ABC Technologies Holdings Inc. Reports Fiscal Q4 and Fiscal Year 2021 Results

Toronto, September 2, 2021 – ABC Technologies Holdings Inc. (TSX: ABCT) ("ABC Technologies", "ABC", or the "Company"), a leading manufacturer and supplier of custom, highly engineered, technical plastics and lightweighting innovations to the North American light vehicle industry, today announced results for the three months and fiscal year ended June 30, 2021 ("Q4 Fiscal 2021" and "Fiscal 2021", respectively) and has declared a quarterly cash dividend of C$0.0375 per share. All amounts are shown in United States Dollars ("$"), unless otherwise noted.

Please click HERE for ABC's Fourth Quarter and Fiscal Year 2021 MD&A or refer to the Company's Audited Consolidated Financial Statements and MD&A for the year ended June 2021 available on the Company's profile at www.SEDAR.com and on the Company website.

Q4 Fiscal 2021 Highlights

- Q4 Fiscal 2021 revenue more than doubled to $233.2 million from $82.0 million in the prior year period.
- Revenue growth largely driven by resumption of automotive manufacturing operations after temporary shutdowns in Q4 Fiscal 2020 due to the COVID-19 pandemic, but was partially offset by the negative impacts of global semiconductor shortages in Q4 Fiscal 2021, which affected production levels at our OEM customers and are ongoing today.
- Q4 Fiscal 2021 net loss of $11.7 million compared to a net loss of $46.2 million in Q4 Fiscal 2020.
- Q4 Fiscal 2021 Adjusted EBITDA[1,2] of $26.9 million, compared to a loss of $30.5 million in the prior year period with improvement primarily on account of above-mentioned revenue growth.
- Q4 Fiscal 2021 Free Cash Flow[1,5] of negative $17.1 million largely as a result of swings in working capital.
- Dividend of C$0.0375 per share declared.
- Strong performance attributable to ABC's operational and manufacturing excellence, despite frequent OEM customer production stoppages and ongoing supply chain disruptions, amidst robust underlying demand for consumer light vehicles.
- Recognized by General Motors as winner of the Overdrive Award and named Supplier of the Year winner in 5 product lines.
- Completed the previously announced sale by ABC Group Canada LP, an affiliate of funds managed by Cerberus Capital Management, L.P, of a majority stake in the Company to funds managed by Apollo Global Management, Inc. ("Apollo") for C$10.00 per share (the "Apollo Transaction"), which closed on June 24, 2021.

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[1] The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, the Company considers certain non-IFRS financial measures including "Adjusted EBITDA", "Adjusted EBITDA Margin", and "Adjusted Free Cash Flow" as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company's performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. For a reconciliation of non-IFRS measures to measures determined in accordance with IFRS, please see heading "Non-IFRS Measures and Key Indicators" below.

[2] Adjusted EBITDA is a non-IFRS measure. For a reconciliation of non-IFRS measures to measures determined in accordance with IFRS, please see heading "Non-IFRS Measures and Key Indicators" below.

Fiscal Year 2021 Highlights

- Successful completion of initial public offering on the Toronto Stock Exchange on February 22, 2021 (the "IPO").
- Concurrent with the IPO, successfully refinanced existing credit facilities to an all-revolver structure with more flexible terms around M&A, covenants, improved pricing and moved maturity to February 2025.
- Fiscal 2021 revenue up 18.0% to $970.9 million from $822.9 million in Fiscal 2020, significantly above industry production growth of 12.9% during the same period, according to IHS Markit.[3]
- OEMs resuming operations following the industry shutdown due to the COVID-19 pandemic and OEM strike during Fiscal 2020 partially offset by industry-wide global semiconductor shortage and weather-related shutdowns during Fiscal 2021.
- Fiscal Year 2021 net loss of $11.7 million compared to a net loss of $26.1 million in Fiscal 2020.
- Fiscal Year 2021 Adjusted EBITDA[1,2] of $133.4 million, up approximately 50% from $89.0 million in the prior year with increase primarily due to above-mentioned revenue growth.
- Fiscal Year 2021 Free Cash Flow[1,5] generation of $79.3 million.
- High consumer demand for vehicles expected to provide industry tailwind for North America auto production for multiple years following the normalization of industry-wide supply chain issues and resumption of normal OEM production.
- Record annual new business awards: over $1.7 billion lifetime revenue, 106 distinct programs (across 17 different OEMs), of which 34 were EVs.

