ABC TECHNOLOGIES
INNOVATION IN PLASTICS & LIGHTWEIGHTING

Consolidated Financial Statements

ABC Technologies Holdings Inc.

For the years ended June 30, 2023 and 2022

Management's responsibility for the consolidated financial statements

The management of ABC Technologies Holdings Inc. (the "Company") is responsible for the preparation of all information included in the accompanying consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and necessarily include some amounts that are based on management’s best estimates and judgments.

The Company maintains a system of internal accounting and administrative controls to provide reasonable assurance that the consolidated financial statements are accurate and reliable and that the assets are safeguarded from loss or unauthorized use. The Company’s external auditors, appointed by shareholders, have prepared their report, which outlines the scope of their examination and expresses their opinion on the consolidated financial statements.

The Board of Directors, through its Audit Committee, is responsible for assuring that management fulfills its financial reporting responsibilities.

The Audit Committee is composed of directors who are not employees of the Company. The Audit Committee meets periodically with management and with the auditors to review and to discuss accounting policy, auditing and financial reporting matters. The Audit Committee reports its findings to the Board of Directors for its consideration in reviewing and approving the consolidated financial statements for issuance to shareholders.

(signed)
Terry Campbell
President and Chief Executive Officer

(signed)
Scott Roggenbauer
Chief Financial Officer

September 7, 2023

KPMG LLP
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Tel 905-265 5900
Fax 905-265 6390
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Technologies Holdings Inc.

Opinion

We have audited the consolidated financial statements of ABC Technologies Holdings Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at June 30, 2023 and June 30, 2022
- the consolidated statements of comprehensive income (loss) for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2023 and June 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Existence and accuracy of tooling inventory

Description of the matter

We draw attention to Notes 2.4, 3.5 and 6 of the financial statements. Tooling inventory comprises costs of purchase and costs of conversion, including directly attributable labour and overhead. The tooling inventory balance is $144.1 million. The Entity applies judgment in determining the appropriateness of costs included in tooling inventory.

Why the matter is a key audit matter

We identified the existence and accuracy of tooling inventory as a key audit matter. This matter represented an area of significant risk given the significant judgment related to the nature and amounts of costs capitalized. Significant auditor judgment was required to evaluate the results of our procedures.

How the matter was addressed in our audit

The primary procedures we performed to address this key audit matter included the following:

For a sample of tooling contracts with tooling inventory, we:

- Compared the costs capitalized to supplier invoices or internal records, as applicable
- Evaluated the appropriateness of the amounts capitalized for labour and overhead cost allocations by comparing the underlying inputs to vendor invoices or payroll records
- Enquired with certain of the Entity's operational personnel who have direct oversight of these contracts

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Mark Christopher Lehman.

Vaughan, Canada

September 7, 2023

ABC Technologies Holdings Inc.

Consolidated Statement of Financial Position

(Expressed in thousands of United States dollars)

	Notes	June 30, 2023	June 30, 2022[1]
Assets			
Current assets			
Cash		**$ 32,909**	$ 25,400
Trade and other receivables	*4,5*	**155,000**	122,192
Inventories	*4,6*	**255,994**	152,461
Prepaid expenses and other	*4,7,25*	**55,242**	42,094
Assets held for sale	*2.5*	**1,364**	—
Total current assets		**500,509**	342,147
Property, plant and equipment	*4,8*	**468,040**	425,645
Right-of-use assets	*4,9*	**331,529**	165,679
Intangible assets	*10*	**144,529**	156,844
Deferred income taxes	*4,20*	**30,255**	9,445
Investment in joint ventures	*18*	**—**	45,556
Derivative financial assets	*25*	**1,822**	3,996
Goodwill	*4*	**112,367**	112,369
Other long-term assets		**15,521**	16,392
Total non-current assets		**1,104,063**	935,926
Total assets		**$ 1,604,572**	$ 1,278,073
Liabilities and equity			
Current liabilities			
Trade payables	*4*	**$ 183,970**	$ 147,981
Accrued liabilities and other payables	*4,11,25*	**216,755**	98,280
Provisions	*4,12*	**17,110**	24,132
Current portion of lease liabilities	*4,14*	**7,874**	13,087
Purchase option	*4*	**—**	6,206
Total current liabilities		**425,709**	289,686
Long-term debt	*13*	**428,790**	400,000
Lease liabilities	*4,14*	**352,232**	175,940
Deferred income taxes	*4,20*	**14,985**	33,097
Derivative financial liabilities	*25*	**1,587**	1,453
Other long-term liabilities	*4.4*	**57,954**	2,137
Total non-current liabilities		**855,548**	612,627
Total liabilities		**1,281,257**	902,313
Equity			
Capital stock	*15*	**292,547**	291,960
Other reserves	*15*	**1,104**	3,094
Retained earnings		**17,829**	77,453
Foreign currency translation reserve and other		**(4,784)**	(7,524)
Cash flow hedge reserve, including cost of hedging	*25*	**16,619**	10,777
Total equity		**323,315**	375,760
Total liabilities and equity		**$ 1,604,572**	$ 1,278,073

[1] The Company revised its June 30, 2022 balances to incorporate the measurement period adjustments as a result of the finalization of purchase price allocations. Refer to note 4 for details.

Commitments and contingencies (note 22)

Subsequent event (note 26)

Approved on behalf of the Board of Directors:

(signed)
Terry Campbell
Director
President and Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements.

ABC Technologies Holdings Inc.

Consolidated Statement of Comprehensive Income

(Expressed in thousands of United States dollars, except per share figures)

	Notes	For the year ended June 30, 2023	2022
Sales		$ **1,432,694**	$ 971,878
Cost of sales	*6,17*	**1,227,446**	891,778
Gross profit		**205,248**	80,100
Selling, general and administrative	*16,17*	**196,114**	128,550
Gain on disposal of investment in joint ventures	*18*	**(11,918)**	—
Impairment of investment in joint venture	*18*	**20,797**	—
Impairment loss on remeasurement of disposal group	*2.5*	**2,116**	—
Loss on disposal and write-down of assets		**1,332**	9,979
Gain on derivative financial instruments	*25*	**(3,605)**	(2,525)
Share of loss (income) of joint ventures		**1,177**	(498)
Operating loss		**(765)**	(55,406)
Finance expense, net	*19*	**52,015**	31,582
Loss before income tax		**(52,780)**	(86,988)
Income tax expense (recovery)			
Current	*20*	**25,981**	10,385
Deferred	*20*	**(31,882)**	(32,833)
Total income tax recovery		**(5,901)**	(22,448)
Net loss		$ **(46,879)**	$ (64,540)
Other comprehensive income (loss)			
Items that may be recycled subsequently to net earnings (loss):			
Foreign currency translation of foreign operations and other		**1,454**	(7,800)
Cash flow hedges, net of tax expense of $4,005 (2022 : $844)	*25*	**12,018**	2,531
Cash flow hedges recycled to net earnings (loss), net of tax recovery of $982 (2022 : tax expense of $578)	*25*	**(2,946)**	1,733
Other comprehensive income (loss)		$ **10,526**	$ (3,536)
Total comprehensive loss for the period		$ **(36,353)**	$ (68,076)
Loss per share - basic and diluted	*24*	$ **(0.41)**	$ (0.85)

The accompanying notes are an integral part of these consolidated financial statements.

ABC Technologies Holdings Inc.

Consolidated Statement of Changes in Equity

(Expressed in thousands of United States dollars)

	Notes	Capital stock	Other reserves	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve[1]	Total
June 30, 2021		**$ 2,991**	**$ 972**	**$ 151,936**	**$ 276**	**$ 9,029**	**$ 165,204**
Net loss		—	—	(64,540)	—	—	(64,540)
Share-based compensation expense	*15*	—	2,238	—	—	—	2,238
Other comprehensive income (loss):							
Foreign currency translation of foreign operations and other		—	—	—	(7,800)	—	(7,800)
Cash flow hedges, net of reclassification to net earnings, net of taxes	*25*	—	—	—	—	4,264	4,264
Cash flow hedges recycled to assets, net of taxes	*25*	—	—	—	—	(2,516)	(2,516)
Dividends paid		—	—	(9,943)	—	—	(9,943)
Common shares issued for redemption of restricted share units ("RSUs")	*15*	116	(116)	—	—	—	—
Shares issued upon closing of rights offering, net of issuance cost	*15*	264,696	—	—	—	—	264,696
Shares issued upon closing of private placement, net of issuance cost	*15*	24,157	—	—	—	—	24,157
June 30, 2022		**$ 291,960**	**$ 3,094**	**$ 77,453**	**$ (7,524)**	**$ 10,777**	**$ 375,760**
Net loss		—	—	(46,879)	—	—	(46,879)
Share-based compensation reversal	*15*	—	(1,403)	—	—	—	(1,403)
Other comprehensive income (loss):							
Foreign currency translation of foreign operations and other		—	—	—	1,454	—	1,454
Foreign currency translation reclassified on disposal of investment in joint venture	*18*	—	—	—	1,286	—	1,286
Cash flow hedges, net of reclassification to net earnings, net of taxes	*25*	—	—	—	—	9,072	9,072
Cash flow hedges recycled to assets, net of taxes	*25*	—	—	—	—	(3,230)	(3,230)
Dividends paid		—	—	(12,745)	—	—	(12,745)
Common shares issued for redemption of RSUs	*15*	587	(587)	—	—	—	—
June 30, 2023		**$ 292,547**	**$ 1,104**	**$ 17,829**	**$ (4,784)**	**$ 16,619**	**$ 323,315**

1. At June 30, 2023, the cash flow hedge reserve includes a loss of $604 (2022 : $1,092) due to change in fair value of excluded components being accounted for as the cost of hedging.

The accompanying notes are an integral part of these consolidated financial statements.

