant currency basis.

In the nine-month period ended October 1, 2022, net revenues in the Americas reportable segment stood at \$2.3 billion, an increase of \$324.4 million, or 16.7%, compared to the corresponding period in 2021. Organic growth and acquisition growth were 7.1% and 7.3%, respectively, both on a constant currency basis.

In the third quarter and nine-month period ended October 1, 2022, organic growth is attributable to both the US and Latin American operations.

Acquisition growth in the quarter stems from the acquisitions of E&I in September 2022 and Englekirk Structural Engineers in October 2021. Acquisition growth in the nine-month period also includes the acquisitions of Golder in April 2021, tk1sc in January 2021, Earth Consulting Group in February 2021 and Knight Partners in June 2021.

The Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 96% of net revenues for the nine-month period ended October 1, 2022. Public sector clients accounted for 60% of net revenues, for the same period.

## Backlog

Backlog for the Americas segment increased compared to December 31, 2021 and September 25, 2021, mainly due to the E&I Acquisition and organic growth of 16.3% in the nine-month period ended October 1, 2022 and 24.1% in the twelve months ended October 1, 2022.

## Adjusted EBITDA margin

In the quarter and nine-month period ended October 1, 2022, adjusted EBITDA margin for the Americas segment decreased 50 bps and 70 bps, respectively, as compared to the corresponding periods in 2021, mainly due to realized losses on foreign exchange hedges as compared to gains in the corresponding period. Excluding the impact of foreign exchange hedges, the adjusted EBITDA margin would have increased by 30 bps and 10 bps, in the quarter and nine-month period respectively. For the nine-month period, the decrease is also partially due to a gain on sale of a building in the second quarter of 2021.

## EMEIA

(in millions of dollars, except percentages and number of employees)

	Third quarters ended			Nine-month periods ended		
	October 1, 2022	September 25, 2021	Variance	October 1, 2022	September 25, 2021	Variance
Net revenues	\$604.8	\$596.7	1.4 %	\$1,912.6	\$1,870.3	2.3 %
Organic growth*			8.9 %			6.9 %
Acquisition growth*			3.2 %			3.1 %
Foreign currency exchange impact**			(10.7) %			(7.7) %
Adjusted EBITDA by segment	\$90.7	\$90.5	0.2 %	\$284.5	\$278.0	2.3 %
Adjusted EBITDA margin by segment	15.0 %	15.2 %	(20) bps	14.9 %	14.9 %	— bps
<b>As at</b>	<b>October 1, 2022</b>	<b>September 25, 2021</b>	<b>Variance</b>	<b>October 1, 2022</b>	<b>December 31, 2021</b>	<b>Variance</b>
Backlog	\$2,824.8	\$2,390.5	18.2 %	\$2,824.8	\$2,442.5	15.7 %
Organic backlog growth			18.9 %			15.6 %
Approximate number of employees	22,400	20,100	11.4 %			

\* Organic growth and acquisition growth are calculated based on local currencies.

\*\* Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into the Canadian equivalent amount, net of organic growth and acquisition growth.

bps: basis points

## Net revenues

In the quarter ended October 1, 2022, net revenues in the EMEIA reportable segment were \$604.8 million, an increase of \$8.1 million, or 1.4%, compared to Q3 2021. Organic growth and acquisition growth of 8.9% and 3.2 %, respectively, both on a constant currency basis, were partially offset by negative impacts of foreign exchange.

In the nine-month period ended October 1, 2022, net revenues in the EMEIA operating segment stood at \$1.9 billion, an increase of \$42.3 million, or 2.3%, compared to the corresponding period in 2021. Organic growth and acquisition growth of 6.9% and 3.1%, respectively, both on a constant currency basis, were partially offset by negative impacts of foreign exchange.

In the quarter and nine-month period, organic growth was led by the continued strong performance in the UK, which has now delivered six consecutive quarters of double-digit organic growth. The negative impacts of foreign exchange in the quarter and nine-month period are principally due to the appreciation of the Canadian dollar against the pound sterling and the Swedish krona.

Acquisition growth in the quarter stems from the acquisitions of E&I, Capita REI and GLH, all completed in September 2022, as well as BOD Arquitectura e Ingeniería completed in June 2022. Acquisition growth in the nine-month period also includes the acquisitions of Golder and b+p baurealisation, both completed in April 2021.

The Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 91% of net revenues for the nine-month period ended October 1, 2022. Public sector clients accounted for 53% of net revenues, for the same period.

## Backlog

Backlog for the EMEIA reportable segment increased mainly due to organic growth of 15.6% in the nine-month period compared to December 31, 2021 and 18.9% in the twelve-month period when compared to September 25, 2021.

## Adjusted EBITDA margin

In the quarter and nine-month period ended October 1, 2022, adjusted EBITDA margin for the EMEIA segment remained stable, as compared to the corresponding periods in 2021.

## APAC

(in millions of dollars, except percentages and number of employees)

	Third quarters ended			Nine-month periods ended		
	October 1, 2022	September 25, 2021	Variance	October 1, 2022	September 25, 2021	Variance
Net revenues	\$380.0	\$356.9	6.5 %	\$1,073.8	\$962.1	11.6 %
Organic growth*			9.4 %			11.1 %
Acquisition growth*			1.5 %			4.9 %
Foreign currency exchange impact**			(4.5) %			(4.4) %
Adjusted EBITDA by segment	\$79.9	\$75.2	6.3 %	\$197.4	\$174.0	13.4 %
Adjusted EBITDA margin by segment	21.0 %	21.1 %	(10) bps	18.4 %	18.1 %	30 bps
<b>As at</b>	<b>October 1, 2022</b>	<b>September 25, 2021</b>	<b>Variance</b>	<b>October 1, 2022</b>	<b>December 31, 2021</b>	<b>Variance</b>
Backlog	\$1,591.8	\$1,587.0	0.3 %	\$1,591.8	\$1,629.3	(2.3) %
Organic backlog growth			2.0 %			(0.8) %
Approximate number of employees	11,200	9,600	16.7 %			

\* Organic growth and acquisition growth are calculated based on local currencies.

\*\* Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into the Canadian equivalent amount, net of organic growth and acquisition growth.

bps: basis points

## Net revenues

In the quarter ended October 1, 2022, net revenues in the APAC reportable segment were \$380.0 million, an increase of \$23.1 million, or 6.5%, when compared to the same quarter in 2021. Organic growth and acquisition growth of 9.4% and 1.5%, respectively, both on a constant currency basis, were partially offset by negative impacts of foreign exchange.

In the nine-month period ended October 1, 2022, net revenues in the APAC reportable segment stood at \$1.1 billion, an increase of \$111.7 million, or 11.6%, when compared to the corresponding period in 2021. Organic growth and acquisition growth were 11.1% and 4.9%, respectively, both on a constant currency basis, were partially offset by negative impacts of foreign exchange.

The organic growth in the quarter and nine-month period was driven mainly by strong market conditions across the region. The organic growth in both periods was partially offset by negative impacts of foreign exchange principally due to the appreciation of the Canadian dollar against the Australian dollar and the New Zealand dollar.