ABC Technologies' President and Chief Executive Officer, Todd Sheppelman, commented: "While the story of the auto industry this year will unfortunately be the lost production due to the ongoing semiconductor shortage, we are pleased by ABC's performance in a very challenging environment to close our first fiscal year as a public company. Our team has executed very well through a tough backdrop as we continue to navigate a difficult and dynamic production environment. Although our industry continues to be negatively impacted by global supply chain disruptions, we closed the year ahead of our revised expectations, as our team worked hard to mitigate the financial impact of the lost OEM volumes. We are looking forward to the future when production returns to normal and ABC is ready to meet the needs of our OEM customers."

Q4 Fiscal 2021 Results of Operations

ABC reported revenue of $233.2 million compared to $82.0 million in Q4 Fiscal 2020. The significant increase in revenue was largely driven by the resumption of automotive manufacturing operations compared to the year ago period, which was impacted by the temporary idling of substantially all OEMs and the automotive supply chain as a result of the COVID-19 pandemic. Sales in Q4 Fiscal 2021 were negatively impacted by the global semiconductor shortages as OEM customer vehicle production was reduced, which impacted the production levels in our plants that supply those customers. Had it not been for these supply shortages, our Q4 FY21 sales would have been significantly higher. We believe the semiconductor issue is temporary, but do not expect production to normalize until calendar year 2022.

Cost of sales was $200.7 million in Q4 Fiscal 2021 compared with $92.1 million for Q4 Fiscal 2020, an increase of $108.6 million or 118.0%. As a percentage of sales, cost of sales was 86.1% in Q4 Fiscal 2021

[3] Based on August 2021 IHS Markit report. The IHS Markit reports, data and information referenced herein are the copyrighted property of IHS Markit Ltd. and its subsidiaries ("IHS Markit"), are subject to change without notice and IHS Markit has no duty or responsibility to update them. IHS Markit and other trademarks appearing in the IHS Markit reports are the property of IHS Markit or its respective owners.

compared with 112.3% in Q4 Fiscal 2020. The increase in cost of sales was primarily driven by the higher sales noted above, as well as higher resin prices, additional costs incurred by the Company for personal protective equipment, increased absenteeism at certain sites, and additional safety protocols implemented by the Company to reduce the risk of COVID-19 spread and infection within its facilities. As a percentage of sales, cost of sales was lower in Q4 Fiscal 2021 compared with Q4 Fiscal 2020 due to better absorption of overhead costs due to higher sales volumes.

Selling, general & administrative expenses rose to $36.3 million from $31.7 million in the prior year period, primarily driven by $3.6 million of Apollo Transaction costs incurred during Q4 Fiscal 2021 and $1.0 million of share-based compensation expense. As a percentage of revenue, selling, general & administrative expenses declined to 15.6% from 38.7% in Q4 Fiscal 2020.

Net loss was $11.7 million, or negative $0.22 per share (on a fully diluted basis) in Q4 Fiscal 2021 versus a net loss in the prior year period of $46.2 million, or negative $0.88 per share (on a fully diluted basis) due to the factors referenced above.

Adjusted EBITDA[1,2] for Q4 Fiscal 2021 was $26.9 million, and Adjusted EBITDA Margin was 10.1%[4], compared to a loss of $30.5 million and negative 30.9%, respectively, in the prior year period. Improved Adjusted EBITDA was driven primarily by the net effect of changes in sales, cost of sales, selling, general and administrative expenses, other expenses and share of income of joint ventures as well as certain adjustments related to one-time advisory, bonus and other costs associated with the Apollo Transaction.

Adjusted Free Cash Flow[1,5] was negative $17.1 million, an improvement of $48.7 million versus negative $65.8 million in Q4 Fiscal 2020, primarily as a result of higher operating cash flows and excluding one-time advisory, bonus and other costs associated with the Apollo Transaction.

