

AC A N A D A
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Class Action Division

No.: 500-06-001312-244

**MOUVEMENT D'ÉDUCATION ET DE DÉFENSE
DES ACTIONNAIRES,**

Plaintiff

v.

CAE INC.,
and
MARC PARENT,
and
SONYA BRANCO,

Defendants

**APPLICATION OF THE DEFENDANTS TO OBTAIN LEAVE TO PRODUCE
RELEVANT EVIDENCE
(Arts. 574 & 575 CCP)**

**TO THE HONOURABLE DOMINIQUE POULIN, SITTING IN AND FOR THE DISTRICT OF MONTREAL,
AS DESIGNATED JUDGE FOR THIS INSTANCE, THE DEFENDANTS CAE INC., MARC PARENT AND
SONYA BRANCO RESPECTFULLY SUBMIT THE FOLLOWING:**

A. CONTEXT

1. On or around June 10, 2024, Plaintiff Nicole Audet filed a *Demande pour autorisation d'exercer une action collective et pour autorisation d'intenter une action en dommages-intérêts en vertu de la section II du chapitre II du titre VIII de la Loi sur les valeurs mobilières (articles 574 et suivants C.p.c. et article 225.4 LVM)* (the "**Application**") against Defendants, as appears from the Court record.
2. On July 11, 2024, a *Demande modifiée pour autorisation d'exercer une action collective et pour autorisation d'intenter une action en dommages-intérêts en vertu de la section II du chapitre II du titre VIII de la Loi sur les valeurs mobilières* (the "**Amended Application**") was filed. On October 15, 2024, this Court authorized the amendments sought therein and by virtue of which, MOUVEMENT D'ÉDUCATION ET DE DÉFENSE DES ACTIONNAIRES replaced Nicole Audet as Plaintiff.
3. On April 30, 2025, Plaintiff filed two expert reports from:
 - a. Matthew D. Cain, Ph.D., on the economic materiality of the alleged CAE stock price declines of February 14 and May 21, 2024;
 - b. Charles R. Lundelius Jr., CPA, ABV, CFF, on accounting treatment issues, including in relation to goodwill impairment assessment and unfavorable contract adjustments.
4. On or around May 20, 2025, Plaintiff sought leave to re-amend the Amended Application.

5. On July 28, 2025, this Court authorized amendments to the Amended Application by virtue of which the proposed class was modified to now only include holders of CAE common shares and the scope of the class was expanded to include those shareholders who bought shares between August 10, 2022 and May 21, 2024 and kept the shares or a portion thereof between February 14, 2024 and May 22, 2024, inclusively, and new facts were alleged against Defendants, as appears from the Court record (the “**Re-Amended Application**”).
6. As appears from paragraph 11 of the judgment rendered by this Court on July 28, 2025, the Defendants did not oppose these amendments.

7. Based on the definition found in the Re-Amended Application, the putative class includes:

Any person who acquired one or more common shares of CAE between August 10, 2022 and May 21, 2024 inclusively and who still held some or all of these common shares (...) at any time between February 14, 2024 and May 22, 2024 inclusive.

(the “**Putative Class**”)

8. As appears from the allegations contained in the Re-Amended Application, the proposed class action stems from Defendants’ alleged misrepresentations and failure to make timely disclosures of material facts, which would have allegedly caused CAE’s investors to suffer monetary damages. Plaintiff allege that in order to encourage investors to purchase CAE securities, Defendants made statements, and/or approved the release of core and non-core documents and representations, containing alleged misrepresentations and omissions of material facts regarding CAE’s business and operations.
9. In the Re-Amended Application, Plaintiff alleges several misrepresentations and omissions:

Misleading Statements and Omissions About Defense Contracts

- a. CAE and its officers repeatedly assured investors that financial issues from two U.S. Defense contracts were isolated, while downplaying or omitting that at least eight additional legacy fixed-price contracts faced similar cost overruns and operational problems. The company failed to disclose the significant negative impact these contracts had on the Defense segment’s profitability.

Inadequate Risk and Financial Disclosures

- b. Risk warnings in CAE’s public filings did not alert investors to the ongoing problems with legacy contracts until February 2024, and even then, risks were presented as hypothetical. CAE also overstated assets and income by delaying recognition of impairment charges related to these contracts, only recording a \$568 million goodwill impairment in May 2024.

Misrepresentations About Controls and Reassurances

- c. CAE claimed to have strong internal controls and corrective actions, and management repeatedly reassured investors that problems were isolated and resolved, despite allegedly knowing the broader scope of the issues.

Delayed Rectification

- d. The full extent of the problems was only revealed in early 2024, leading to a sharp drop in CAE’s share price, indicating that prior statements had artificially inflated the stock’s value.