Acquisition growth in the quarter stems from the acquisitions of Greencap in August 2022. Acquisition growth in the nine-month period also includes the Golder Acquisition completed in April 2021.

The Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 97% of net revenues for the nine-month period ended October 1, 2022. Public sector clients accounted for 56% of net revenues, for the same period.

## Backlog

Backlog for the APAC segment remained stable compared to September 25, 2021, with organic growth of 2.0%. Backlog growth in Australia and New Zealand was partially offset by contraction in Asia mainly due to COVID-19 lockdowns in mainland China. The pipeline of opportunities in Australia and New Zealand remains strong and recent wins are expected to positively impact backlog in these countries in coming quarters.

## Adjusted EBITDA margin

In the quarter ended October 1, 2022, adjusted EBITDA margin for the APAC reportable segment remained stable, while increasing slightly in the nine-month period. The increase in the nine-month period is mainly attributable to improved productivity in New Zealand and Australia.

# 8 FINANCIAL REVIEW

## 8.1 NET REVENUES

(in millions of dollars, except percentages)	Third quarters of 2022 vs 2021				
	Canada	Americas	EMEIA	APAC	Total
Net revenues - 2022	\$402.3	\$806.8	\$604.8	\$380.0	\$2,193.9
Net revenues - 2021	\$366.7	\$706.3	\$596.7	\$356.9	\$2,026.6
<b>Net change %</b>	9.7 %	14.2 %	1.4 %	6.5 %	8.3 %
Organic growth*	7.2 %	7.5 %	8.9 %	9.4 %	8.2 %
Acquisition growth*	2.5 %	3.7 %	3.2 %	1.5 %	3.0 %
Foreign currency exchange impact**	— %	3.0 %	(10.7)%	(4.5)%	(2.9)%
<b>Net change %</b>	9.7 %	14.2 %	1.4 %	6.5 %	8.3 %

\* Organic growth and acquisition growth are calculated based on local currencies.

\*\* Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into the Canadian equivalent amount, net of organic growth and acquisition growth.

(in millions of dollars, except percentages and number of employees)	First nine months of 2022 vs 2021				
	Canada	Americas	EMEIA	APAC	Total
Net revenues - 2022	\$1,146.8	\$2,270.3	\$1,912.6	\$1,073.8	\$6,403.5
Net revenues - 2021	\$943.9	\$1,945.9	\$1,870.3	\$962.1	\$5,722.2
<b>Net change %</b>	21.5 %	16.7 %	2.3 %	11.6 %	11.9 %
Organic growth*	10.8 %	7.1 %	6.9 %	11.1 %	8.3 %
Acquisition growth*	10.7 %	7.3 %	3.1 %	4.9 %	6.1 %
Foreign currency exchange impact**	— %	2.3 %	(7.7)%	(4.4)%	(2.5)%
<b>Net change %</b>	21.5 %	16.7 %	2.3 %	11.6 %	11.9 %
	As at				
Approximate number of employees - October 1, 2022	11,850	20,350	22,400	11,200	65,800
Approximate number of employees - September 25, 2021	9,700	15,900	20,100	9,600	55,300
<b>Net change %</b>	22.2 %	28.0 %	11.4 %	16.7 %	19.0 %

\* Organic growth and acquisition growth are calculated based on local currencies.

\*\* Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into the Canadian equivalent amount, net of organic growth and acquisition growth.

During the third quarter of 2022, the Corporation achieved net revenues of \$2.2 billion, up 8.3% compared to the third quarter of 2021. The increase was driven by organic growth of 8.2%, across all reportable segments, led by Canada, the US, the UK and Australia. Acquisition growth of 3.0% stemmed from various acquisitions across all segments. Organic and acquisition growth in EMEIA and APAC segments were partially offset by negative impacts of foreign exchange.

In the nine-month period ended October 1, 2022, net revenues increased 11.9% compared to the corresponding period in 2021. The increase was principally due to organic growth of 8.3%, across all reportable segments, and most pronounced in the US, Canada, the UK and Australia. Approximately 2% of the organic growth is due to more billable days in Q1 2022 as compared to Q1 2021. The Golder Acquisition was the main contributor to the acquisition growth of 6.1%. Organic and acquisition growth in EMEIA and APAC segments was partially offset by negative impacts of foreign exchange.

Since the start of the year, the number of employees increased by approximately 10,500, with 8,300 in the third quarter alone. The increase in the number of employees is mainly attributable to 7,300 employees from recently acquired businesses, as well as recruitment to support organic growth of our business across all segments.

Refer to section 7, “Segment operational review” for further analysis of net revenues by segment.

### Reconciliation of net revenues

The Corporation’s financial performance and results should be measured and analyzed in relation to fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of the performance of the professional consulting services business.

(in millions of dollars)	Third quarters ended		Nine-month periods ended	
	October 1, 2022	September 25, 2021	October 1, 2022	September 25, 2021
<b>Revenues</b>	\$2,896.1	\$2,650.2	\$8,372.1	\$7,388.1
Less: Subconsultants and direct costs	\$702.2	\$623.6	\$1,968.6	\$1,665.9
<b>Net revenues<sup>(1)</sup></b>	<b>\$2,193.9</b>	<b>\$2,026.6</b>	<b>\$6,403.5</b>	<b>\$5,722.2</b>

<sup>(1)</sup> Total of segments measure. Refer to section 19, “Glossary of segment reporting, non-IFRS and other financial measures”.

## 8.2 BACKLOG

(in millions of dollars)	Canada	Americas	EMEIA	APAC	Total
Backlog, as at December 31, 2021	\$1,817.3	\$4,536.5	\$2,442.5	\$1,629.3	\$10,425.6
Revenues	\$(1,518.2)	\$(3,275.8)	\$(2,306.6)	\$(1,271.5)	\$(8,372.1)
Organic order intake	\$1,564.1	\$4,010.8	\$2,672.2	\$1,259.2	\$9,506.3
Net order intake through business acquisition	\$497.6	\$1,065.7	\$158.4	\$18.0	\$1,739.7
Foreign exchange movement	\$3.2	\$136.0	\$(141.7)	\$(43.2)	\$(45.7)
Backlog, as at October 1, 2022	\$2,364.0	\$6,473.2	\$2,824.8	\$1,591.8	\$13,253.8
Organic backlog growth in the nine-month period	2.5 %	16.3 %	15.6 %	(0.8)%	11.1 %
Backlog, as at September 25, 2021	\$1,836.8	\$4,218.1	\$2,390.5	\$1,587.0	\$10,032.4
Organic backlog growth in the twelve-month period	1.4 %	24.1 %	18.9 %	2.0 %	15.2 %

As at October 1, 2022, backlog stood at \$13.3 billion, representing 12.3 months of revenues<sup>(1)</sup>, an increase of 27.1% as compared to December 31, 2021. Organically and on a constant currency basis, backlog grew by 11.1% compared to backlog as at December 31, 2021. Since the beginning of the year, we have continued to see positive momentum in all regions with a substantial order intake amounting to \$9.5 billion, led by the US, the Middle East and the UK.

In the twelve-month period ended October 1, 2022, the Corporation achieved organic growth in backlog of 15.2%, mainly in the US, the Middle East and the UK. This strong level of backlog, coupled with the increases in the number of employees worldwide, sets the Corporation in a favourable position. In Canada and APAC, the pipeline of opportunities remains strong and recent wins will positively impact backlog in coming quarters.