Fiscal 2021 Results of Operations

Revenue increased 18.0% to $970.9 million in Fiscal 2021 from $822.9 million in Fiscal 2020. ABC benefitted from the increase in auto industry production in North America as plants came back online after shutdowns related to the COVID-19 pandemic and an OEM Strike in the prior calendar year that fell in ABC's Fiscal 2020. The overall improvement in Fiscal 2021 revenue was moderated by shutdowns caused by the industry-wide global semiconductor shortage and weather-related issues in the southern United States during Fiscal 2021.

Cost of sales was $811.3 million for Fiscal 2021 compared with $723.9 million for Fiscal 2020, an increase of $87.5 million or 12.1%. As a percentage of revenue, cost of sales declined to 83.6% from 88.0% in the prior year. Fiscal 2020 extraordinary launch-related costs associated with certain new programs were higher and operating leverage was lower due to the OEM Strike and COVID-19 shutdowns in Fiscal 2020.

Selling, general and administrative expenses were $132.1 million or 13.6% of revenue compared with $97.0 million or 11.8% of revenue in Fiscal 2020. Selling, general and administrative expenses rose mostly on

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[4] Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales adjusted to include the proportional share of joint venture sales attributable to ABC (Q4 2021: $31.8 million, Q4 2020: $16.6 million, Fiscal Year 2021: $129.3 million, Fiscal Year 2020: $112.0 million).

[5] Adjusted Free Cash Flow is a non-IFRS measure. For a reconciliation of non-IFRS measures to measures determined in accordance with IFRS, please see heading "Non-IFRS Measures and Key Indicators" below.

account of one-time costs related to the IPO and the Apollo Transaction as well as $1.9 million of share-based compensation recognized in 2021, which was partially offset by $3.4 million of lower professional fees primarily related to consultants used during Fiscal 2020 to assist with large program launches at certain of the Company's facilities. Fiscal 2020 benefitted from a gain related to the settlement of a liability payable to the Schmidt Family, the former owners of the Company prior to the Cerberus acquisition in 2016, for which there was no corresponding gain in Fiscal 2021, as well as lower depreciation and amortization expense of $6.3 million in Fiscal 2020.

The Company reported a Fiscal 2021 net loss of $11.7 million, or negative $0.22 per share (on a fully diluted basis), compared to a net loss of $26.1 million, or negative $0.50 per share (on a fully diluted basis) in Fiscal 2020. Note that Fiscal 2021 earnings per share were negatively affected by $0.55 per share[6] (on a fully diluted basis, after tax) related to the write-off of deferred financing costs and financing fees incurred related to the debt amendment upon the IPO as well as one-time transaction costs incurred to complete the IPO and the Apollo Transaction of $28.5 million.

Adjusted EBITDA[1,2] for Fiscal 2021 was $133.4 million, and Adjusted EBITDA Margin was 12.1%[4], compared to $89.0 million and 9.2% in the prior year. Adjusted Free Cash Flow[1,5] was $79.3 million compared to Adjusted Free Cash Flow of negative $68.5 million in Fiscal 2020. These improvements were driven by higher sales volumes as Fiscal 2020 was adversely impacted by COVID-19 pandemic-related shutdowns and the OEM Strike, which affected Fiscal 2020 results. Sales and EBITDA would have been meaningfully higher in Fiscal 2021 but for certain shutdowns related to the industry-wide semiconductor shortage, weather-related issues in the southern United States, elevated resin pricing and other supply chain issues.

During Fiscal 2021, the Company's financial results were negatively impacted by disruptions and shortages in the supply of critical components and materials globally, primarily semiconductors impacting our OEM customers' production, which was an indirect outcome of the COVID-19 pandemic as well as certain weather-related shutdowns in the southern United States resulting in production interruptions in the resin supply base. Management estimates these issues, combined, reduced revenue by approximately $90 million and Adjusted EBITDA[1,2] by approximately $31 million for Fiscal 2021 and as a result, Fiscal 2021 revenue would have been about $1,061 million and Adjusted EBITDA would have been about $165 million when adjusting for these exogenous factors.

ABC expects these factors to be temporary in nature and resolved over time. Given ABC's strong underlying fundamentals, the Company is poised to execute and deliver to meet its OEM customers' needs when current supply chain disruptions subside. Based on customer production announcements and IHS Markit industry data as of August, ABC believes OEM production volatility will likely persist into calendar year 2022 due to ongoing semiconductor shortages. Although resin prices have somewhat moderated since the beginning of the year, they remain at historically high levels.