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

		For the year ended June 30,	
	Notes	2023	2022
Net loss		**$ (46,879)**	$ (64,540)
Adjustments for:			
Depreciation of property, plant and equipment	*8*	**68,850**	53,344
Depreciation of right-of-use assets	*9*	**18,993**	15,570
Amortization of intangible assets	*10*	**32,167**	24,612
Gain on disposal of investment in joint ventures	*18*	**(11,918)**	—
Impairment of investment in joint venture	*18*	**20,797**	—
Loss on disposal and write-down of assets		**1,332**	9,979
Unrealized gain on derivative financial instruments	*25*	**(3,605)**	(2,695)
Finance expense, net	*19*	**52,015**	31,582
Share of loss (income) of joint ventures	*18*	**1,177**	(498)
Income tax recovery	*20*	**(5,901)**	(22,448)
Share-based compensation expense (reversal)	*15,16*	**(545)**	2,576
Write-down of inventories	*2.5,5*	**2,030**	—
Impairment on measurement of disposal group	*2.5*	**2,116**	—
Changes in:			
Trade and other receivables and prepaid expenses and other		**17,170**	(10,142)
Inventories		**(37,868)**	(15,251)
Trade payables, accrued liabilities and other payables, and provisions		**47,407**	38,469
Cash generated from operating activities		**157,338**	60,558
Interest received		**518**	445
Income taxes paid		**(8,295)**	(1,988)
Interest paid on leases, net of interest received	*19*	**(17,622)**	(13,629)
Financing paid on long-term debt and other		**(31,237)**	(18,581)
Net cash flows from operating activities		**100,702**	26,805
Acquisition of subsidiaries, net of cash acquired	*4*	**(178,797)**	(314,597)
Purchases of property, plant and equipment	*8*	**(81,876)**	(44,118)
Proceeds on disposal of joint ventures	*18*	**34,330**	—
Dividends received from joint ventures	*18*	**1,304**	1,884
Additions to intangible assets	*10*	**(21,975)**	(21,818)
Net cash flows used in investing activities		**(247,014)**	(378,649)
Net drawings (payments) on revolving credit facilities	*13*	**(155,000)**	120,000
Drawings from long-term debt	*13*	**185,000**	—
Principal payments of lease liabilities, net of sublease receipts		**(11,112)**	(11,498)
Financing costs	*13*	**(2,081)**	(2,630)
Proceeds from other financing arrangement	*4*	**149,433**	—
Dividends paid to shareholders		**(12,745)**	(9,943)
Proceeds from issuance of shares, net of issuance cost	*15*	**—**	288,853
Repayment of acquired loan	*4,13*	**—**	(21,376)
Net cash flows from financing activities		**153,495**	363,406
Net increase in cash		**7,183**	11,562
Net foreign exchange difference		**326**	(1,074)
Cash, beginning of period		**25,400**	14,912
Cash, end of period		**$ 32,909**	$ 25,400

The accompanying notes are an integral part of these consolidated financial statements.

1. Corporate information

ABC Technologies Holdings Inc. and its subsidiaries (collectively, "ABC" or the "Company") is a tier one global automotive parts supplier that designs, engineers, manufactures and sells functional and decorative parts, fluid management solutions, as well as assemblies from injection, blow and polyurethane compression molding processes. The Company is incorporated and domiciled in Canada. The head office is located at 2 Norelco Drive, Toronto, Ontario, Canada, M9L 2X6.

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were authorized for issue by the Company's Board of Directors on September 7, 2023.

2.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for (i) certain financial instruments, which have been measured at fair value, (ii) investment in joint ventures, (iii) deferred taxes and (iv) share-based compensation.

2.3 Presentation currency

The consolidated financial statements are presented in United States dollars ("USD"), which is the Company's presentation currency. All financial information has been rounded to the nearest thousand ($000), except per share amounts or when otherwise indicated.

2.4 Use of estimates and judgments

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a significant adjustment to the carrying amount of an asset or a liability affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which they occur and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included below.

Provisions

The determination of provisions is a complex process that involves judgments about the outcome of future events, the interpretation of laws and regulations, and estimates on the timing and amount of expected future cash flows and discount rates. Changes to these estimates due to factors including, but not limited to, manufacturing process improvements, sales volumes, sales prices, scrap levels, performance period, and required expenditures to fulfill contracts may have a material impact on the amounts presented.

Income taxes

The Company is subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference or tax loss carry-forwards can be utilized. The recognition of temporary differences and tax loss carry-forwards is based on the Company's estimates of future taxable profits in different tax jurisdictions against which the temporary differences and loss carry-forwards may be utilized.

Fair value of derivatives, hedging, and other financial instruments

The fair value of a financial instrument is determined, whenever possible, based on observable market data. If not available, the Company uses its judgment to select a variety of methods and make assumptions that are primarily based on market conditions existing at the end of each reporting period. The Company uses directly and indirectly observable inputs in measuring the value of financial instruments that are not traded in active markets, including interest rate yield curves and foreign exchange rates.

Impairment of non-financial assets

Management applies judgment in assessing the existence of impairment indicators based on internal and external factors. The recoverable amount of a cash-generating unit ("CGU") or an individual asset has been determined as the higher of the CGU's or the asset's fair value less costs of disposal and its value in use. The key estimates the Company applies in determining the value in use include expected future sales, future operating costs, tax rates, discount rates, and terminal growth rate. Management may also be required to make judgments regarding the likelihood of occurrence of a future event. These estimates and assumptions are subject to change as new information becomes available. Changes in assumptions used in determining the recoverable amount could affect the carrying value of the related assets and CGUs.

Development costs

The recognition of development costs as intangible assets involves judgment to assess the division of activities between research and development, types of costs eligible for capitalization, technical feasibility, and future economic benefits.

Leases

The Company is required to measure the present value of lease liabilities using its weighted-average incremental borrowing rate. The estimation of weighted-average incremental borrowing rate is an inherently complex process and involves the exercise of professional judgment. Changes to the estimates and assumptions used to derive the weighted-average incremental borrowing rate could materially affect the balance of lease liabilities, right-of-use assets, depreciation of right-of-use assets, and finance expense.

Share-based compensation

Share-based compensation in the form of restricted share units ("RSUs"), deferred share units ("DSUs"), and stock options, have been provided to certain of our employees, directors, and others. Share-based compensation expense recognized in respect of these plans is based on the fair value of the awards. Generally, the share-based compensation expense is recognized on a straight-line basis over the vesting of the award subject to continued service with the Company through to the vesting date.

Share-based compensation expense related to stock option awards is recognized and measured based on the grant date fair value, which is determined using the Black-Scholes-Merton option pricing model. Some of the inputs in the Black-Scholes-Merton model are subjective, including the expected volatility of the price of the Company's common shares, the expected term of the options, expected dividend yield, and expected forfeiture rates. These estimates involve inherent uncertainties and are based on management judgment.

Tooling inventory

Management applies judgment in determining the appropriateness of costs included in tooling inventory.

Business combinations

At initial recognition, all identifiable assets and liabilities acquired in a business acquisition are measured at fair value at the date of acquisition. Estimates and assumptions are used to calculate the fair values of these assets and liabilities and fair value of consideration transferred. Changes to assumptions could significantly impact the fair values of certain assets, such as intangible assets like customer relationships, development intangibles, and trade name. The Company's significant assumptions used in determining the acquisition date fair values of intangible assets include forecast revenue and cash flows attributable to acquired intangible assets, customer attrition rates, discount rates, and royalty rates. These estimates are inherently uncertain and are based on management's past experience and future expectations.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

2.5 Reorganization of Poland operations

During the year ended June 30, 2023, management committed to a plan to sell part of Poland operations. Consequently, part of Poland operations was classified as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected in fiscal year 2024. Assets held for sale were not allocated for segment reporting purposes.

Impairment losses of $2,116 for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been recognized. The impairment losses have been applied to reduce the carrying amount of non-current assets within the disposal group. The impairment losses relate to property, plant and equipment, intangible assets, and other long-term assets for the amounts of $500, $1,283 and $333 respectively. During the year ended June 30, 2023, the Company also recorded a $2,030 write-down relating to the tooling inventories and incurred $1,098 in severance costs. During the year ended June 30, 2022, the Company recorded an impairment charge relating to property, plant and equipment of $8,185.

Subsequent to impairment losses, the assets in the disposal group consist of property, plant and equipment, intangible assets, and other long-term assets with fair values less cost to sell of $322, $827, and $215 respectively as at June 30, 2023.

3. Significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its consolidated financial statements:

3.1 Basis of consolidation

3.1.1 Subsidiaries

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities and when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

The accounting policies of subsidiaries have been aligned with the policies adopted by ABC. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Significant subsidiaries of the Company include the following:

Legal name	% Ownership	Functional currency
ABC Automotive Systems Inc.	100% wholly owned subsidiary	USD
ABC Group Holdings Inc.	100% wholly owned subsidiary	USD
ABC Technologies Inc. (Ontario)	100% wholly owned subsidiary	USD
ABC Technologies Inc. (Tennessee)	100% wholly owned subsidiary	USD
Grupo ABC De Mexico, S.A. De C.V.	100% wholly owned subsidiary	USD
Salga Plastics Inc.	100% wholly owned subsidiary	USD
Undercar Products Group Inc.	100% wholly owned subsidiary	USD
dlhBowles, Inc.	100% wholly owned subsidiary	USD
Windsor Mold Inc.	100% wholly owned subsidiary	USD
ABC Plastic Moulding Group GmbH	100% wholly owned subsidiary	Euro

3.1.2 Transactions eliminated on consolidation

Inter-company balances and transactions arising on consolidation are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

Each subsidiary of the Company maintains accounting records in its functional currency. A subsidiary's functional currency is the currency of the principal economic environment in which it operates. The parent company's functional currency is USD.

3.2.1 Foreign currency transactions

Transactions carried out in foreign currencies are translated using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a foreign currency at the reporting date are translated at the exchange rate at that date. The foreign currency gain or loss on such monetary items is recognized as income or expense for the period. Non-monetary assets and liabilities denominated in a foreign currency are translated at the historical exchange rate prevailing at the transaction date.

3.2.2 Translation of financial statements of foreign operations

The assets and liabilities of subsidiaries whose functional currency is not the USD are translated into USD at the exchange rate prevailing at the reporting date. The income and expenses of foreign operations whose functional currency is not USD are translated to USD at the exchange rate prevailing on the date of transaction. Foreign currency differences on translation are recognized in other comprehensive income ("OCI") in the foreign currency translation reserve net of income tax.