<sup>(1)</sup> Based on revenues for the trailing twelve-month period, incorporating a full twelve months of revenues for all acquisitions.

## 8.3 ADJUSTED EBITDA

	Third quarter ended October 1, 2022				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues	\$402.3	\$806.8	\$604.8	\$380.0	\$2,193.9
Adjusted EBITDA by segment <sup>(1)</sup>	\$101.4	\$168.7	\$90.7	\$79.9	\$440.7
Adjusted EBITDA margin by segment <sup>(1)</sup>	25.2%	20.9%	15.0%	21.0%	20.1%
Head office corporate costs					\$33.7
Adjusted EBITDA <sup>(2)</sup>					\$407.0
	Third quarter ended September 25, 2021				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues	\$366.7	\$706.3	\$596.7	\$356.9	\$2,026.6
Adjusted EBITDA by segment <sup>(1)</sup>	\$87.2	\$151.2	\$90.5	\$75.2	\$404.1
Adjusted EBITDA margin by segment <sup>(1)</sup>	23.8%	21.4%	15.2%	21.1%	19.9%
Head office corporate costs					\$26.4
Adjusted EBITDA <sup>(2)</sup>					\$377.7

<sup>(1)</sup> Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, presented in the "total" column of the table, are total of segments measures.

<sup>(2)</sup> Non-IFRS financial measure.

Nine months ended October 1, 2022					
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues	\$1,146.8	\$2,270.3	\$1,912.6	\$1,073.8	\$6,403.5
Adjusted EBITDA by segment <sup>(1)</sup>	\$256.0	\$433.6	\$284.5	\$197.4	\$1,171.5
Adjusted EBITDA margin by segment <sup>(1)</sup>	22.3%	19.1%	14.9%	18.4%	18.3%
Head office corporate costs					\$87.7
Adjusted EBITDA <sup>(2)</sup>					\$1,083.8
Nine months ended September 25, 2021					
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues	\$943.9	\$1,945.9	\$1,870.3	\$962.1	\$5,722.2
Adjusted EBITDA by segment <sup>(1)</sup>	\$195.4	\$384.8	\$278.0	\$174.0	\$1,032.2
Adjusted EBITDA margin by segment <sup>(1)</sup>	20.7%	19.8%	14.9%	18.1%	18.0%
Head office corporate costs					\$70.9
Adjusted EBITDA <sup>(2)</sup>					\$961.3

<sup>(1)</sup> Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, presented in the “total” column of the table, are total of segments measures.

<sup>(2)</sup> Non-IFRS financial measure.

Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment stood at \$440.7 million and 20.1%, respectively, for the third quarter ended October 1, 2022, compared to \$404.1 million and 19.9%, respectively, for the corresponding period in 2021. Adjusted EBITDA margin by segment increased as improved project performance in Canada was partially offset by lower adjusted EBITDA margin in the Americas.

For the nine-month period ended October 1, 2022, total adjusted EBITDA by segment and total adjusted EBITDA margin by segment stood at \$1.2 billion and 18.3%, respectively, compared to \$1.0 billion and 18.0%, respectively, in the corresponding period in 2021. Adjusted EBITDA margin by segment increased as improved performance in Canada and APAC was partially offset by lower adjusted EBITDA margin in the Americas, which was mainly due to realized losses on foreign exchange hedges as compared to gains in the corresponding period.

The variance explanations by segment are described in section 7, “Segment operational review”.

Head office corporate costs for the third quarter and nine-month period ended October 1, 2022 stood at \$33.7 million and \$87.7 million, respectively, higher than the comparable periods in 2021 mainly due to the long-term incentive plans.

## Reconciliation of adjusted EBITDA

Management analyzes the Corporation's financial performance in relation to adjusted EBITDA as it believes this metric allows comparability of operating results from one period to another. These measures exclude the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the results of day-to-day operations. The following table reconciles this metric to the most comparable IFRS measure:

(in millions of dollars)	Third quarters ended		Nine-month periods ended	
	October 1, 2022	September 25, 2021	October 1, 2022	September 25, 2021
<b>Earnings before net financing expense and income taxes</b>	<b>\$236.4</b>	<b>\$221.2</b>	<b>\$563.8</b>	<b>\$539.4</b>
Acquisition, integration and reorganization costs	\$22.1	\$19.0	\$65.8	\$37.2
ERP implementation costs	\$8.5	\$—	\$30.5	\$—
Depreciation of right-of-use assets	\$70.9	\$69.6	\$210.9	\$200.3
Amortization of intangible assets	\$33.4	\$34.6	\$100.3	\$92.3
Depreciation of property and equipment	\$28.3	\$30.3	\$84.0	\$83.8
Impairment of long-lived assets	\$2.2	\$—	\$16.5	\$—
Share of depreciation and taxes of associates	\$3.2	\$2.7	\$8.6	\$7.3
Interest income	\$2.0	\$0.3	\$3.4	\$1.0
<b>Adjusted EBITDA*</b>	<b>\$407.0</b>	<b>\$377.7</b>	<b>\$1,083.8</b>	<b>\$961.3</b>

\* Non-IFRS financial measure.

## 8.4 EARNINGS BEFORE NET FINANCING EXPENSE AND INCOME TAXES

The following table summarizes selected operating results expressed as a percentage of net revenues.

(percentage of net revenues)	Third quarters ended		Nine-month periods ended	
	October 1, 2022	September 25, 2021	October 1, 2022	September 25, 2021
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Personnel costs	73.0 %	73.4 %	74.8 %	74.6 %
Other operational costs	9.0 %	8.6 %	8.8 %	9.3 %
Exchange gain and interest income	(0.2)%	(0.2)%	(0.1)%	(0.3)%
Share of earnings of associates and joint ventures before depreciation and income taxes	(0.4)%	(0.4)%	(0.4)%	(0.4)%
<b>Adjusted EBITDA margin</b>	<b>18.6 %</b>	<b>18.6 %</b>	<b>16.9 %</b>	<b>16.8 %</b>
Depreciation of right-of-use assets	3.3 %	3.4 %	3.3 %	3.5 %
Depreciation of property and equipment	1.3 %	1.5 %	1.3 %	1.5 %
Amortization of intangible assets	1.5 %	1.7 %	1.6 %	1.6 %
Impairment of long-lived assets	0.1 %	— %	0.2 %	— %
Acquisition, integration and reorganization costs and ERP implementation costs	1.4 %	0.9 %	1.5 %	0.6 %
Share of depreciation and taxes of associates	0.1 %	0.1 %	0.1 %	0.1 %
<b>Earnings before net financing expense and income taxes</b>	<b>10.8 %</b>	<b>10.9 %</b>	<b>8.8 %</b>	<b>9.4 %</b>
Net financing expense	2.8 %	1.6 %	2.1 %	1.1 %
Income tax expense	2.1 %	2.4 %	1.8 %	2.2 %
<b>Net earnings</b>	<b>5.9 %</b>	<b>6.9 %</b>	<b>4.9 %</b>	<b>6.1 %</b>

In the third quarter of 2022, adjusted EBITDA margin was maintained at 18.6%, the same as in the third quarter of 2021. For the nine-month period, the adjusted EBITDA margin increased slightly to 16.9%, compared to 16.8% in the corresponding period in 2021. In both periods, the adjusted EBITDA was negatively impacted by overall lower foreign exchange gains than in the comparable periods.