Mr. Sheppelman said: "Looking past the impacts of COVID and its stress to restart supply, fundamentally our business is on solid footing. Consumer auto demand remains exceptionally robust, and we are looking forward to our OEM customers and the industry enjoying a fully restored supply chain that will enable us to realize the benefits of higher production volume over many quarters and potentially years as vehicle supply catches up with

[6] Further details on one-time earnings per share adjustments can be found in the financial statements section of the press release

strong demand. While we expect it to take some time for this to occur, we remain laser focused on execution to support our global customer base and maximize returns to shareholders."

Fiscal 2022 Guidance

The initial 8 weeks of ABC's Q1 Fiscal 2022 have seen a cycle of unprecedented volume declines and unpredictable current and ongoing production schedules at our OEM customers, brought on by recurring shortages of semiconductor chips. With production stoppages at our OEM customers coming with only days of notice, impacting large volumes and no indication of a change to this cadence in the very near-term, management believes that at this early juncture in our fiscal year, it is not currently practical to provide guidance with a high level of confidence that it can be maintained across the year. ABC will continually monitor the production schedules of our customers and provide guidance in the future when and if these factors can be quantified appropriately.

Management remains confident in the go-forward performance potential of ABC and it maintains the view that following the current supply chain issues, ABC will be able to return to the superior absolute and relative margins it enjoyed prior to the COVID-19 pandemic.

Dividend

The Board of Directors today has declared a Q4 Fiscal 2021 quarterly cash dividend of C$0.0375 per share, payable on or about October 29, 2021 to shareholders of record on September 23, 2021.

Conference Call Information

ABC will host a conference call today, September 2, 2021 at 8:30am ET to discuss the results. Participants may listen to the call via audio streaming at www.abctechnologies.com/investors.

The dial-in number to participate in the call is:
Toll Free: 1-855-327-6837
Toll/International: 1-631-891-4304

A telephonic replay will be available approximately two hours after the call. The replay will be available until 11:59pm ET on Thursday, September 16, 2021.

Replay Information:
Toll Free: 1-844-512-2921
Toll/International: 1-412-317-6671
Replay Pin Number: 10015360

A webcast replay will be available approximately one hour after the conclusion of the call at www.abctechnologies.com/investors under the Events & Presentations section.

Non-IFRS Measures and Key Indicators

This press release uses certain non-IFRS financial measures and ratios. Management uses these non-IFRS financial measures for purposes of comparison to prior periods, to prepare annual operating budgets, and for the development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing our financial condition, business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS financial measures including Net Debt, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Free Cash Flow and Adjusted Free Cash Flow Conversion to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when using IFRS financial measures. We believe that the presentation of these financial measures enhances an investor's understanding of our financial performance as these measures are widely used by investors, securities analysts and other interested parties.

"Net Debt" means (i) long-term debt less cash plus (ii) proportionate long-term debt held at joint ventures less proportionate cash held at joint ventures.

"EBITDA" means net earnings (loss) before interest expense, income tax expense (recovery), depreciation of property, plant and equipment, depreciation of right-of-use assets, and amortization of intangible assets.

"Adjusted EBITDA" means EBITDA plus: loss on disposal of assets, unrealized loss (gain) on derivative financial instruments, impact of the OEM strikes, transactional, recruitment, and other bonuses, adjustment to acquisition-related payable, business transformation related costs (which may include severance and restructuring expenses), additional launch and related costs, less our share of income of joint ventures, plus the Company's proportionate share of the EBITDA generated by our joint ventures, plus IPO related costs, Apollo Transaction costs, and share-based compensation expense. For Fiscal 2020 onwards, we also present Adjusted EBITDA excluding the impact of IFRS 16 by charging the lease payments applicable to those periods to expense as was the case prior to IFRS 16 – Leases ("IFRS 16"). The purpose of this is to allow direct comparability of these periods to Adjusted EBITDA performance in prior periods, which have been calculated under the previous accounting standards.

"Adjusted EBITDA Margin" means Adjusted EBITDA divided by sales adjusted to include the proportional share of joint venture sales attributable to ABC as well as estimated net lost sales in Fiscal 2020 due to the strike called by the workers of one of our OEM customers that closed all of such OEM customer's vehicle production and parts distribution facilities in the United States from September 16, 2019 to October 25, 2019 (the "2019 OEM Strike").