3.3 Revenue recognition

Revenue is recognized when the Company satisfies its performance obligation by transferring an asset (i.e. good or service) to a customer. An asset is transferred when the customer obtains control of that asset. Costs incurred to obtain or fulfil a contract with a customer are amortized over the life of the program as a reduction to sales.

3.3.1 Sale of finished goods

Revenue from the sale of goods is recognized at the point in time when control of the goods has passed to the buyer, usually as parts are shipped. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and trade discounts.

3.3.2 Sale of tooling

Revenue from the sale of tooling is recognized at the point in time when control of the goods has passed to the buyer, which is usually when the customer approves the tool for production readiness. When the customer makes progress payments in advance of obtaining control of the tool, the Company recognizes a liability for the progress payments until the performance obligation is satisfied. Such payments generally do not contain a financing component.

3.4 Cash

Cash in the consolidated statement of financial position comprises cash at banks and on hand, which are subject to an insignificant risk of changes in value.

3.5 Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion, including directly attributable labour and overhead, and other costs incurred in bringing the inventories to their present location and condition. Impairment losses are recognized on the basis of net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant components of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items of property, plant, and equipment and depreciated accordingly. Repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment	2 to 20 years
Building	12 to 40 years
Production tooling	3 to 4 years
Returnable containers	3 years
Leasehold improvements	Over lease term

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at least annually and adjusted prospectively, if appropriate.

Certain tooling is produced or purchased specifically for the purpose of manufacturing parts for customer orders; these assets are either not sold to the customer, or paid for by the customer as part of the piece price for the parts produced using that tool, which is not subject to volume guarantees. In accordance with IAS 16, *Property, Plant and Equipment*, this tooling is recognized as property, plant and equipment. It is depreciated to match the lesser of estimated useful life and life of the program.

3.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset or group of assets (CGUs) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Goodwill is tested annually for impairment.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the board approved next fiscal year's budget and management's five-year forecasts that are prepared separately for each of the Company's CGUs to which the individual assets are allocated. Cash flow estimates do not include restructuring activities to which the Company is not yet committed or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rates used for extrapolation purposes.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

3.8 Intangible assets and goodwill

The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite. The Company's intangible assets acquired from a business combination and internally generated include customer relationships, customer contracts, development intangibles, and trade name that are amortized over the period of expected future benefit, which are as follows:

Customer relationships	13 years
Customer contracts	7 years
Development intangibles	5 to 10 years
Trade name	10 years

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each reporting period and more frequently if conditions warrant. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment of goodwill is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

3.8.1 Development intangible assets

The Company incurs development costs in response to specific customer awarded programs, to take them from concept at award to production readiness. Development expenditures, including engineering, design and development costs on an individual project, are recognized as an intangible asset when the Company can demonstrate the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate technical, financial and other resources to complete the asset
- The ability to measure reliably the expenditure attributable to the asset during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when it is available for use. These internally generated intangible assets are amortized on a straight-line basis over the life of the program.

3.8.2 Investment tax credits

The Company claims investment tax credits as a result of incurring scientific research and experimental development expenditures. Investment tax credits are recognized when there is reasonable assurance of their realization. Management has made estimates and assumptions in determining the expenditures eligible for the investment tax credit claim. It is possible that the allowed amount of the investment tax credit claim could be different from the recorded amount upon assessment by the relevant taxing authority. These credits are netted against the costs to which they relate.

3.8.3 Research costs

Research costs are expensed as incurred.

3.9 Taxes

3.9.1 Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

3.9.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable net income; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable in management's estimation that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable net income; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.10 Investments in joint ventures

A joint venture ("JV") is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company accounts for investments in its joint ventures using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost, which includes transaction costs. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date.

The consolidated statement of comprehensive income reflects the Company's share of the results of operations of the joint ventures. In addition, when there has been a change recognized directly in the equity of the joint venture, the Company recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture; unrealized losses are recognized in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

The financial information disclosed related to the joint ventures are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies of the joint ventures in line with those of the Company. After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. The Company determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the loss in share of income of joint ventures in profit or loss.

Upon loss of joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

As at June 30, 2023, the Company has disposed of its investments in joint ventures. Refer to note 18 for details.

3.11 Financial instruments

3.11.1 Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortized cost.

Financial liabilities are classified and measured based on two categories: amortized cost or fair value through profit or loss. The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Derivative financial instruments are measured at fair value through profit or loss except those for which hedge accounting has been applied.

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

Financial assets purchased and financial liabilities incurred with the intention of generating earnings in the near term, and derivatives other than cash flow hedges, are classified as FVTPL. This category includes certain trade receivables to be sold to a financial institution and derivative financial instruments that do not qualify for hedge accounting. For items classified as FVTPL, the Company initially recognizes such financial assets on the consolidated statement of financial position at fair value and recognizes subsequent changes in profit or loss. Transaction costs incurred are expensed.

3.11.1.2 Fair value through OCI

Subsequent to initial recognition, financial assets classified as fair value through OCI are measured at fair value on the consolidated statement of financial position and changes therein are recognized in OCI. When a financial asset is derecognized, the accumulated gain or loss in OCI is recycled to profit or loss.

3.11.1.3 Amortized cost

Financial assets held to collect contractual cash flows are classified as amortized cost. This category includes cash and trade and other receivables. The Company initially recognizes the carrying amount of such assets, other than trade receivables, on the consolidated statement of financial position at fair value with directly attributable transaction costs, and subsequently measures these at amortized cost using the effective interest rate ("EIR") method, less any impairment losses. Trade receivables are initially measured at transaction price.

3.11.1.4 Other financial liabilities

Financial liabilities that are not classified as FVTPL are classified as other financial liabilities, which include trade payables, accrued liabilities and other payables, provisions, and long-term debt. These financial liabilities are recorded at amortized cost on the consolidated statement of financial position.

3.11.2 Impairment of financial assets

The expected credit loss ("ECL") model is used in determining the allowance for doubtful accounts as it relates to trade and other receivables. The Company's allowance is determined by historical experiences, and considers factors including the aging of the balances, the customer's credit worthiness, and updates based on the current economic conditions, expectation of bankruptcies, and the political and economic volatility in the markets or location of customers.

3.11.3 Derivative financial instruments and hedge accounting

3.11.3.1 Initial recognition and subsequent measurement

The Company uses derivative financial instruments such as forward currency contracts and collars to hedge its foreign currency risks and interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI. The amount recognized in OCI is later recycled to profit or loss when the hedge item affects profit or loss (in the case of forecast transactions that result in financial assets or financial liabilities) or the associated gains and losses are removed from OCI and included in the initial cost or other carrying amount of the asset or liability (in the case of a hedge of a forecast transaction that subsequently results in the recognition of a non-financial asset or non-financial liability).

3.11.3.2 Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be effective in achieving offsetting changes in fair value or cash flows and are assessed both at inception of the hedge relationship and on an ongoing basis, at minimum, at each reporting date or upon significant change, to determine that they are expected to be effective throughout the financial reporting periods for which they were designated. The Company makes an assessment for a cash flow hedge of a forecast transaction of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect earnings.

Currently, the Company has not designated any fair value hedge relationships nor designated hedges of net investments in foreign operations. Cash flow hedges that meet the above criteria for hedge accounting are accounted for as described below:

3.11.3.3 Cash flow hedges

The Company determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis at inception. The Company considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Company evaluates whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as benchmark interest rate or foreign currency. The Company further supports this qualitative assessment by using regression analysis at inception to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the present value of the hedged item. The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss.

By using derivative financial instruments to hedge exposures to changes in interest rates and foreign currency exchange rates, the Company exposes itself to credit risk of the counterparties to the derivatives, which is not offset by the hedged items. This exposure is primarily managed by entering into derivative financial instruments with Canadian Schedule 1 banks that have investment grade credit ratings.

At each reporting date, the Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item prospectively. Sources of ineffectiveness include:

- The effect of the counterparty and the Company's own credit risk on the fair value of the derivative financial instruments, which is not reflected in the fair value of the hedged items attributable to the changes in interest rate and foreign currency;
- Differences in maturities of the derivative financial instruments and the hedged items; and
- If the initial fair value of the hedging instrument is other than zero at the date of inception of the hedging relationship.

Amounts accumulated in equity are recycled in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset, such as inventory, the deferred hedging gains and losses and cost of hedging, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss through cost of sales.
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within finance expense at the same time as the finance expense on the hedged borrowings.
- The gain or loss relating to the effective portion of the foreign currency forwards or collars, and cost of hedging, to mitigate the impact of loss from fluctuations in currencies in certain costs within selling, general and administrative expense is recognized in profit or loss at the same time as the forecast transaction affects profit or loss.

When a hedging instrument no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately recycled to profit or loss.

3.11.3.4 Cost of hedging reserve

The Company uses forward exchange contracts and collars to hedge the variability in cash flows arising from changes in foreign exchange rates on forecast transactions. The Company designates only the forward element of the forward exchange contracts and the intrinsic value of the options as the hedging instrument in the cash flow hedging relationships. Foreign currency basis adjustments and time value of options are excluded from the hedging instruments and recognized in OCI and accumulated in a cost of hedging reserve, as a separate component within equity. The gains or losses in the reserve are removed and accounted for similar to cash flow hedges that qualify for hedge accounting as described above.

3.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.13 Provisions

3.13.1 General

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, cash flows reflecting the risks specific to the provision are discounted using a current pre-tax rate. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.13.2 Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting the Company's obligations under a contract exceed the expected benefits to be received from a contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of completing the contract.

3.14 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets outside of property, plant and equipment in its own category and lease liabilities as a separate category in the consolidated statement of financial position.

Short-term leases and leases of low value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases with a term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.15 Operating segments

An operating segment is a component of the Company whose operating results are routinely evaluated by the Company's chief operating decision maker ("CODM") to allocate resources and assess performance and for which discrete financial information is available. An operating segment engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

The Company's CODM is the Chief Executive Officer.

3.16 Recently adopted accounting standards and policies

- *Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts*, specifying costs an entity should include in determining the "cost of fulfilling" a potential onerous contract. The amendments are effective for annual periods beginning on or after January 1, 2022, and apply to contracts existing at the date when the amendments are first applied.
- *Amendments to IFRS 3, Business Combinations - Updating a Reference to the Conceptual Framework*, updating a reference to the Conceptual Framework. The amendments are effective for annual periods beginning on or after January 1, 2022.