In the third quarter ended October 1, 2022, earnings before net financing expense and income taxes decreased slightly as a percentage of net revenues, mainly due to ERP implementation costs which were new in 2022, and higher acquisition and integration costs due to recent acquisitions. In the nine-month period ended October 1, 2022, earnings before net financing expense and income taxes decreased as higher adjusted EBITDA was offset by higher acquisition and integration costs due to recent acquisitions and ERP implementation costs, as well as charges against certain leased assets related to office consolidations as part of our real estate strategy.

These variances are explained in further detail below.

### Personnel costs

Personnel costs include payroll costs for all employees related to the delivery of consulting services and projects, as well as administrative and corporate staff.

For the quarter ended October 1, 2022, the decrease in personnel costs as a percentage of net revenues, as compared to the corresponding period in 2021, stemmed mainly from the Americas, principally due to improved performance and better absorption of indirect personnel costs as net revenues grew, partially offset by inflationary pressures on salaries.

For the nine-month period ended October 1, 2022, personnel costs increased as a percentage of net revenues, as compared to the corresponding period in 2021, mainly due to inflationary pressures on salaries.

During the quarter and nine-month period ended October 1, 2022, the Corporation recorded \$0.2 million and \$4.7 million of government subsidies, recognized in personnel costs (\$2.6 million and \$13.5 million, respectively, during the comparable periods in 2021).

### Other operational costs

Other operational costs include fixed costs such as, but not limited to, non-recoverable client service costs, technology costs, professional indemnity insurance costs and office space related costs (mainly utilities and maintenance costs).

Other operational costs for the quarter ended October 1, 2022, as a percentage of net revenues, were higher than the comparable period in 2021, mainly due to higher travel expenses and gain on sale of an asset in the third quarter of 2021.

Other operational costs for the nine-month period ended October 1, 2022, as a percentage of net revenues, were lower than the comparable period in 2021, mainly due to lower discretionary spending, partially offset by higher travel costs.

### Exchange gains and losses and interest income

In the quarter and nine-month period ended October 1, 2022, operational foreign exchange gains of \$1.5 million and \$6.3 million, respectively, were lower than the gains of \$3.8 million and \$14.8 million in the corresponding periods in 2021. These variances are mainly attributable to the US dollar.

In both periods, lower foreign exchange gains were partially offset by higher interest income of \$2.0 million and \$3.4 million, respectively, compared to \$0.3 million and \$1.0 million, respectively, in the corresponding periods in 2021.

## Depreciation, amortization and impairment of long-lived assets

Depreciation of right-of-use assets, as a percentage of net revenues, decreased in the quarter and nine-month period ended October 1, 2022 when compared to the corresponding periods in 2021, mainly due to lease terminations and lease modifications in connection with office closures and downsizing, as the Corporation achieves synergies with newly acquired businesses and works toward a hybrid workplace model.

In the second quarter of 2022, the Corporation recorded charges against certain leased assets in the context of on-going reorganizations as part of our real estate strategy following recent acquisitions in order to reduce our footprint, realize synergies and improve the cost structure of the combined business. In the third quarter of 2022, the Corporation recorded a write-down of a building.

## Acquisition, integration and reorganization costs and ERP implementation costs

Acquisition, integration and reorganization costs include, if and when incurred, transaction and integration costs related to business acquisitions, any gains or losses on disposals of non-core assets, outsourcing program costs pertaining mainly to redundancy and transition costs resulting from the outsourcing of the Corporation's infrastructure or other functions, restructuring costs, and severance costs stemming from adjustments to cost structures. In the table above, these costs are combined with ERP implementation costs.

Acquisition, integration and reorganization costs and ERP implementation costs are components of financial performance which the Corporation believes should be excluded in understanding its underlying operational financial performance, and are therefore presented separately in its consolidated statement of earnings.

The Corporation incurred acquisition, integration and reorganization costs of \$22.1 million in the third quarter of 2022 and \$65.8 million in the nine-month period ended October 1, 2022. The increase in the quarter is due to higher business acquisition and integration costs due to recent acquisition activities. The increase in the nine-month period is mainly due to higher business acquisition and integration costs in 2022, related to the Golder Acquisition, the E&I Acquisition and other recently completed acquisitions.

In the quarter and nine-month period ended October 1, 2022, the Corporation incurred ERP implementation costs of \$8.5 million and \$30.5 million, respectively.

## 8.5 FINANCING EXPENSES

Net financing expenses for the third quarter and nine-month period ended October 1, 2022 were higher than the comparable periods in 2021. In the quarter and nine-month period, the increase is attributable to higher losses from derivative financial instruments in the third quarter of 2022 than in the corresponding period, as well as higher interest on long-term debt. In the nine-month period, the variance is also attributable to non-cash losses in value of investments related to a US employee deferred compensation plan compared to gains in the comparable periods.

## 8.6 INCOME TAXES

In the third quarter of 2022, income tax expense of \$45.3 million was recorded on earnings before income taxes of \$174.4 million, representing an effective income tax rate of 26.0%.

For the nine-month period ended October 1, 2022, an income tax expense of \$115.2 million was recorded on earnings before income taxes of \$429.5 million representing an effective income tax rate of 26.8%.

## 8.7 NET EARNINGS

In the third quarter of 2022, the Corporation's net earnings attributable to shareholders decreased to \$127.5 million, or \$1.05 per share on a diluted basis, compared to \$139.0 million, or \$1.18 per share on a diluted basis for the comparable period in 2021. The decrease is mainly attributable to higher net financing expenses, higher business acquisition and integration costs and ERP implementation costs, partially offset by higher adjusted EBITDA.

For the nine-month period ended October 1, 2022, the Corporation's net earnings attributable to shareholders were \$311.8 million, or \$2.62 per share, compared to \$346.9 million, or \$2.99 per share in the corresponding period in 2021. The decrease is mainly due to ERP implementation costs, higher net financing expenses and higher business acquisition and integration costs, partially offset by higher adjusted EBITDA.

## 8.8 ADJUSTED NET EARNINGS

Management has amended its definition of adjusted net earnings, effective January 1, 2022, to exclude impairment charges on long-lived assets and reversals thereof. The amendment was made in the context of on-going and planned reorganizations as part of our real estate strategy following recent and planned acquisitions in order to realize synergies and improve the cost structure of the combined business. The comparative period results did not require restatement to apply the current definition as no impairment of long-lived assets was recorded in 2021 nor in the first quarter of 2022.

Management believes that adjusted net earnings and adjusted net earnings per share should be taken into consideration in assessing the Corporation's performance against its peer group. In the context of highly acquisitive companies or consolidating industries such as engineering and construction, this non-IFRS measure isolates amortization of intangible assets related to acquisitions (created from the allocation of purchase price between goodwill and intangible assets) as well as other charges directly or indirectly related to acquisitions. In addition, this non-IFRS financial measure is adjusted for certain non-cash items related to market volatility, which are inherently unpredictable.