"Adjusted Free Cash Flow" means Net Cash Flows from Operating Activities less: purchases of property, plant and equipment, additions to intangible assets, lease payments, plus: proceeds from disposal of property, plant, and equipment; cash dividends received from joint ventures; and one time advisory, bonus and other costs associated with the IPO.

"Adjusted Free Cash Flow Conversion" means Adjusted Free Cash Flow divided by Adjusted EBITDA

Additional information about the Company, including the Company's Management Discussion and Analysis of Operating Results and Financial Position for the three months and fiscal year ended June 30, 2021 and the Company's consolidated financial statements for the fiscal year ended June 30, 2021 can be found at www.sedar.com.

Fiscal 2021 Financial Results

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent Inc.)
Consolidated Statement of Financial Position

(Expressed in thousands of United States dollars)

	June 30, 2021	June 30, 2020
Assets		
Current assets		
Cash	$ 14,912	$ 74,058
Trade and other receivables	76,653	44,958
Inventories	82,170	71,364
Prepaid expenses and other	34,472	30,748
Total current assets	208,207	221,128
Property, plant and equipment	334,775	343,135
Right-of-use assets	153,628	155,745
Intangible assets	73,346	75,701
Deferred income taxes	5,237	1,785
Investment in joint ventures	47,412	48,396
Derivative financial assets	10,053	-
Goodwill	18,944	18,944
Deferred financing costs for revolving credit facilities	-	1,901
Other long-term assets	4,027	4,400
Total non-current assets	647,422	650,007
Total assets	$ 855,629	$ 871,135
Liabilities and equity		
Current liabilities		
Trade payables	$ 118,723	$ 56,285
Accrued liabilities and other payables	71,339	67,915
Provisions	16,063	14,539
Current portion of long-term debt[1]	-	379,200
Current portion of lease liabilities	10,351	8,926
Total current liabilities	216,476	526,865
Long-term debt	280,000	-
Lease liabilities	156,400	153,842
Deferred income taxes	32,673	25,110
Derivative financial liabilities	2,483	18,747
Other long-term liabilities	2,393	1,732
Total non-current liabilities	473,949	199,431
Total liabilities	690,425	726,296
Equity		
Capital stock	2,991	2,991
Other reserves	972	-
Retained earnings	151,936	164,286
Foreign currency translation reserve and other	276	(2,323)
Cash flow hedge reserve, including cost of hedging	9,029	(20,115)
Total equity	165,204	144,839
Total liabilities and equity	$ 855,629	$ 871,135

1. Long-term debt was classified as current as at June 30, 2020 as required by IFRS because on that date the Company did not have an unconditional right to defer the settlement of the Credit Facilities for at least a 12-month period. On July 30, 2020, the Company amended its Credit Facilities to provide relief for the effects of COVID-19 for fourth quarter of 2020 and all of fiscal year 2021.

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent Inc.)
Consolidated Statement of Comprehensive Income (Loss)
(Expressed in thousands of United States dollars)

	For the year ended June 30,	
	2021	**2020**
Sales	**$ 970,850**	$ 822,887
Cost of sales	**811,333**	723,856
Gross profit	**159,517**	99,031
Selling, general and administrative	**132,100**	97,039
Loss on disposal of assets	**516**	1,122
Loss (gain) on derivative financial instruments	**(2,518)**	2,382
Share of income of joint ventures	**(5,669)**	(4,601)
Operating income	**35,088**	3,089
Interest expense, net	**46,336**	31,518
Loss before income tax	**(11,248)**	(28,429)
Income tax expense (recovery)		
Current	**6,106**	(2,903)
Deferred	**(5,693)**	594
Total income tax expense (recovery)	**413**	(2,309)
Net loss	**$ (11,661)**	$ (26,120)
Other comprehensive income (loss)		
Items that may be recycled subsequently to net earnings:		
Foreign currency translation of foreign operations and other	**2,599**	(1,591)
Cash flow hedges, net of tax expense of $8,744 (2020: tax recovery of $7,083)	**26,232**	(21,248)
Cash flow hedges recycled to net earnings, net of tax expense of $974 (2020: $1,151)	**2,922**	3,453
Other comprehensive income (loss)	**$ 31,753**	$ (19,386)
Total comprehensive income (loss) for the period	**$ 20,092**	$ (45,506)
Earnings (loss) per share - basic and diluted	**$ (0.22)**	$ (0.50)