These amendments did not have a material impact on the consolidated financial statements.

3.17 Standards issued but not yet effective

The IASB has issued the following new standards and amendments to existing standards that will become effective in future years:

- *Amendments to IAS 1, Presentation of Financial Statements - Disclosure of Accounting Policies*, requiring entities to disclose material, instead of significant, accounting policy information. The amendments are effective for annual periods beginning on or after January 1, 2023.
- *Amendments to IAS 8, Accounting Policies - Changes in Accounting Estimates and Errors*, clarifying the definition of "accounting policies" and "accounting estimates". The amendments are effective for annual periods beginning on or after January 1, 2023.
- *Amendments to IAS 12, Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, narrowing the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2023.
- *Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent*, clarifying requirements for the classification of liabilities as non-current. The amendments are effective for annual periods beginning on or after January 1, 2024.
- *Amendments to IFRS 16, Leases,* specifying the requirements that a seller-lessee should use in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments also clarifies how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. Amendments need to be applied retrospectively and are effective for annual periods beginning on or after January 1, 2024.
- *Amendments to IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Joint Venture and Associates,* clarifying the recognition of full gain or loss when the assets transferred meet the definition of business under IFRS 3, Business Combinations, and the recognition of partial gain or loss when the assets transferred do not meet the definition of business under IFRS 3, Business Combinations. The effective date for these amendments have been deferred indefinitely.

For the amendments that are effective for annual periods beginning on or after January 1, 2023, the Company does not expect these amendments to have a material impact on its financial statements. For the amendments that are effective for annual periods on or after January 1, 2024, the Company is currently assessing the impact, if any, on its consolidated financial statements.

4. Business combinations

4.1 Acquisition of dlhBOWLES

On March 1, 2022, the Company acquired 100% of the shares of MPE Flow House, Inc., which owned 100% of the shares of dlhBowles, Inc. (collectively, “dlhBOWLES”) for $258,661 in cash. Based in North Canton, Ohio, United States of America, dlhBOWLES is a recognized leader in the North American market for camera and sensor cleaning systems, windshield washer systems, sunroof drains, powertrain, and chassis solutions. The acquisition of dlhBOWLES further solidifies the Company’s position in the washer systems market and strengthens its existing product portfolio. dlhBOWLES is included in the North America segment.

4.2 Acquisition of Etzel

On March 4, 2022, the Company acquired 89.9% of the shares of Karl Etzel GmbH and SAM-GmbH, as well as land and buildings from a party related to the owner of Karl Etzel GmbH (collectively, “Etzel”) for Euro ("EUR") 60,943 in cash, equivalent to $68,372. Based in Mühlacker, Germany, Etzel is a leading tier-1 and tier-2 supplier to the German luxury automotive market and has expertise in injection molding plastics for automotive interiors and exteriors. The acquisition of Etzel enables the Company to meaningfully expand its scale in Europe while entering the interior products space on the continent with a strong customer base of luxury OEMs portfolio. Etzel is included in the Rest of the World segment.

The Etzel purchase agreement included options for both the Company and minority shareholders whereby either party could exercise its option to require the transfer of the remaining 10.1% interest in Etzel to the Company at an exercise price determined based on the results of operations. On the acquisition date, the Company did not record non-controlling interest in its consolidated financial statements, as it determined that it had access to the returns associated with its underlying ownership interests in Etzel. The EUR 5,870 ($6,586) fair value of purchase option included in the purchase price represented the present value of the Company’s probability weighted estimate of the exercise price on the acquisition date that reflected management’s estimate of the timing of option exercise and expected results of operations of Etzel. On February 2, 2023, the Company exercised its option to purchase the remaining 10.1% interest in Etzel for an exercise price of EUR 6,000 ($6,003). The purchase had no impact on the Company's consolidated statement of comprehensive income (loss) for the year ended June 30, 2023, as no non-controlling interest was recorded at the acquisition date.

4.3 Acquisition of WMGT

On March 1, 2023, the Company acquired 100% of the shares of WMG Technologies Holdings Inc. and its subsidiaries (collectively "WMGT"). Based in Windsor, Ontario, Canada, with facilities across North America, WMGT is a leading tier-1 and tier-2 supplier of exterior products, complex tooling for injection molded exterior and interior parts, and other products to global automotive OEMs. The acquisition of WMGT strengthens the Company's exterior products offering, expands its injection molding technical expertise, and brings additional value-added tooling in-house. WMGT is included in the North America segment.

The acquisition of WMGT was settled in cash paid upfront of $192,196. The sale and purchase agreement includes additional adjustments to the purchase price for working capital and other items ("holdbacks"), as well as earn-out payments ranging from $nil to $26,461 that may become payable upon the achievement of certain profitability targets within 24 months after the acquisition date.

The estimated consideration for earn-outs of $300 was valued using a discounted cash flow analysis based on internal forecast projected using a Monte Carlo simulation model, and a weighted average cost of capital adjusted to account for revenue risk derived as at the acquisition date. Significant increases (decreases) in the volatility of revenue levels or in any of the probabilities of achievement of specified milestones, or decreases (increases) in the discount rate would result in a significantly higher (lower) fair value, respectively, and commensurate changes to the fair value of the earn-outs. The fair value of earn-outs is reassessed and adjusted to fair value at each reporting date through selling, general and administrative expenses. No change in the fair value was recorded for the year ended June 30, 2023.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

All three acquisitions are accounted for using the acquisition method, and the results of operations since the respective dates of acquisition are included in the consolidated statement of comprehensive income (loss). Details of the business combinations as at the date of the acquisitions are as follows:

	2023	2022	
	WMGT	dlhBOWLES	Etzel[1]
Fair value of consideration transferred			
Amount settled in cash	$ 192,196	$ 258,661	$ 68,372
Holdbacks	13,862	—	—
Earn-outs	300	—	—
Fair value of purchase option	—	—	6,586
Total consideration transferred	**$ 206,358**	**$ 258,661**	**$ 74,958**
Recognized amounts of identifiable net assets			
Cash and cash equivalents	$ 19,402	$ 4,720	$ 7,148
Trade and other receivables	43,974	23,864	17,205
Inventories	67,165	36,059	20,953
Prepaid expenses and other assets	28,504	3,973	764
Assets held for sale[3]	90,086	—	—
Total current assets	**$ 249,131**	**$ 68,616**	**$ 46,070**
Property, plant and equipment	27,414	44,523	73,262
Intangible assets	—	86,500	—
Right-of-use assets	286	19,688	5,473
Deferred income taxes	10,594	1,091	—
Other long-term assets	—	24	—
Total non-current assets	**$ 38,294**	**$ 151,826**	**$ 78,735**
Trade payables	25,756	7,835	7,335
Accrued liabilities and other payables	47,649	2,301	4,379
Provisions	2,474	2,140	4,564
Current portion of lease liabilities	75	1,803	136
Current portion of loan[2]	—	—	21,376
Total current liabilities	**$ 75,954**	**$ 14,079**	**$ 37,790**
Deferred income taxes	4,902	23,082	7,102
Lease liabilities	211	17,685	5,338
Total non-current liabilities	**$ 5,113**	**$ 40,767**	**$ 12,440**
Identifiable net assets	**$ 206,358**	**$ 165,596**	**$ 74,575**
Goodwill on acquisition	**$ —**	**$ 93,065**	**$ 383**
Consideration transferred settled in cash	192,196	258,661	68,372
Cash and cash equivalents acquired	(19,402)	(4,720)	(7,148)
Net cash outflow on acquisitions	**$ 172,794**	**$ 253,941**	**$ 61,224**

1. The Etzel acquisition was a Euro denominated purchase. The total consideration noted is the USD equivalent of Euro as at the acquisition date.
2. The acquired loan was repaid by the Company immediately after the close of the transaction. Refer to note 13 for details.
3. The Company subsequently completed a sale leaseback transaction for all real estate properties acquired in connection with the acquisition of WMGT. This reflects the selling price for the real estate properties, less selling costs.

Goodwill

Goodwill of $93,065 for dlhBOWLES and $383 for Etzel is comprised of the excess fair value of the consideration paid over the fair value of the net assets acquired. Goodwill is attributable to the anticipated improvement in operations of the acquired companies, synergies with existing operations, and other intangible assets that do not qualify for separate recognition, such as assembled workforce. dlhBOWLES and Etzel goodwill have been allocated to the North America and the Rest of the World segments, respectively. Goodwill is not expected to be deductible for tax purposes.

Identifiable net assets

As at the acquisition date, the fair value of acquired trade and other receivables for dlhBOWLES, Etzel and WMGT amounted to $23,864, $17,205, and $43,974 respectively, with gross contractual amounts of $25,557, $18,216 and $44,084, respectively. The Company's best estimate of the contractual cash flow not expected to be collected amounted to $2,814.

During fiscal 2023, the Company finalized its purchase price allocations for dlhBOWLES and Etzel acquisitions that took place in fiscal 2022 and were previously accounted for on a preliminary basis. The final adjustments primarily related to changes in the valuation of trade and other receivables and inventories of $1,237 and $2,200, respectively. All measurement period adjustments were offset against the goodwill of dlhBOWLES and Etzel and resulted in a net increase of $2,998 and $240, respectively.

The Company also recognized a measurement period adjustment relating to the reclassification of real estate properties (refer to 4.4 below) from assets held for sale to property, plant and equipment. All measurement period adjustments were recognized retrospectively and the comparative information was revised as if the purchase price allocations for the business combinations were finalized at the date of acquisitions.

Due to the complexity and timing of the WMGT acquisition, the Company is in the process of determining and finalizing the estimated purchase price and fair values of net assets acquired. The amounts determined on a preliminary basis primarily relate to the fair values of the earn-outs, net asset assessments, and measurement of the assumed liabilities, including acquired inventories, trade and other receivables, contract liabilities, and taxes. The preliminary purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair values of assets and liabilities become available but no later than 12 months from the date of the acquisition.