Adjusted net earnings stood at \$193.4 million, or \$1.59 per share, in the third quarter of 2022, compared to \$179.7 million, or \$1.53 per share, in Q3 2021. In the nine-month period ended October 1, 2022, adjusted net earnings stood at \$483.3 million, or \$4.06 per share, compared to \$421.2 million, or \$3.63 per share, in 2021. The increases in these metrics are mainly attributable to higher adjusted EBITDA.

### Reconciliation of adjusted net earnings

The following table reconciles this metric to the most comparable IFRS measure:

(in millions of dollars, except per share data)	Third quarters ended		Nine-month periods ended	
	October 1, 2022	September 25, 2021	October 1, 2022	September 25, 2021
<b>Net earnings attributable to shareholders</b>	<b>\$127.5</b>	<b>\$139.0</b>	<b>\$311.8</b>	<b>\$346.9</b>
Amortization of intangible assets related to acquisitions	\$21.2	\$24.7	\$63.3	\$63.0
Impairment of long-lived assets	\$2.2	\$—	\$16.5	\$—
Acquisition, integration and reorganization costs	\$22.1	\$19.0	\$65.8	\$37.2
ERP implementation costs	\$8.5	\$—	\$30.5	\$—
Losses (gains) on investments in securities related to deferred compensation obligations	\$4.7	\$0.1	\$27.1	\$(10.0)
Unrealized losses on derivative financial instruments	\$27.1	\$11.4	\$23.6	\$9.4
Income taxes related to above items	\$(19.9)	\$(14.5)	\$(55.3)	\$(25.3)
<b>Adjusted net earnings*</b>	<b>\$193.4</b>	<b>\$179.7</b>	<b>\$483.3</b>	<b>\$421.2</b>
<b>Adjusted net earnings per share*</b>	<b>\$1.59</b>	<b>\$1.53</b>	<b>\$4.06</b>	<b>\$3.63</b>

\* Non-IFRS financial measure or non-IFRS ratio.

## 9 LIQUIDITY

(in millions of dollars)	Third quarters ended		Nine-month periods ended	
	October 1, 2022	September 25, 2021	October 1, 2022	September 25, 2021
Cash inflows from operating activities	\$165.0	\$236.1	\$207.4	\$546.9
Cash inflows (outflows) from financing activities	\$2,141.0	\$(120.3)	\$1,870.7	\$928.5
Cash outflows from investing activities	\$(2,526.1)	\$(16.1)	\$(2,595.7)	\$(1,268.8)
Effect of exchange rate change on cash	\$14.4	\$5.6	\$7.2	\$(9.2)
<b>Change in net cash and cash equivalents</b>	<b>\$(205.7)</b>	<b>\$105.3</b>	<b>\$(510.4)</b>	<b>\$197.4</b>
Dividends paid to shareholders of WSP Global Inc.	\$(22.7)	\$(19.3)	\$(66.4)	\$(60.5)
Net capital expenditures*	\$(41.1)	\$(18.5)	\$(91.7)	\$(50.2)

\* Capital expenditures pertaining to property and equipment and intangible assets, net of proceeds from disposal and lease incentives received.

### 9.1 OPERATING ACTIVITIES AND FREE CASH FLOW

#### Cash flows from operating activities

The decrease in cash inflows from operating activities in the nine-month period ended October 1, 2022, compared to the corresponding period in 2021 is mainly attributable to an additional period of payroll, which will reverse in the fourth quarter of 2022, the normalization of our DSO and higher income taxes paid mainly due to changes in tax regulations in the US which delays the deductibility of certain expenses.

#### Free cash flow

The free cash outflow for the nine-month period ended October 1, 2022 was \$133.7 million, compared to free cash inflow of \$276.2 million in the corresponding period in 2021. Lower free cash flow in 2022 year-to-date was mainly attributable to the decrease in cash flows from operating activities, as well as increases in net capital expenditures and lease payments to support growth.

For the trailing twelve-months ended October 1, 2022, free cash flow amounted to \$236.2 million, representing 0.5 times the net earnings attributable to shareholders. Excluding the impact of changes in tax regulations in the US and the additional period of payroll, trailing twelve-months of free cash flow would represent approximately 0.9 times the net earnings attributable to shareholders.

## Reconciliation of free cash flow

Free cash flow is an indication of the Corporation's continuing capacity to generate discretionary cash from operations. It represents cash flows for the period available to the suppliers of capital, which are the Corporation's creditors and shareholders. The free cash flow metric should be reviewed year-over-year as opposed to quarter-to-quarter as the timing of investments in capital expenditure initiatives and management of working capital can have an impact in the shorter term.

(in millions of dollars)	Third quarters ended		Nine-month periods ended	
	October 1, 2022	September 25, 2021	October 1, 2022	September 25, 2021
<b>Cash inflows from operating activities</b>	\$165.0	\$236.1	\$207.4	\$546.9
Lease payments in financing activities	\$(87.2)	\$(79.3)	\$(249.4)	\$(220.5)
Net capital expenditures*	\$(41.1)	\$(18.5)	\$(91.7)	\$(50.2)
<b>Free cash (outflow) inflow**</b>	<b>\$36.7</b>	<b>\$138.3</b>	<b>\$(133.7)</b>	<b>\$276.2</b>

\* Capital expenditures pertaining to property and equipment and intangible assets, net of proceeds from disposal and lease incentives received.

\*\* Non-IFRS financial measure.

## 9.2 FINANCING ACTIVITIES

In the third quarter and nine-month period ended October 1, 2022, cash inflows from financing activities of \$2,141.0 million and \$1,870.7 million, respectively, were mainly due to the issuance of common shares and net proceeds of borrowings under credit facilities.

## 9.3 INVESTING ACTIVITIES

In the third quarter and nine-month period ended October 1, 2022, cash outflows used for investing activities related mainly to business acquisitions.

## 9.4 NET DEBT TO ADJUSTED EBITDA RATIO

As at October 1, 2022, the Corporation's statement of financial position remained strong, with a net debt position of \$2,875.8 million and a net debt to adjusted EBITDA ratio of 2.0x, at the top end of the Corporation's target ratio range of 1.0x to 2.0x. The increase in the net debt to adjusted EBITDA ratio is due to issuance of long-term debt used to finance the E&I Acquisition, while the trailing twelve-month adjusted EBITDA does not yet include the full results of recently acquired businesses. Incorporating a full twelve months of adjusted EBITDA of all acquired businesses, the net debt to adjusted EBITDA ratio would be 1.8x.

## 9.5 CAPITAL RESOURCES

(in millions of dollars)	As at	
	October 1, 2022	December 31, 2021
Cash and cash equivalents	\$444.9	\$927.4
Available syndicated credit facility	\$1,870.4	\$1,442.9
Other operating credit facilities	\$193.1	\$182.4
<b>Available short-term capital resources</b>	<b>\$2,508.4</b>	<b>\$2,552.7</b>

The Corporation believes that its cash flows from operating activities, combined with its available short-term capital resources, will enable it to support its continued growth strategy, its working capital requirements and planned capital expenditures.