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent Inc.)
Consolidated Statement of Cash Flows
(Expressed in thousands of United States dollars)

	For the year ended June 30,	
	2021	2020
Cash flows from (used in) operating activities		
Net loss	$ (11,661)	$ (26,120)
Adjustments for:		
Depreciation of property, plant and equipment	46,000	40,429
Depreciation of right-of-use assets	14,291	13,529
Amortization of intangible assets	18,324	12,437
Loss on disposal of assets	516	1,122
Unrealized loss on derivative financial instruments	95	2,938
Interest expense	46,336	31,518
Share of income of joint ventures	(5,669)	(4,601)
Income tax expense (recovery)	413	(2,309)
Share-based compensation expense	1,925	-
IPO related costs	8,278	-
Changes in:		
Trade and other receivables and prepaid expenses and other	(40,206)	49,396
Inventories	(10,448)	7,067
Trade payables, accrued liabilities and other payables, and provisions	75,534	(57,388)
Cash generated from operating activities	143,728	68,018
Interest received	385	966
Income taxes recovered (paid)	2,784	(6,624)
Interest paid on leases	(14,115)	(14,846)
Interest paid on long-term debt and other	(17,445)	(17,477)
Net cash flows from operating activities	115,337	30,037
Cash flows from (used in) investing activities		
Purchases of property, plant and equipment	(36,178)	(72,692)
Payment of acquisition-related payable	-	(5,455)
Dividends received from joint ventures	7,109	2,854
Proceeds from disposals of property, plant and equipment	171	263
Additions to intangible assets	(16,433)	(21,455)
Net cash flows used in investing activities	(45,331)	(96,485)
Cash flows (used in) from financing activities		
Change in revolving credit facilities	195,000	85,000
Repayment of long-term debt	(305,000)	-
Principal payments of lease liabilities	(8,800)	(7,522)
Financing costs	(1,835)	(764)
IPO related costs	(8,278)	-
Dividends paid	(689)	-
Net cash flows from (used in) financing activities	(129,602)	76,714
Net increase (decrease) in cash	(59,596)	10,266
Net foreign exchange difference	450	(802)
Cash, beginning of period	74,058	64,594
Cash, end of period	$ 14,912	$ 74,058

Reconciliation of net loss to Adjusted EBITDA

(USD '000)	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2020
Reconciliation of net loss to Adjusted EBITDA				
Net loss	**$ (11,748)**	$ (46,151)	**$ (11,661)**	$ (26,120)
Adjustments:				
Income tax expense (recovery)	**586**	(8,627)	**413**	(2,309)
Interest expense	**6,831**	9,430	**46,336**	31,518
Depreciation of property, plant and equipment	**11,737**	10,921	**46,000**	40,429
Depreciation of right-of-use assets	**3,894**	3,493	**14,291**	13,529
Amortization of intangible assets	**4,558**	4,892	**18,324**	12,437
EBITDA	**$ 15,858**	$ (26,042)	**$ 113,703**	$ 69,484
Loss on disposal and write-down of assets	**37**	431	**516**	1,122
Unrealized loss (gain) on derivative financial instruments	**255**	(1,806)	**95**	2,938
Impact of 2019 OEM Strike [1]	**-**	-	**-**	10,001
Transactional, recruitment and other bonuses [2]	**7,908**	733	**14,653**	733
Adjustment to acquisition-related payable	**-**	-	**-**	(3,343)
Business transformation related costs [3]	**459**	(468)	**6,059**	6,221
Additional launch and related costs [4]	**-**	-	**-**	20,865
Share of loss (income) of joint ventures	**848**	3,838	**(5,669)**	(4,601)
EBITDA from joint ventures [5]	**2,230**	(1,433)	**13,161**	7,974
IPO related costs [6]	**542**	-	**8,278**	-
Share-based compensation expense	**1,044**	-	**1,925**	-
Apollo transaction costs [7]	**3,553**	-	**3,553**	-
Lease payments	**(5,867)**	(5,763)	**(22,915)**	(22,368)
Adjusted EBITDA	**$ 26,867**	$ (30,510)	**$ 133,359**	$ 89,026