Contribution to the Company results

During the year ended June 30, 2023, dlhBOWLES and Etzel contributed revenues of $120,689 and $97,403, respectively, and net income of $23,364 and $2,699, respectively, to the Company. During the year ended June 30, 2023, WMGT contributed revenues of $112,667 and net loss of $12,906 to the Company.

If the acquisition of WMGT had occurred on July 1, 2022, consolidated pro-forma revenue and net loss would have been $1,639,507 and $27,544, respectively, for the year ended June 30, 2023. These amounts have been calculated using WMGT's results, adjusted for: (i) intercompany sales and purchases between the Company and WMGT; (ii) acquisition costs incurred by the Company and WMGT; (iii) finance cost on old debt of WMGT; (iv) additional finance cost on the loan drawn by the Company to fund the acquisition; and (v) consequential tax effects of all the above-listed adjustments.

4.4 Financing arrangement for Etzel

On April 29, 2022, the Company entered into an agreement for the sale and leaseback of all of its real estate properties located in Mühlacker, Germany obtained through the acquisition of Etzel. On August 31, 2022, the Company closed part of the sale and leaseback transaction and received gross proceeds of EUR 37,239 ($44,469) and EUR 1,461 ($1,432) was a holdback in accordance with the terms of agreement. On December 16, 2022, the Company closed the remaining part of the transaction and received gross proceeds of EUR 14,300 ($14,879). EUR 200 ($212) of the holdback amount was received during the year ended June 30, 2023 and the remaining EUR 1,261 ($1,367) holdback amount is expected to be received by the end of the second quarter of fiscal year 2024.

The transaction was not recognized as a sale of assets as under the terms of the lease, the Company did not relinquish control of the properties for the purposes of IFRS 15 “Revenue from Contracts with Customers”. Instead, the proceeds from the transaction were recognized as a financial liability. As at June 30, 2023, $938 (2022: $nil) of financial liability was recorded in accrued liabilities and other payables and $54,780 (2022: $nil) of financial liability was recorded in other long-term liabilities. The Company incurred $1,309 of transaction fees relating to the transaction which have been capitalized and netted against the related financial liability.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

4.5 Financing arrangement for WMG

On April 18, 2023, the Company completed a sale and leaseback of all the real estate properties acquired in connection with the acquisition of WMGT and one real estate property of the Company and received gross proceeds of $97,930. No gain or loss was recorded in the consolidated statements of comprehensive income (loss) for the disposition of the WMGT real estate properties, as they were recorded at the selling price less selling costs in the measurement of the net assets acquired.

4.6 Termination of proposed acquisition of Continental's Washer Systems product line

On June 28, 2022, the Company entered into a conditional agreement to acquire the Washer Systems product line of Continental Automotive GmbH ("Continental") for approximately EUR 20,500 ($20,227).

On January 12, 2023, the Company entered into a settlement agreement with Continental, whereby the parties agreed to terminate the purchase agreement and the proposed transaction effective upon the payment of EUR 10,250 by the Company to Continental, which occurred on January 18, 2023. The $11,076 USD equivalent of this payment was recorded within selling, general and administrative expenses and was partially offset by a $981 gain on foreign currency hedging.

5. Trade and other receivables

	June 30, 2023	June 30, 2022[1]
Trade receivables	**$ 155,000**	$ 112,219
Receivables from joint ventures	**—**	9,973
Total trade and other receivables	**$ 155,000**	$ 122,192

1. Amounts as at June 30, 2022 were revised as a result of the finalization of purchase price allocations. Refer to note 4 for details.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days from invoice date. The Company's customers are largely composed of large OEMs and large tier one suppliers to those OEMs where products are shipped with high frequency, often daily, to customer production lines on continuous flow requirement contracts.

As at June 30, 2023, the allowance for credit loss recognized against trade receivables amounts to $2,838 (2022: $2,548).

The Company has an agreement with a financial institution to sell a portion of its receivables. Under the agreement, the receivables are sold and the Company does not retain any credit risk in the event of insolvency or inability to collect. Consequently, the Company has derecognized the receivables as substantially all the risks and rewards of ownership of the assets have been transferred. The Company's exposures to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 25.4.2.

Refer to note 18 for details on disposals of investments in joint ventures.

6. Inventories

	June 30, 2023	June 30, 2022[1]
Raw materials and components	**$ 67,904**	$ 49,721
Finished goods and work in progress	**44,015**	40,178
Tooling	**144,075**	62,562
Total inventories	**$ 255,994**	$ 152,461

1. Amounts as at June 30, 2022 were revised as a result of the finalization of purchase price allocations. Refer to note 4 for details.

During the year ended June 30, 2023, the Company recorded a write-down of $2,030 (2022: $nil) relating to tooling inventory within cost of sales. Refer to note 2.5 for details. Furthermore, inventories of $1,225,416 (2021: $887,329) were recognized in cost of sales.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

7. Prepaid expenses and other

	Notes	June 30, 2023	June 30, 2022
Recoverable value-added taxes, net		$ **18,629**	$ 7,635
Income taxes recoverable		**10,288**	5,210
Current portion of derivative financial assets	*25*	**6,169**	8,236
Insurance		**3,255**	3,541
Advance to suppliers		**7,271**	5,986
Scientific Research and Experimental Development tax credit receivable		**5,556**	4,738
Other		**4,074**	6,748
Total prepaid expenses and other		$ **55,242**	$ 42,094

8. Property, plant and equipment

	Land and Building	Machinery and equipment	Construction in Progress	Production tooling	Returnable containers	Leasehold improve-ments	Total
Cost							
June 30, 2021	$ 7,855	$ 401,281	$ 28,712	$ 44,072	$ 13,080	$ 8,630	$ 503,630
Additions	296	400	42,694	—	93	334	43,817
Transfers	29	14,409	(36,660)	15,346	5,585	1,291	—
Disposals	—	(5,429)	(371)	(509)	(108)	(12)	(6,429)
Assets acquired through business combinations (note 4)	60,908	44,318	6,605	5,175	—	779	117,785
Exchange differences	(4,267)	(3,811)	(450)	(346)	(34)	(4)	(8,912)
June 30, 2022	**$ 64,821**	**$ 451,168**	**$ 40,530**	**$ 63,738**	**$ 18,616**	**$ 11,018**	**$ 649,891**
Additions	301	4,044	75,869	—	1,069	3,601	84,884
Transfers	17	23,890	(32,115)	7,304	283	621	—
Disposals	(2,988)	(7,626)	(470)	(137)	(53)	—	(11,274)
Assets acquired through business combinations (note 4)	—	27,170	201	—	43	—	27,414
Reclassification to assets held for sale	—	—	(322)	—	—	—	(322)
Exchange differences	2,519	1,980	228	142	23	—	4,892
June 30, 2023	**$ 64,670**	**$ 500,626**	**$ 83,921**	**$ 71,047**	**$ 19,981**	**$ 15,240**	**$ 755,485**

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

	Land and Building	Machinery and equipment	Construction in Progress	Production tooling	Returnable containers	Leasehold improve-ments	Total
Accumulated depreciation and impairment							
June 30, 2021	$ 960	$ 142,290	$ —	$ 16,402	$ 7,714	$ 1,489	$ 168,855
Depreciation	332	40,220	—	9,436	2,612	744	53,344
Disposals	—	(4,270)	—	(198)	(108)	(2)	(4,578)
Impairment	—	6,215	788	1,149	—	33	8,185
Exchange differences	(86)	(1,291)	—	(162)	(20)	(1)	(1,560)
June 30, 2022	**$ 1,206**	**$ 183,164**	$ 788	**$ 26,627**	**$ 10,198**	**$ 2,263**	**$ 224,246**
Depreciation	3,059	48,335	—	12,573	3,719	1,164	68,850
Disposals	(497)	(6,163)	—	(137)	(7)	—	(6,804)
Impairment	—	32	345	104	—	19	500
Exchange differences	96	526	—	40	6	(15)	653
June 30, 2023	**$ 3,864**	**$ 225,894**	**$ 1,133**	**$ 39,207**	**$ 13,916**	**$ 3,431**	**$ 287,445**
Net book value							
June 30, 2023	**$ 60,806**	**$ 274,732**	**$ 82,788**	**$ 31,840**	**$ 6,065**	**$ 11,809**	**$ 468,040**
June 30, 2022	$ 63,615	$ 268,004	$ 39,742	$ 37,111	$ 8,418	$ 8,755	$ 425,645

During the year ended June 30, 2023, the Company recorded an impairment of $500 related to Poland. Refer to Note 2.5 for details. During the year ended June 30, 2022, the Company identified certain qualitative factors that resulted in the specific impairment testing of Poland CGU. Due to the increase in raw material prices, instability in the region, and lower expectation of business recovery, the Poland CGU's carrying value exceeded its recoverable amount by $8,185.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

9. Right-of-use assets

	Land and Building	Machinery and equipment	Total
Cost			
June 30, 2021	$ 178,902	$ 1,954	$ 180,856
Additions	4,282	253	4,535
Acquired through business combinations (note 4)	25,161	—	25,161
Modifications/reassessments	7,174	7	7,181
Termination/derecognition of leases	(10,377)	(444)	(10,821)
Exchange differences	(631)	(28)	(659)
June 30, 2022	**$ 204,511**	**$ 1,742**	**$ 206,253**
Additions	93,481	874	94,355
Acquired through business combinations (note 4)	286	—	286
Modifications/reassessments	89,076	336	89,412
Termination/derecognition of leases	(2,976)	(574)	(3,550)
Exchange differences	2,480	73	2,553
June 30, 2023	**$ 386,858**	**$ 2,451**	**$ 389,309**
Accumulated depreciation			
June 30, 2021	$ 26,404	$ 824	$ 27,228
Depreciation	14,826	744	15,570
Termination/derecognition of leases	(1,506)	(444)	(1,950)
Exchange differences	(264)	(10)	(274)
June 30, 2022	**$ 39,460**	**$ 1,114**	**$ 40,574**
Depreciation	18,046	947	18,993
Termination/derecognition of leases	(1,821)	(574)	(2,395)
Exchange differences	440	168	608
June 30, 2023	**$ 56,125**	**$ 1,655**	**$ 57,780**
Net book value			
June 30, 2023	**$ 330,733**	**$ 796**	**$ 331,529**
June 30, 2022	$ 165,051	$ 628	$ 165,679