## 9.6 CREDIT FACILITIES

The Corporation has in place, as at October 1, 2022, three credit facilities:

- a credit facility with a syndicate of financial institutions providing for a maximum amount of US\$1.7 billion with maturities up to April 2027, comprised of a term loan and a US\$1.5-billion revolver in two tranches;
- a US\$750-million fully-committed bank financing in the form of term loans with maturities up to April 2025; and
- a US\$1.0-billion fully-committed credit facility in the form of term loans, described in the following paragraph.

The US\$1.7-billion credit facility is available for general corporate purposes and for financing business acquisitions.

In August 2022, the Corporation entered into a fully-committed US\$1.8-billion term credit facility with various tenors of up to 5 years in length, which was fully drawn to finance the E&I Acquisition which closed in September 2022. Also in September 2022, the Corporation repaid a portion of the indebtedness, such that the maximum amount of the credit facility became US\$1.0 billion. As at October 1, 2022, the US\$1.0-billion credit facility was fully drawn.

Under these credit facilities, the Corporation is required, among other conditions, to respect certain covenants calculated on a consolidated basis. The financial covenants are in regard to its consolidated net debt to consolidated adjusted EBITDA and the fixed charge coverage ratios. These terms and ratios are defined in the credit facility agreements and do not correspond to the Corporation's metrics described in section 19, "Glossary of segment reporting, non-IFRS and other financial measures", or to other terms used in this MD&A. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its credit facilities. All covenants were met as at October 1, 2022.

## 9.7 DIVIDENDS

On August 8, 2022, the Corporation declared a quarterly dividend of \$0.375 per common share to holders of common shares on record as of September 30, 2022, which was paid on October 17, 2022. The total amount of the dividend for the third quarter of 2022 was \$46.6 million, paid subsequent to the end of the quarter.

Following the payment of the dividends declared on November 9, 2021, March 9, 2022 and May 11, 2022, \$66.3 million was reinvested in 428,121 common shares under the DRIP during the nine-month period ended October 1, 2022.

Subsequent to the end of the quarter, holders of 61,025,358 common shares, representing 49.1% of all outstanding shares as at September 30, 2022, elected to participate in the DRIP. As a result, on October 17, 2022, \$22.9 million of the third quarter dividend was reinvested in common shares of the Corporation. The net cash outflow on October 17, 2022 for the third quarter dividend payment was \$23.7 million.

The Board of Directors of the Corporation (the "Board") has determined that the current level of quarterly dividend is appropriate based on the Corporation's current earnings and operational financial requirements. The dividend is currently expected to remain at this level subject to the Board's ongoing assessment of the Corporation's future cash requirements, financial performance, liquidity, and other factors that the Board may deem relevant. The actual amount of any dividend, as well as each declaration date, record date and payment date, is subject to the discretion of the Board. Some of the information in this section constitutes forward-looking information. Please refer to section 16, "Forward-Looking Statements", of this MD&A.

## 9.8 STOCK OPTIONS

As at November 8, 2022, 706,602 stock options were outstanding at exercise prices ranging from \$41.69 to \$180.65.

# 10 EIGHT QUARTER SUMMARY

(in millions of dollars, except per share data)	Trailing twelve months	2022			2021			2020	
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
		Third quarter ended October 1	Second quarter ended July 2	First quarter ended April 2	Fourth quarter ended December 31	Third quarter ended September 25	Second quarter ended June 26	First quarter ended March 27	Fourth quarter ended December 31
<b>Results of operations</b>									
Revenues	\$11,263.1	\$2,896.1	\$2,764.2	\$2,711.8	\$2,891.0	\$2,650.2	\$2,633.1	\$2,104.8	\$2,248.3
Net revenues	\$8,550.9	\$2,193.9	\$2,109.6	\$2,100.0	\$2,147.4	\$2,026.6	\$2,028.8	\$1,666.8	\$1,688.3
Adjusted EBITDA*	\$1,445.0	\$407.0	\$352.2	\$324.6	\$361.2	\$377.7	\$342.6	\$241.0	\$262.1
Net earnings attributable to shareholders	\$438.5	\$127.5	\$89.3	\$95.0	\$126.7	\$139.0	\$120.0	\$87.9	\$68.9
Basic net earnings per share**	\$1.05	\$0.76	\$0.81	\$0.81	\$1.08	\$1.18	\$1.03	\$0.77	\$0.61
Diluted net earnings per share**	\$1.05	\$0.75	\$0.80	\$0.80	\$1.07	\$1.18	\$1.02	\$0.77	\$0.61
<b>Backlog</b>	\$13,253.8	\$11,448.8	\$11,021.4	\$11,021.4	\$10,425.6	\$10,032.4	\$9,632.4	\$8,430.9	\$8,421.3
<b>Dividends</b>									
Dividends declared	\$179.3	\$46.6	\$44.3	\$44.2	\$44.2	\$44.1	\$44.0	\$42.7	\$42.5
Dividends declared, per share	\$1.50	\$0.375	\$0.375	\$0.375	\$0.375	\$0.375	\$0.375	\$0.375	\$0.375

\* Non-IFRS financial measure.

\*\* Quarterly net earnings per share are not additive and may not equal the annual net earnings per share reported. This may be a result of the effect of shares issued on the weighted average number of shares, as well as the impact of dilutive options.

The Corporation's quarterly earnings and revenue measures are, to a certain degree, affected by seasonality. The third and fourth quarters historically generate the largest contribution to net revenues and adjusted EBITDA, and the first quarter the least. The Corporation's cash flows from operations are also, to a certain degree, subject to seasonal fluctuations, with the fourth quarter historically generating a higher amount of cash flows from operations.

## 11 GOVERNANCE

### Internal controls over financial reporting

The Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and have caused them to be designed under their supervision to provide reasonable assurance that:

- Material information related to the Corporation is made known to them by others, particularly during the period in which the interim filings are being prepared; and
- Information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO are also responsible for establishing and maintaining internal controls over financial reporting ("ICFR") and have designed ICFR or have caused ICFR to be designed under their supervision using the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Due to the inherent limitations of DC&P and ICFR, Management does not expect that DC&P and ICFR can prevent or detect all errors or intentional misstatements resulting from fraudulent activities.

The CEO and the CFO have limited the scope of their design of DC&P and ICFR to exclude controls, policies and procedures of E&I, which was acquired on September 21, 2022, as permitted by the Canadian Securities Administrators' National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* for 365 days following an acquisition. Note 4, Business Acquisitions, of the Corporation's unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended October 1, 2022 present summary financial information with respect to E&I.

There were no changes in the Corporation's ICFR that occurred during the period beginning on July 3, 2022 and ended on October 1, 2022 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. The Corporation regularly monitors and assesses its DC&P and ICFR, while reiterating the importance of internal controls and maintaining frequent communication across the organization at all levels, in order to maintain a strong control environment.

## Responsibilities of the Board of Directors

The Board has oversight responsibilities for reported financial information. Accordingly, the Board has reviewed and approved, upon recommendation of the Audit Committee of the Corporation, this MD&A and the unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended October 1, 2022, before their publication.