10. Based on the foregoing, the Plaintiff asserts two distinct causes of action:
 - a. A statutory claim under sections 225.4 and following of the Québec Securities Act (the “**QSA**”) for alleged misrepresentations on the secondary market (the “**Statutory Claim**”); and
 - b. A civil negligence claim under article 1457 of the *Civil Code of Québec* (the “**CCQ**”).

B. THE CRITERIA FOR AUTHORIZATION OF THE PROPOSED CLASS ACTION

11. At the authorization stage, the Court must be provided with sufficiently specific facts and evidence to adequately assess whether the four criteria of article 575 of the *Code of Civil Procedure (CCP)* are met. Among other conditions to be met, the Court must determine whether the facts alleged appear to justify the conclusions sought (575(2) CCP), that is whether the proposed legal syllogism discloses an arguable case.
12. In addition, under section 225.4 QSA, this Court must also be satisfied that there is a reasonable possibility that the Statutory Claim will be resolved in favour of the Plaintiff and that the action is taken in in good faith.
13. Defendants hereby seek permission of this Court to obtain leave to produce relevant evidence for the purpose of the authorization hearing, namely the documents described below and which are directly relevant to allegations made by the Plaintiff in the Re-Amended Application, as detailed further below.
14. This evidence will assist the Court in determining whether the criteria of article 575 CCP are met in the present circumstances.
15. Defendants take the position that no leave to produce evidence is required with respect to the Statutory Claim. Consequently, the present Application is presented strictly pursuant to article 574 CCP to allow the Court to determine whether the conditions of application of article 575 CCP are met.

C. LEAVE TO PRODUCE EVIDENCE

16. The present Application is made under reserve of the Defendants’ right to produce the documents filed in support hereof as **Exhibits D-1 to D-3** in the Court record for the purpose of the authorization hearing pursuant to 225.4 QSA, without having to obtain the Court’s permission.
17. The Defendants seek this Court’s permission to produce relevant evidence within the meaning of article 574 CCP. This evidence will allow the Court to assess whether the criteria of article 575 CCP and of article 225.4 QSA are met.
18. In this respect, the Defendants seek leave to produce the following publicly available documents:
 - (1) the 2024 CAE Annual Information Forms, filed in support hereof as **Exhibit D-1**;
 - (2) CAE’s May 27, 2024 News release, filed in support hereof as **Exhibit D-2**;
 - (3) Analysts reports published in conjunction with the February 14, 2024, the May 21, 2024 and the May 27, 2024, CAE public announcements, filed in support hereof *en liasse* as **Exhibit D-3**;

19. These documents are of the same nature as the exhibits filed by Plaintiff itself in support of its Re-Amended Application and relied upon heavily by its own experts:

Category of evidence	Exhibit #
Annual Information Form	R-3 (2023), R-61 (2022)
News releases	R-6, R-9, R-12, R-17, R-22, R-28, R-33, R-38, R-49, R-50, R-57
Analysts reports	R-44, R-45, R-46, R-47, R-48, R-65, R-66, R-67, R-68, R-69, R-70, R-71, R-72, R-73, R-74, R-75, R-77, R-78, R-79, R-80

20. These documents will provide the Court with a more complete, and hence, more accurate, portrait of facts alleged in the Re-Amended Application as they relate to CAE's business and operations.

WHEREFORE THE DEFENDANTS PRAY THAT THIS HONOURABLE COURT:

- [1] **GRANT** the present Application of the Defendants for Leave to Produce Relevant Evidence;
- [2] **AUTHORIZE** the production of **Exhibits D-1 to D-3**.

THE WHOLE without costs except if this application is contested.

Montréal, September 29, 2025

Norton Rose Fulbright Canada LLP

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NOTICE OF PRESENTATION

To: Mtres Maxime Nasr and
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Plaintiff's Lawyers

TAKE NOTICE that Application of the Defendants to Obtain Leave to Produce Relevant Evidence will be presented before the Honourable Justice Dominique Poulin, J.S.C., of the Superior Court sitting in and for the district of Montreal, of the Montreal Court House situated at 1 Notre-Dame Street, Montréal, Québec, H2Y 1B6, on **October 31st, 2025, at 9:15 a.m. in room 15.02**, or soon thereafter as counsel may be heard.

DO GOVERN YOURSELF ACCORDINGLY.

Montréal, September 29, 2025

Norton Rose Fulbright Canada LLP

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LIST OF EXHIBITS

- EXHIBIT D-1:** 2024 CAE Annual Information Forms in English and in French;
- EXHIBIT D-2:** CAE's May 27, 2024 News release;
- EXHIBIT D-3:** En liasse, analysts reports published in conjunction with the February 14, 2024, the May 21, 2024 and the May 27, 2024, CAE public announcements.

Montréal, September 29, 2025

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**APPLICATION OF THE DEFENDANTS TO
OBTAIN LEAVE TO PRODUCE RELEVANT
EVIDENCE, NOTICE OF PRESENTATION AND
LIST OF EXHIBITS (Articles 574 and 575 C.C.P.)**

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