As at June 30, 2023 $8,399 (2022: $8,858) of lease receivable related to subleases was classified under other long-term assets.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

10. Intangible assets and goodwill

	Customer contracts	Customer relationships	Development intangibles	Trade name	Total Intangible Assets	Goodwill
Cost						
June 30, 2021	$ 24,795	$ 14,495	$ 87,652	$ —	$ 126,942	$ 18,944
Additions	—	—	21,818	—	21,818	—
Acquired through business combinations (note 4)	—	53,000	20,400	13,100	86,500	93,448
Write-off of assets	—	—	(208)	—	(208)	—
Exchange differences	—	—	—	—	—	(23)
June 30, 2022	**$ 24,795**	**$ 67,495**	**$ 129,662**	**$ 13,100**	**$ 235,052**	**$ 112,369**
Additions	—	—	21,975	—	21,975	—
Reclassification to asset held for sale	—	—	(1,223)	—	(1,223)	—
Write-off of assets	—	—	(13)	—	(13)	—
Exchange differences	—	—	—	—	—	(2)
June 30, 2023	**$ 24,795**	**$ 67,495**	**$ 150,401**	**$ 13,100**	**$ 255,791**	**$ 112,367**
Accumulated amortization						
June 30, 2021	$ 17,710	$ 5,575	$ 30,311	$ —	$ 53,596	$ —
Amortization	3,542	2,470	18,109	491	24,612	—
Exchange differences	—	—	—	—	—	—
June 30, 2022	**$ 21,252**	**$ 8,045**	**$ 48,420**	**$ 491**	**$ 78,208**	**$ —**
Amortization	3,542	5,246	22,056	1,323	32,167	—
Impairment	—	—	1,283	—	1,283	—
Reclassfication to asset held for sale	—	—	(396)	—	(396)	—
Exchange differences	—	—	—	—	—	—
June 30, 2023	**$ 24,794**	**$ 13,291**	**$ 71,363**	**$ 1,814**	**$ 111,262**	**$ —**
Net book value						
June 30, 2023	**$ 1**	**$ 54,204**	**$ 79,038**	**$ 11,286**	**$ 144,529**	**$ 112,367**
June 30, 2022	$ 3,543	$ 59,450	$ 81,242	$ 12,609	$ 156,844	$ 112,369

No goodwill was recognized on WMGT acquisition. The Company performed a goodwill impairment test as at June 30, 2023, and noted the recoverable amounts of its CGUs were higher than their carrying values. The recoverable amount of the CGUs were determined based on value in use, which was calculated using key assumptions, including a five-year forecast period, 2.0% terminal growth rate and a discount rate of 15.8%. A reasonable change in these assumptions would not have resulted in impairment.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

11. Accrued liabilities and other payables

	June 30, 2023	June 30, 2022
Accrued payroll and employee benefits	**42,183**	20,597
Unearned tooling revenue	**91,180**	33,959
Tooling-related accruals	**13,732**	8,270
Income tax payable	**10,201**	1,470
Current portion of derivative liability	**2,378**	2,406
Consulting and legal accrual	**10,509**	7,882
WMGT holdbacks and earn-out	**13,759**	—
Other	**32,812**	23,696
Total accrued liabilities and other payables	**$ 216,755**	$ 98,280

Unearned tooling revenue relates to advance consideration received for tooling contracts, for which revenue recognition criteria are not met at the reporting date. During the year ended June 30, 2023, the Company recognized $22,366 (2022: $11,619) of revenues that were included in unearned tooling revenue liability at the beginning of the year.

12. Provisions

The following table provides a continuity of the provision balances for the twelve months ended June 30, 2023 and the year ended June 30, 2023:

	Notes	Provisions
June 30, 2021		$ 16,063
Additions during the year		11,252
Utilized		(2,389)
Reversals		(7,197)
Acquired through business combinations	*4*	6,704
Exchange differences		(301)
June 30, 2022		**$ 24,132**
Additions during the year		10,261
Utilized		(6,613)
Reversals		(13,311)
Acquired through business combinations	*4*	2,474
Exchange differences		167
June 30, 2023		**$ 17,110**

As at June 30, 2023 and June 30, 2022, provisions include estimated amounts owed as a result of modifications to contractual terms of customer contracts, warranties, and onerous contract provisions relating to certain tooling contracts.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

13. Long-term debt

	Maturity	June 30, 2023	June 30, 2022
Revolving credit facilities	February 24, 2027	245,000	400,000
Term debt facility	February 24, 2027	185,000	—
Unamortized deferred financing costs on term debt facility		(1,210)	—
Total long-term debt		**$ 428,790**	$ 400,000

On February 24, 2022, to facilitate the financing of the acquisitions of dlhBOWLES and Etzel, the Company amended its Credit Agreement with syndicate of lenders to increase the size of its Credit Facilities to $550,000, inclusive of two swingline facilities in the aggregate amount of $23,000 and a Revolving Facility B amounting to $50,000. As at June 30, 2022, no amount was drawn on Revolving Facility B. The Company also extended the maturity of its Credit Agreement to February 2027 for all facilities except Revolving Facility B, which was available until February 2023. As part of the amendment, the Company also changed its interest rate benchmark from London Interbank Offered Rate ("LIBOR") to Secured Overnight Financing Rate ("SOFR").

During the year ended June 30, 2022, the Company acquired a loan of $21,376 as part of its acquisition of Etzel. The loan was repaid by the Company immediately after the close of the transaction.

On December 5, 2022, to facilitate the financing of the acquisition of WMGT, the Company amended its Credit Agreement with the syndicate to include a non-revolving Term Facility, under which the Company withdrew the maximum amount of $185,000 upon the closing of WMGT acquisition. Concurrently, the Company merged Revolving Facility A and Revolving Facility B into a combined Revolving Facility within the amendment, inclusive of two swingline facilities in the aggregate amount of $550,000. Both the Term Facility and Revolving Facility mature in February 2027.

On April 25, 2023, the Company amended its Credit Agreement with syndicate to add a $10,000 swingline facility under the Revolving Facility, bringing the total aggregate amount of the swingline facilities to $33,000. The total size of Credit Facilities remained $550,000.

For the revolving credit facilities, the Company incurred $756 of financing fees during the the year ended June 30, 2023 (2022: $2,630) which were capitalized as deferred financing costs and included in other long-term assets. The unamortized deferred financing costs related to the revolving credit facilities are amortized straight-line over the term of the underlying Credit Agreement. As at June 30, 2023, the unamortized deferred financing costs related to the revolving credit facilities were $2,490 (June 30, 2022: $2,363).

For the term debt facility, the Company incurred $1,325 of financing fees during the year ended June 30, 2023 (2022: $nil), which were capitalized as deferred financing costs, offsetting the term debt balance and amortized using the effective interest method over the term of the underlying Credit Agreement.

As at June 30, 2023, the Company had aggregate amounts outstanding under the Credit Facilities of $430,000, maturing February 24, 2027. As at June 30, 2023, the Company had $118,364 available on its Credit Facilities subject to covenant limitations.

Borrowings under the Credit Facilities bear interest at short-term floating rates plus a fixed spread, which varies in accordance with the Company's Total Net Debt to EBITDA Ratio (as defined in the Credit Agreement). The Company has hedged a portion of this interest rate position (refer to note 25). As at June 30, 2023, the average interest rate on the Credit Facilities was 8.26% (June 30, 2022: 3.89%) and $1,636 (June 30, 2022: $1,965) of letters of credit were issued against the Credit Facilities.

The Credit Facilities require the Company to maintain certain financial covenants and contain other covenants that, subject to certain exceptions, restrict the ability of the Company and its subsidiaries to create security interests, incur additional indebtedness or dispose of all or substantially all of its assets. As at June 30, 2023, the Company was in compliance with its covenants.

The Credit Facilities are collateralized by a security agreement over the property and assets of a majority of the wholly-owned subsidiaries of the Company.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

The following table provides a continuity of the long-term debt balances:

	Notes		Long-term debt
June 30, 2021		**$**	**280,000**
Net drawings on revolving credit facilities			120,000
Loan acquired on Etzel acquisition	*4*		21,376
Repayment of acquired loan	*4*		(21,376)
June 30, 2022		**$**	**400,000**
Net payments on revolving credit facilities			(155,000)
Drawings on term facility			185,000
Increase in deferred financing costs			(1,325)
Amortization of deferred financing costs			115
June 30, 2023		**$**	**428,790**

14. Lease liabilities

The Company enters into lease arrangements for certain premises and machinery and equipment. The following table provides a continuity of the lease liability balances for the years ended June 30, 2023 and 2022:

		Lease liabilities
June 30, 2021	**$**	**166,751**
Additions		4,535
Acquired through business combinations (note 4)		24,962
Modifications/Reassessments		7,181
Payments[1]		(25,438)
Accretion		13,969
Termination of leases		(1,994)
Exchange differences		(939)
June 30, 2022		**189,027**
Additions		93,977
Acquired through business combinations (note 4)		286
Modifications/Reassessments		89,412
Payments[1]		(29,625)
Accretion		18,302
Termination of leases		(1,353)
Exchange differences		80
June 30, 2023		**360,106**
Less: Current portion	$	7,874
Non-current portion	$	352,232

1. Excludes sublease receipts of $891 for the year ended June 30, 2023 (2022: $311).

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

Principal repayments of lease liabilities as at June 30, 2023 are as follows:

Payments:		
Within one year	$	36,604
1 - 3 years		70,424
3 - 5 years		71,003
Thereafter		563,694

15. Capital stock

15.1. Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without nominal or par value.

On January 11, 2022, the Company closed a private placement with certain investment funds managed by affiliates of Apollo Global Management, Inc. ("Apollo") and Oaktree. An aggregate of 5,253,642 common shares of the Company were issued at a price per common share of the USD equivalent of CAD$5.83. The Company raised gross proceeds of $24,157 from the private placement.

On January 12, 2022, the Company launched a rights offering, pursuant to which each holder of common shares as at January 19, 2022 received one right to purchase one common share (a “Rights Share”) at a subscription price of CAD$5.83 per Rights Share. The Company closed the rights offering on February 15, 2022, and an aggregate of 57,790,064 common shares of the Company were issued at the close. The Company raised gross proceeds of $265,184 from the rights offering. The Company incurred issuance costs of $488 for the private placement and rights offering.