## 12 SIGNIFICANT ACCOUNTING POLICIES

The Corporation's unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board and are based on the same accounting policies as those used in the preparation of the Corporation's audited consolidated financial statements for the year ended December 31, 2021 and new accounting standards effective January 1, 2022.

Please refer to note 2, Summary of significant accounting policies, to the Corporation's 2021 audited consolidated financial statements for more information about the significant accounting principles. Also refer to note 3, Critical accounting estimates and judgments, for the significant estimates and judgments used to prepare the unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended October 1, 2022.

## 13 FINANCIAL INSTRUMENTS

The Corporation's financial assets include cash, trade receivables and other receivables. The Corporation's financial liabilities include accounts payable and accrued liabilities, dividends payable to shareholders, lease liabilities, and long-term debt.

The Corporation uses derivative financial instruments to manage its exposure to fluctuations of foreign currency exchange rates. It does not hold or use any derivative instruments for trading or speculative purposes. Refer to note 10, Financial instruments, to the Corporation's unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended October 1, 2022 for a description of the Corporation's hedging activities.

The Corporation's financial instruments expose the Corporation primarily to foreign exchange, credit, liquidity and interest rate risks. Refer to section 20, "Risk factors", of the Corporation's MD&A for the year ended December 31, 2021, as well as note 14, Financial instruments, to the Corporation's audited consolidated financial statements for the year ended December 31, 2021, for a description of these risks and how they are managed, as well as for a description of how fair values are determined.

During the third quarter of 2022, there were no material changes to the risks related to financial instruments and no significant changes in the financial instrument classifications. Furthermore, the methodology used to determine the fair value of financial instruments did not change during the third quarter of 2022.

## 14 RELATED PARTY TRANSACTIONS

The Corporation's related parties, as defined by IFRS, are its joint operations, joint ventures, associates and key management personnel. During the third quarter of 2022, there were no material changes to the Corporation's related parties.

## 15 OFF-BALANCE SHEET AGREEMENTS

The Corporation does not engage in the practice of off-balance sheet financing, except for the use of letters of credit.

## 16 FORWARD-LOOKING STATEMENTS

In addition to disclosure of historical information, the Corporation may make or provide statements or information in this MD&A that are not based on historical facts and which are considered to be forward-looking information or forward-looking statements under Canadian securities laws. Such statements relate to future events or future performance and reflect the expectations of Management regarding the growth, results of operations, performance and business prospects and opportunities of the Corporation or its industry.

This MD&A may contain forward-looking statements. Forward-looking statements can typically be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “forecast”, “project”, “intend”, “target”, “potential”, “continue” or the negative of these terms or terminology of a similar nature. Such forward-looking statements reflect current beliefs of Management and are based on certain factors and assumptions as set forth in this MD&A, which by their nature are subject to inherent risks and uncertainties. While the Corporation considers these factors and assumptions to be reasonable, actual events or results could differ materially from the results, predictions, forecasts, conclusions or projections expressed or implied in the forward-looking statements.

Forward-looking statements made by the Corporation are based on a number of assumptions believed by the Corporation to be reasonable as at the date such statements were made, including assumptions set out through this MD&A and assumptions about general economic and political conditions; the state of the global economy and the economies of the regions in which the Corporation operates; the state of and access to global and local capital and credit markets; interest rates; working capital requirements; the collection of accounts receivable; the Corporation obtaining new contract awards; the type of contracts entered into by the Corporation; the anticipated margins under new contract awards; the utilization of the Corporation's workforce; the ability of the Corporation to attract new clients; the ability of the Corporation to retain current clients; changes in contract performance; project delivery; the Corporation's competitors; the ability of the Corporation to successfully integrate acquired businesses; the acquisition and integration of businesses in the future; the Corporation's ability to manage growth; external factors affecting the global operations of the Corporation; the state of the Corporation's backlog; the joint arrangements into which the Corporation has or will enter; capital investments made by the public and private sectors; relationships with suppliers and subconsultants; relationships with management, key professionals and other employees of the Corporation; the maintenance of sufficient insurance; the management of environmental and health and safety risk; the sufficiency of the Corporation's current and planned information systems, communications technology and other technology; compliance with laws and regulations; future legal proceedings; the sufficiency of internal and disclosure controls; the regulatory environment; impairment of goodwill; foreign currency fluctuation; the tax legislation and regulations to which the Corporation is subject and the state of the Corporation's benefit plans. If these assumptions prove to be inaccurate, the Corporation's actual results could differ materially from those expressed or implied in forward-looking statements.

In evaluating these forward-looking statements, investors should specifically consider various risk factors, which, if realized, could cause the Corporation's actual results to differ materially from those expressed or implied in forward-looking statements. Such risk factors include, but are not limited to, the following risk factors discussed in greater detail in section 17, “Risk factors” of the Corporation's MD&A for the year ended December 31, 2021: “Impact of the COVID-19

Pandemic”; “Health and Safety Risks and Hazards”; “Non-Compliance with Laws or Regulations”; “Systems, Network Infrastructure and Data Failure, Interruption and Breach”; “Availability and Retention of Qualified Professional Staff”; “Adequate Utilization of Workforce”; “Global Operations”; “Competition in the Industry”; “Professional Services Contracts”; “Revenues from Contracts with Government Agencies”; “Challenges Associated with Size”; “Growth by Acquisitions”; “Acquisition Integration and Management”; “Controls and Disclosure”; “Current or Future Legal Proceedings”; “Reputation”; “Extreme Weather Conditions and the Impact of Natural or Other Disasters”; “Ecological and Social Impacts of Projects”; “Implications of Setting and Announcing ESG Targets”; “Work Stoppage and Labour Disputes”; “Joint Arrangements”; “Reliance on Suppliers and Subconsultants”; “Economic Environment”; “Changes to Regulations”; “Insurance Limits”; “Changes to Backlog”; “Protection of Intellectual Property Rights”; “Deterioration of Financial Position or Net Cash Position”; “Working Capital Requirements”; “Accounts Receivable”; “Increased Indebtedness and Raising Capital”; “Impairment of Long-Lived Assets”; “Foreign Currency Exposure”; “Income Taxes”; “Underfunded Defined Benefits Obligations”; “Potential Dilution and Share Price Volatility”; “Risks Related to Forward-Looking Statements”; as well as other risks detailed from time to time in reports filed by the Corporation with securities regulators or securities commissions or other documents that the Corporation makes public, which may cause events or results to differ materially from the results expressed or implied in any forward-looking statement.

The Corporation cautions that the foregoing list of risk factors is not exhaustive. There can be no assurance that actual results will be consistent with forward-looking statements. The Corporation does not take any responsibility to update or revise forward-looking information even if new information becomes available, unless legislation requires us to do so. Readers should not place undue reliance on forward-looking statements. The Corporation may also make oral forward-looking statements from time to time. The Corporation advises that the above paragraphs and the risk factors set forth in section 17, “Risk factors” of this MD&A should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from the results expressed or implied in any oral forward-looking statements.

## 17 RISK FACTORS

The Corporation is subject to a number of risks and uncertainties and is affected by a number of factors which could have a material adverse effect on the Corporation’s business, financial condition, operating results, future prospects or achievement of its 2022-2024 Global Strategic Plan. These risks should be considered when evaluating an investment in the Corporation and may, among other things, cause a decline in the price of the Corporation’s shares or adversely affect the Corporation’s ability to declare and/or pay dividends on the shares.