1. Represents management's estimate of lost EBITDA associated with the 2019 OEM Strike. The Company estimated lost sales by comparing customer forecasted demand from IHS Markit prior to the strike compared with actual releases on a per vehicle basis. This comparison was done by quarter up to the end of February 2020.
2. Represents transactional and recruitment bonuses including bonuses paid to management related to the IPO and Apollo transaction.
3. Represents costs including consulting fees associated with enhancing business operations, organizational capability and related processes. These costs also include services provided by Cerberus Operations and Advisory LLC and some of ABC's directors in the amount of $0.2 million for Q4 Fiscal 2021 (Q4 Fiscal 2020: $0.3 million), and $1.1 million for Fiscal 2021 (Fiscal 2020: $1.8 million).
4. Represents estimated additional launch costs associated with large programs included in cost of sales and selling, general and administrative expense.
5. EBITDA from joint ventures represents earnings before interest, taxes, and depreciation for the joint venture segment. This excludes any adjustment for the impact of the 2019 OEM Strike.
6. Represents IPO related expenses incurred by the Company consisting mainly of underwriter and professional fees.
7. Represents Apollo transaction costs incurred by the Company consisting of advisory fees paid to unrelated parties, and bonus and other costs incurred in connection with the Apollo transaction.

Reconciliation of net cash flows from (used in) operating activities to Adjusted Free Cash Flow

(USD '000)	For the three months ended June 30, 2021	2020	For the fiscal year ended June 30, 2021	2020
Reconciliation of net cash flows from (used in) operating activities to Adjusted Free Cash Flow				
Net cash flows from (used in) operating activities	**$ (11,009)**	**$ (45,550)**	**$ 115,337**	**$ 30,037**
Purchases of property, plant and equipment	**(10,977)**	(9,743)	**(36,178)**	(72,692)
Proceeds from disposals of property, plant and equipment	-	122	**171**	263
Additions to intangible assets[1]	**(4,624)**	(8,517)	**(16,433)**	(21,455)
Principal payments of lease liabilities	**(2,489)**	(2,078)	**(8,800)**	(7,522)
Dividends received from joint ventures	**1,118**	-	**7,109**	2,854
One-time advisory, bonus and other costs associated with the IPO and Apollo transaction	**10,899**	-	**18,078**	-
Adjusted Free Cash Flow	**$ (17,082)**	$ (65,766)	**$ 79,284**	$ (68,515)

1. Represents capitalized development costs under IAS 38 Intangible Assets.

One-Time Adjustments to Earnings Per Share

(Unaudited)(USD '000)	Pre-tax amount	Tax effect	After-tax	Shares O/S	After-tax EPS
Net earnings, as reported	$ (11,248)	$ (413)	$ (11,661)	52,522,392	$ (0.22)
Deferred financing cost write-off and financing fees incurred	11,811	(2,953)	8,858	52,522,392	$ 0.17
IPO related costs	8,278	(2,194)	6,084	52,522,392	$ 0.12
One-time advisory, bonus and other costs associated with IPO and Apollo transaction	18,078	(4,520)	13,558	52,522,392	$ 0.26
Adjusted earnings per share					$ 0.33

Forward Looking Statements

Some of the information in this news release may contain forward-looking information or contain statements expressing such forward-looking information ("forward-looking statements" and collectively with the forward-looking information expressed thereby, "forward-looking information"). We may use words such as "may", "would", "could", "should", "will", "unlikely", "expect", "anticipate", "believe", "intend", "planning", "forecast", "outlook", "projection", "estimate", "target" and similar expressions suggesting future outcomes or events to identify forward-looking information.