	Common Shares		
	Number of shares		**$**
As at June 30, 2021	52,522,392	$	2,991
Shares issued upon closing of rights offering, net of issuance cost	57,790,064		264,696
Shares issued upon closing of private placement, net of issuance cost	5,253,642		24,157
Shares issued upon redemption of RSUs	14,030		116
As at June 30, 2022	115,580,128	$	291,960
Shares issued upon redemption of RSUs	90,175		587
As at June 30, 2023	**115,670,303**	**$**	**292,547**

15.2. Stock Options and RSUs

Subsequent to the closing of its initial public offering ("IPO"), the Company established the Omnibus Plan to attract, retain and motivate key employees and consultants, align the interest of such individuals with Company's shareholders and encourage ownership of the Company's common shares by such individuals. The total number of common shares that can be issued upon the exercise of stock options and redemption of restricted share units ("RSUs") will not exceed 6,040,075.

Stock Options

The number and the timing of the stock options granted to employees is determined by the Board of Directors. The exercise price per share with respect to each stock option is also determined by the Board of Directors but cannot be less than the closing price on the day immediately preceding the day on which the stock option is granted. Stock options vest over a period of three years. Stock options granted under the plan may be exercised during a period not exceeding ten years from the grant date subject to earlier termination due to employment termination, death or disability.

Changes in the number of share options with their weighted average exercise price per options are summarized below:

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

	Options		Weighted Average exercise price (CAD$)
Share options outstanding as at June 30, 2021	1,094,698		10.00
Granted	10,282		10.00
Forfeited	(220,688)		10.00
Share options outstanding as at June 30, 2022	884,292	$	10.00
Forfeited	(720,397)		10.00
Share options outstanding as at June 30, 2023	**163,895**	**$**	**10.00**
Vested share options as at June 30, 2023	61,839	$	10.00

The Company uses the Black-Scholes-Merton option pricing model to calculate the fair value of options at the date of grant. The weighted-average assumptions used in the model to determine the fair value of the share options granted are as follows:

Risk-free interest rate	1.23%
Expected life of options	10 years
Expected dividend yield	1.50%
Expected volatility	35.12%
Share price (USD - $7.87 per option)	CAD $10.00
Exercise price (USD - $7.87 per option)	CAD $10.00

Expected volatility was determined based upon the historical average volatility of comparable public companies. The fair value of the options is recognized as share-based compensation expense over the vesting period. During the year ended June 30, 2023, the Company recorded a reversal of $750 (2022: expense of $1,005) related to stock options as share-based compensation within selling, general and administrative expenses.

Restricted share units

RSUs are issued by the Board of Directors pursuant to the Omnibus Plan and are generally equity-settled. RSUs vest over a three-year period subject to the participant's continued employment. The initial fair value of the RSUs is measured as the number of units granted multiplied by the share price on grant date and is subsequently recognized as share-based compensation expense over the vesting period.

Changes in the number of RSUs are summarized below:

	Units
RSUs outstanding as at June 30, 2021	605,022
Granted	8,675
Forfeited	(103,112)
Redeemed as share capital or paid in cash	(38,903)
RSUs outstanding as at June 30, 2022	471,682
Forfeited	(286,054)
Redeemed as share capital	(90,175)
RSUs outstanding as at June 30, 2023	**95,453**
Vested RSUs as at June 30, 2023	3,252

During the year ended June 30, 2023, the Company recorded a reversal of $653 (2022: expense of $1,233) related to RSUs as share-based compensation within selling, general and administrative expenses.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

15.3. Deferred share units ("DSUs")

Effective February 22, 2021, a directors' deferred share unit plan was adopted by the Board of Directors, allowing non-employee directors to receive a portion of their remuneration in the form of DSUs. The DSUs vest immediately at the time of the grant and are entitled to be paid in cash upon the director's departure from service.

Changes in the number of DSUs are summarized below:

	Units
DSUs outstanding as at June 30, 2021	124,254
Granted	107,765
Redeemed	(102,529)
DSUs outstanding as at June 30, 2022	129,490
Granted	199,368
Redeemed	(28,108)
DSUs outstanding as at June 30, 2023	**300,750**

During the year ended June 30, 2023, the Company recorded an expense of $858 (2022: $338) related to DSUs as share-based compensation within selling, general and administrative expenses.

15.4. ABC Group Canada LP Equity Incentive Plan

ABC LP has an equity structure comprised of Class A interests, owned by an investment fund managed by Cerberus, and Class P interests, held by certain directors and officers of the Company and others. The Class P interests are entitled to receive a proportionate share of distributable profits of ABC LP after the Class A interest holders have received distributions ("ABC LP Equity Incentive Plan"), in aggregate, equal to (a) the capital contributions represented by the Class A interests and (b) 10% per annum compounded rate of return in respect of (a). Although the ABC LP Equity Incentive Plan is considered a group-based payment plan, the Company does not have obligations to either participants or to ABC LP under the plan. Therefore, no amounts related to the ABC LP Plan have been recorded in the Company's consolidated financial statements as at June 30, 2023. ABC LP is no longer affiliated with the Company as of November 10, 2021.

15.5. Value Creation Plan

The Company has a Value Creation Plan ("VCP") to motivate and retain certain individuals to contribute to the attainment of the long-term performance goals of the Company and ABC LP. Pursuant to the terms of the VCP, eligible participants may be issued units ("Participant Units") to receive certain cash distributions from a designated pool (the "VCP Pool") based on net cash distributions from ABC LP Plan over an established threshold amount. The Participant Units are non-voting and are not convertible into any equity or voting securities. During the year ended June 30, 2023, no distributions (2022: $2,363) were made from the VCP Pool. As at June 30, 2023, the VCP Pool has a balance of $nil (June 30, 2022: $nil).

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

16. Selling, general and administrative expense

	Notes	For the year ended June 30, 2023	2022
Wages and benefits		**$ 71,038**	$ 49,365
Professional fees		**9,102**	9,868
Depreciation and amortization		**35,460**	27,751
Business transformation related costs		**47,868**	16,967
Information technology		**8,606**	6,644
Foreign exchange gain		**(3,797)**	152
Travel expense		**2,421**	1,222
Bank and payroll service charges		**2,283**	1,600
Directors' and officers' insurance expense		**2,792**	2,877
Transactional, recruitment, and other bonuses		**1,020**	2,374
Continental payment	*4*	**11,076**	—
Share-based compensation expense (reversal)		**(545)**	2,576
Other		**8,790**	7,154
Total selling, general, and administrative expense		**$ 196,114**	$ 128,550

During the year ended June 30, 2023, $16,566 (2022: $438) of the business transformation related costs were incurred by the Company in relation to severance and asset relocation expenses, which were driven by the restructuring activities undertaken by the Company during the periods. In addition, during the year ended June 30, 2023, $18,620 (2022: $10,283) of business transformation related costs were incurred in connection with the ongoing work to evaluate potential acquisition targets and $8,381 (2022: $7,045) of consulting and legal costs were incurred for business transformation.

17. Government grants

In response to COVID-19, many governments around the world provided various subsidy programs to assist companies during the pandemic. The Company has received government assistance in regions where such assistance is available and where the Company is eligible for the subsidy programs.

During the year ended June 30, 2023, the Company qualified for and received financial assistance of $6,598 (2022: $nil) under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in the United States, which was intended to provide direct financial assistance to businesses for the continuation of payments of employees' wages, salaries and benefits through the Employee Retention Tax Credit. This benefit was recorded as a deduction to the related expenses under cost of goods sold and selling, general and administrative expenses of $1,952 and $4,646 respectively..

18. Investment in joint ventures

During fiscal 2022, the Company noted indicators of impairment for its 50% interest in ABC INOAC Exterior Systems, LLC, a spoiler and body molding manufacturer with painting capabilities located in the United States. In light of significant cost increases in recent periods and a change in market conditions, an impairment test of its investment in the joint venture was performed in accordance with IAS 36 - Impairment of Assets. As a result, the Company recorded an impairment loss of $20,797 in the consolidated statement of comprehensive income (loss) for the amount by which the carrying amount exceeded the recoverable amount. On January 18, 2023, the Company entered into a definitive agreement to sell its 50% interest in ABC INOAC Exterior Systems, LLC for $10,000. The transaction closed on February 1, 2023 and no gain or loss was recorded on disposition.

On January 18, 2023, the Company also entered into a definitive agreement to sell its 50% interest in ABC INOAC Exterior Systems Inc., a spoiler and body molding manufacturer with painting capabilities located in Canada and Mexico, for $13,000. The transaction closed on February 1, 2023 and a gain on disposition of $8,772 was recorded in the consolidated statement of comprehensive income (loss).

On May 18, 2023, the Company entered into a definitive agreement to sell its 50% interest in Ningbo ABC INOAC Huaxiang Automotive Parts Co. Ltd. ("INOAC Huaxiang") for 60,000 RMB ($8,432). INOAC Huaxiang is a manufacturer of HVAC systems, fluid management systems and flexible products based in Ningbo, China. The transaction closed on May 18, 2023 and a gain on disposition of $2,277 was recorded in the consolidated statement of comprehensive income (loss).

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

On May 31, 2023, the Company entered into a definitive agreement to sell its 50% interest in ABCOR Filters Inc. for CAD$3,807 ($2,898). ABCOR Filters Inc. is a manufacturer of filters for air induction systems based in Toronto, Canada. The transaction closed on May 31, 2023 and a gain on disposition of $870 was recorded in the consolidated statement of comprehensive income (loss).

19. Finance expense

	For the year ended June 30,			
		2023		**2022**
Financing cost on long-term debt	**$**	**26,117**	$	15,989
Trade receivables factoring charges		**6,761**		1,945
Amortization of deferred financing costs[1]		**767**		279
Interest on lease liability, net of interest income on subleases[2]		**17,622**		13,629
Other finance expense (income)		**748**		(260)
Total finance expense	**$**	**52,015**	$	31,582

1. The corresponding financing fees are capitalized as deferred financing costs included in other long-term assets for the revolving credit facilities and long-term debt for the term debt facility.
2. Interest income on subleases for the year ended June 30, 2023 was $680 (2022: $340).