The risks and uncertainties which Management considers as the most material to the Corporation’s business are described in section 20, “Risk Factors”, of the Corporation’s MD&A for the year ended December 31, 2021. These risks and uncertainties have not materially changed and are hereby incorporated by reference.

## 18 ADDITIONAL INFORMATION

Additional information regarding the Corporation is available on our Website at [www.wsp.com](http://www.wsp.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The Corporation’s Annual Information Form for the year ended December 31, 2021 is available on these websites.

The common shares of the Corporation are traded on the Toronto Stock Exchange under the symbol “WSP”. As at October 1, 2022, the Corporation had 124,297,381 common shares outstanding. As at November 8, 2022, the Corporation had 124,453,717 common shares outstanding.

The Corporation has no other shares outstanding.

# 19 GLOSSARY OF SEGMENT REPORTING, NON-IFRS AND OTHER FINANCIAL MEASURES

## Net revenues

Net revenues is defined as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from clients.

Net revenues is a segment reporting measure and a total of segments measure, without a standardized definition within IFRS, which may not be comparable to similar measures presented by other issuers.

Management analyzes the Corporation's financial performance in relation to fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of the performance of the professional consulting services business. Refer to section 8.1, "Net revenues", for reconciliations of revenues to net revenues.

## Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA is defined as earnings before net financing expense (except interest income), income tax expense, depreciation, amortization, impairment charges on long-lived assets and reversals thereof, share of income tax expense and depreciation of associates, acquisition, integration and reorganization costs and ERP implementation costs. Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of net revenues.

Adjusted EBITDA is a non-IFRS financial measures. Adjusted EBITDA margin is a non-IFRS ratio. These measures have no standardized definitions under IFRS, and, accordingly, these measures may not be comparable to similar measures used by other issuers.

Management analyzes the Corporation's financial performance in relation to adjusted EBITDA as it believes this metric allows comparability of operating results from one period to another. These measures exclude the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the results of day-to-day operations. Refer to section 8.3, "Adjusted EBITDA", for reconciliations of earnings before net financing expense and income taxes to adjusted EBITDA.

## Adjusted EBITDA by segment and adjusted EBITDA margin by segment

Adjusted EBITDA by segment is defined as adjusted EBITDA excluding head office corporate costs. Head office corporate costs are expenses and salaries related to centralized functions, such as head office finance, human resources and technology teams, which are not allocated to reportable segments. Adjusted EBITDA margin by segment is defined as adjusted EBITDA before head office corporate costs expressed as a percentage of net revenues.

These are segment reporting and total of segments measures without standardized definitions within IFRS. Other issuers may define adjusted EBITDA by segment differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

These metrics provide Management with comparability from one reportable segment to another. Refer to section 8.3, "Adjusted EBITDA", for reconciliations of adjusted EBITDA to adjusted EBITDA by segment and of earnings before net financing expense and income taxes to adjusted EBITDA.

## Adjusted net earnings and adjusted net earnings per share

Management has amended its definition of adjusted net earnings, effective January 1, 2022, to exclude impairment charges on long-lived assets and reversals thereof. The amendment was made in the context of on-going and planned reorganizations as part of our real estate strategy following recent and planned acquisitions in order to realize synergies and improve the cost structure of the combined business. The comparative period results did not require restatement to apply the current definition as no impairment of long-lived assets was recorded in 2021 nor in the first quarter of 2022.

Adjusted net earnings is defined as net earnings attributable to shareholders excluding:

- amortization of intangible assets related to acquisitions;
- impairment charges on long-lived assets and reversals thereof;
- acquisition, integration and reorganization costs;
- ERP implementation costs;
- gains or losses on investments in securities related to deferred compensation obligations, included in other financial assets;
- unrealized gains or losses on derivative financial instruments; and
- the income tax effects related to the above-mentioned items.

Adjusted net earnings per share is calculated using the basic weighted average number of shares.

Adjusted net earnings is a non-IFRS financial measure and adjusted net earnings per share is a non-IFRS ratio. These measures have no standardized definitions under IFRS, and, accordingly, these measures may not be comparable to similar measures used by other issuers.

The exclusion of acquisition, integration and reorganization costs, amortization of intangible assets related to acquisitions and impairment charges on long-lived assets and reversals thereof provides a comparative measure of the Corporation's performance in a context of significant business combinations, in which the Corporation may incur significant acquisition, integration and reorganization costs and as a result of which the Corporation's amortization expense may increase due to recognition of intangible assets which would not normally be recognized outside of a business combination. In addition, reorganization of the business in line with our real estate strategy and realization of synergies following acquisitions may lead to impairment or abandonment of certain assets in order to improve the Corporation's overall cost structure. Management also excludes ERP implementation costs as such costs are not representative of the operating activities of the business. In addition, this non-IFRS financial measure is adjusted for certain non-cash items related to market volatility, which are inherently unpredictable. In the US, the Corporation maintains a deferred compensation plan under which a portion of employees' compensation is deferred and invested in financial assets held in a trust, included in other financial assets in the Corporation's statement of financial position. These financial assets held in a trust are for the ultimate benefit of the employees but are available to the Corporation's creditors in the event of insolvency and are therefore not considered actuarial gains and losses recorded through other comprehensive income, and instead are recorded in financing expense. Finally, unrealized gains or losses on derivative financial instruments relate to future transactions and therefore are not comparable when included in the current period results.

Management believes these items should be excluded in understanding the underlying operational financial performance achieved by the Corporation. Refer to section 8.8, "Adjusted net earnings", for reconciliations of net earnings attributable to shareholders to adjusted net earnings.

## Backlog

Backlog represents future revenues stemming from existing signed contracts to be completed. Backlog is a supplementary financial measure without a standardized definition within IFRS. Backlog is different from the IFRS definition of unfulfilled performance obligations, as backlog also includes cost-plus contracts without stated ceilings, and cost-plus contracts with ceilings and fixed-price contracts on which work has not yet commenced. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

## Free cash flow

Free cash flow (or outflow) is defined as cash flows from operating activities, plus discretionary cash generated by the Corporation from other activities (if any), less lease payments and net capital expenditures.

Free cash flow is a non-IFRS financial measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

Free cash flow provides a consistent and comparable measure of discretionary cash generated by, and available to, the Corporation to service debt, meet other payment obligations and make strategic investments. Refer to section 9.1, “Operating activities and free cash flow”, for reconciliations of free cash flow to cash flows from operating activities.

## Days sales outstanding (“DSO”)

DSO represents the average number of days to convert the Corporation's trade receivables (net of sales taxes) and costs and anticipated profits in excess of billings into cash, net of billings in excess of costs and anticipated profits. DSO is a supplementary financial measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

## Net debt to adjusted EBITDA ratio

Net debt to adjusted EBITDA ratio is a capital management measure. Net debt is defined as long-term debt, including current portions but excluding lease liabilities, and net of cash. The Corporation uses this ratio as a measure of financial leverage and it is calculated using the trailing twelve-month adjusted EBITDA.