Forward-looking information contained herein is based on management's reasonable assumptions and beliefs in light of the information currently available to us and is presented as of the date hereof. Such forward-looking information is intended to provide information about management's current expectations and plans and may not be appropriate for other purposes. While we believe we have a reasonable basis for presenting such forward-looking information, any forward-looking statements expressing it are not a guarantee of future performance or outcomes. Whether actual results and developments conform to our expectations and predictions is subject to a number of factors, risks, assumptions and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict, including, but not limited to:

- the light vehicle industry, including expectations regarding industry trends, growth opportunities, market demand, industry forecasts, overall market growth rates and our growth rates and strategies in light vehicle industry and in light vehicles, both in North America and globally;
- other risks related to automotive industry such as: economic cyclicality regional production volume declines, including as a result of the COVID-19 pandemic; intense competition; potential restrictions on free trade; trade disputes/tariffs;
- our research and development, innovation, product categories, ongoing development, and our future platforms and programs;
- our OEM customers, including future relationships with our OEM customers and new OEM customers;
- the industry-wide global semiconductor shortage;
- other risks related to customer and suppliers, including: OEM consolidation and cooperation; shifts in market shares among vehicles or vehicle segments; shifts in demand for products offered by our OEM customers; dependence on outsourcing; quarterly sales fluctuations; potential loss of any material purchase orders; a deterioration in the financial condition of our supply base, including as a result of the COVID-19 pandemic increased financial pressure, including as a result of COVID-19 pandemic-caused OEM and supplier bankruptcies;
- our assessments of, and guidance for Fiscal 2022;
- our business plans and strategies, including any plans involving potential acquisition opportunities;
- our competitive position in our industry;
- any decisions by the Company's joint venture partners that may affect our obligations under existing joint venture agreements;
- prices of raw materials, commodities and other supplies necessary for the Company to conduct its business;
- labor disruptions or labor shortages in our facilities, or those of our customers and suppliers, including those resulting from or related to the COVID-19 pandemic; COVID-19 pandemic-related shutdowns; supply disruptions and applicable costs related to supply disruption mitigation initiatives, including those

resulting from or related to the COVID-19 pandemic; attraction/retention of skilled labor, including attraction and retention issues related to the COVID-19 pandemic;

- climate change risks;
- risks associated with private or public investment in technology companies;
- changes in governmental regulations or laws including any changes to trade;
- risks of conducting business in foreign countries, including China, Mexico, Japan, member states of the European Union, Brazil and other markets;
- cybersecurity threats;
- our dividend policy;
- the potential volatility of the Company's share price; and
- reliability of third-party information used by the Company to assess market and industry trends.

Forward-looking information in this document includes, but are not limited to, statements relating to: any of the Company's actions made in response to or in connection with the COVID-19 pandemic, including with respect to: employee health and safety; potential adjustments to our production plans to align with our customers' production plans, governmental orders and legal requirements the ability to attract and retain the workforce required to maintain or grow the Company's operations in the context of the effects of COVID-19 pandemic on the workforce in certain markets in which the Company operates; the timing of program launches, the growth of the Company and pursuit of, and belief in, its strategies, the ramping up and launching of any potential new business, review of potential acquisitions of assets or companies; obligations to the Company's joint ventures' partners under the current joint venture arrangements; continued investments in the Company's business and technologies; our ability to finance future capital expenditures; ability to fund anticipated working capital needs; our ability to make any recommended or competitive bonus payments on reaching certain milestones; debt obligations and other commitments; the Company's views on its liquidity and operating cash flow and ability to deal with present or future economic conditions; the potential for fluctuation of operating results, and the payment of any dividends as well as other forward-looking statements. In evaluating forward-looking statements or forward-looking information, we caution readers not to place undue reliance on any forward-looking statement or forward-looking information expressed herein, and readers should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by such forward-looking statements, including the risk factors listed above as well as these and other risks and uncertainties as may be described in greater detail in the Company's public filings made with the Canadian Securities Administrators and publicly available on the Company's profile at www.sedar.com, or other factors that may fall outside any list of risks and uncertainties. We do not undertake to update any forward-looking information whether as a result of new information, future events or otherwise, or to update the reasons why actual results could differ from those reflected in the forward-looking statements except as required under applicable securities laws in Canada.

About ABC Technologies

ABC Technologies is a leading manufacturer and supplier of custom, highly engineered, technical plastics and lightweighting innovations to the North American light vehicle industry, serving more than 25 original equipment manufacturer customers globally through a strategically located footprint. ABC Technologies' integrated service offering includes manufacturing, design, engineering, material compounding, machine, tooling and equipment building that are supported by an experienced engineering team of approximately 600 skilled professionals and 6,150 employees worldwide. The Company offers six product groups: HVAC Systems, Interior Systems, Exterior Systems, Fluid Management, Air Induction Systems, and Flexible & Other.

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