20. Income taxes

The major components of the provision for (recovery of) income taxes for the years ended June 30, 2023 and 2022 are as follows:

Consolidated statement of comprehensive income

	For the year ended June 30,			
		2023		**2022**
Current income tax				
Current income tax expense	**$**	**25,981**	$	9,549
Adjustments in respect of income tax of previous year		—		836
		25,981		10,385
Deferred income tax				
Adjustments in respect of deferred income tax of previous year		**(4,821)**		—
Relating to origination and reversal of temporary differences		**(27,061)**		(32,833)
Provision for income taxes	**$**	**(5,901)**	$	(22,448)

Reconciliations between the provision for income taxes and the product of accounting earnings multiplied by the Company’s domestic tax rate for the years ended June 30, 2023 and 2022 are as follows:

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

	2023	2022
Loss before income tax	**$ (52,780)**	$ (86,988)
At ABC's statutory income tax rate of 26.5% (2022: 26.5%)	**(13,987)**	(23,052)
Adjustments in respect to income tax of previous years	**(4,821)**	(10,942)
Losses not benefited	**5,681**	1,272
Non-deductible expenses (recoveries) for tax purposes	**1,190**	8,634
Effect of foreign tax rates in other tax jurisdictions	**2,562**	1,463
Reversal of prior year items recognized for tax	**(264)**	0
Witholding tax expense	**3,713**	—
Other	**25**	177
At the effective income tax rate of 11.18% (2022: 25.81%)	**$ (5,901)**	$ (22,448)

Deferred tax

Deferred tax assets (liabilities) relate to the following:

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income		Translation and other	
	2023	2022	2023	2022	2023	2022
Accelerated depreciation for tax purposes on property, plant and equipment	**$ (17,051)**	$ (33,917)	**$ (16,533)**	$ (2,019)	**$ (333)**	$ 9,722
Accelerated amortization for tax purposes on other assets	**(28,093)**	(30,004)	**(2,727)**	291	**816**	12,283
Right-of-use assets	**4,768**	3,253	**(1,515)**	(273)	**—**	—
Liabilities currently not deductible for tax	**15,344**	18,596	**9,579**	(11,613)	**(6,327)**	(1,091)
Revaluation of derivative financial instruments	**(1,007)**	(2,093)	**(3,032)**	(877)	**1,946**	441
Deferred financing costs	**832**	1,364	**532**	669	**—**	—
Losses available for offsetting against future taxable income	**21,897**	19,032	**277**	(6,242)	**(3,142)**	—
Other	**18,580**	117	**(18,463)**	(12,769)	**—**	8,461
Deferred tax expense (recovery)			**$ (31,882)**	$ (32,833)	**$ (7,040)**	$ 29,816

	2023	2022
Deferred income tax assets (liabilities), net	**$ 15,270**	$ (23,652)
Reflected in the consolidated statement of financial position as follows:		
Deferred income tax assets	**$ 30,255**	$ 9,445
Deferred income tax liabilities	**(14,985)**	(33,097)
Deferred income tax assets (liabilities), net	**$ 15,270**	$ (23,652)

As at June 30, 2023, the Company has accumulated approximately $103,277 (2022: $77,252) in non-capital losses to reduce taxable income in future years. If unused, these losses will expire as follows:

Year	
Within one year	$ 603
1 - 5 years	8,755
Thereafter (until 2042)	55,012
Indefinite	38,907
	$ 103,277

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

As at June 30, 2023, tax losses of $21,417 (2022: $18,958) in foreign jurisdictions and unrealized foreign exchange losses of $nil (2022: $2,824) have not been recognized in the consolidated financial statements.

The amount of temporary differences associated with investments in subsidiaries (outside basis) for which deferred tax liabilities have not been recognized in the consolidated financial statements is $nil as at June 30, 2023 (2022: $21,937).

21. Segmented information

The Company's sales depend primarily upon light vehicle production in the North American market and the rest of the world. OEM production volumes in each of these regions may be impacted by a number of geographic factors, including general economic conditions, interest rates, consumer credit availability, fuel prices and availability, supply of component parts and assemblies, infrastructure, legislative changes, environmental emission and safety issues, and labor and/or trade relations.

Given the differences between the regions in which the Company operates, the Company's segments are segregated on a geographic basis between North America and Rest of World, which is how the Chief Executive Officer, who is the Company's chief operating decision maker ("CODM"), reviews results to assess performance and make decisions about resource allocation. The Rest of World segment includes operating segments that are not individually reportable. In addition, given that the CODM regularly reviews the operating results and performance of the equity-accounted joint ventures and is responsible for making resource allocation decisions to the joint ventures, the Company has also identified its joint ventures as a segment.

The following financial information is presented by segment from the consolidated financial statements:

For the year ended June 30, 2023	North America	Rest of World	Joint Ventures[1,4]	Total	Adjustments[2]	Total Reportable Segments
Revenue						
External customers[3]	$ 1,279,654	$ 153,040	$ 91,700	$ 1,524,394	$ (91,700)	$ 1,432,694
Inter-segment revenues	6,016	—	6,671	12,687	(12,687)	—
Total revenue	**$ 1,285,670**	**$ 153,040**	**$ 98,371**	**$ 1,537,081**	**$ (104,387)**	**$ 1,432,694**
Capital additions	$ 80,052	$ 4,832	$ 1,889	$ 86,773	$ (1,889)	$ 84,884
Operating income (loss)[4]	14,174	(2,607)	(8,899)	2,668	(3,433)	(765)

As at June 30, 2023	North America	Rest of World	Joint Ventures[1,4]	Total	Adjustments[2]	Total Reportable Segments
Total assets	$ 1,486,505	$ 186,251	$ —	$ 1,672,756	$ (68,184)	$ 1,604,572
Total liabilities	1,204,068	145,373	—	1,349,441	(68,184)	1,281,257

1. The joint venture segment is presented on a 50% basis, which corresponds to the Company's proportionate share of ownership in the joint ventures. The Company disposed of all of its interest in joint ventures during the year ended June 30, 2023. Refer to note 18 for details.
2. The adjustments and eliminations include the reversal of the joint ventures at 50%.
3. For the year ended June 30, 2023, external customer revenues include $82,955 of tooling revenues for the Company, excluding the joint ventures.
4. For the year ended June 30, 2023, operating income (loss) includes a gain on disposal of $11,918 and an impairment loss of $20,797 on the Company's investment in joint venture. Refer to note 18 for details.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

For the year ended June 30, 2022	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[2]	Total Reportable Segments
Revenue						
External customers[3]	$ 895,686	$ 76,192	$ 126,860	$ 1,098,738	$ (126,860)	$ 971,878
Inter-segment revenues	12,148	858	7,870	20,876	(20,876)	—
Total revenue	**$ 907,834**	**$ 77,050**	**$ 134,730**	**$ 1,119,614**	**$ (147,736)**	**$ 971,878**
Capital additions	$ 40,815	$ 3,002	$ 4,960	$ 48,777	$ (4,960)	$ 43,817
Operating loss	(41,622)	(14,282)	875	(55,029)	(377)	(55,406)

As at June 30, 2022[4]	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[2]	Total Reportable Segments
Total assets	$ 1,111,656	$ 161,013	$ 97,828	$ 1,370,497	$ (92,424)	$ 1,278,073
Total liabilities	860,938	81,527	52,272	994,737	(92,424)	902,313

1. The joint venture segment is presented on a 50% basis, which corresponds to the Company's proportionate share of ownership in the joint ventures.
2. The adjustments and eliminations include the reversal of the joint ventures at 50%.
3. For the year ended June 30, 2022, external customer revenues include $77,417 of tooling revenues for the Company, excluding the joint ventures.
4. Amounts as at June 30, 2022 were revised as a result of the finalization of purchase price allocations. Refer to note 4 for details.

For the year ended June 30, 2023, the Company's three largest customers account for 50.1%, 14.1% and 11.1% of total revenue across all segments (2022: 50.8%, 12.5% and12.0%).

The Company operates in the following main geographical areas:

Revenue[1] for the year ended	Canada	United States	Mexico	Rest of World	Consolidated
June 30, 2023	$ 313,197	$ 599,373	$ 367,084	$ 153,040	$ 1,432,694
June 30, 2022	261,043	368,219	266,424	76,192	971,878

Non-current assets[2] as at	Canada	United States	Mexico	Rest of World	Consolidated
June 30, 2023	$ 295,099	$ 450,960	$ 221,878	$ 88,528	$ 1,056,465
June 30, 2022[3]	218,179	400,647	149,539	92,172	860,537

1. Revenue is allocated based on the country in which the order is received.
2. Non-current assets include property, plant, and equipment, right-of-use assets, intangible assets, and goodwill.
3. Amounts as at June 30, 2022 were revised as a result of the finalization of purchase price allocations. Refer to note 4 for details.

22. Commitments and contingencies

Commitments

The Company has committed to purchase, within the next 12 months, machinery and equipment for $52,926. The Company also has an existing commitment to pay holdbacks and earn-outs with respect to the acquisition of WMGT, subject to finalization of amounts. Refer to note 4 for details.

Contingencies

From time to time, the Company becomes involved in claims and litigations as part of its normal course of business. While the final outcome thereof cannot be predicted, based on the information currently available, the Company does not believe that the claims and litigations will have a material impact on the Company's consolidated financial statements.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

23. Related party transactions

23.1 Transactions with joint ventures

The following table provides the total amount of transactions that have been entered into with the joint ventures:

	For the year ended June 30, 2023		For the year ended June 30, 2022	
	Purchases from JVs	Sales to JVs	Purchases from JVs	Sales to JVs
Joint venture in which the Company is a venturer:				
ABC INOAC Exterior Systems Inc.[1]	$ 4,420	$ 7,450	$ 7,497	$ 16,113
ABC INOAC Exterior Systems, LLC[1]	1,256	11,791	431	9,330
ABCOR Filters[1]	7,666	—	7,812	8
INOAC Huaxiang[1]	—	18	—	108

	As at June 30, 2023		As at June 30, 2022	
	Trade payables to JVs	Trade receivables from JVs	Trade payables to JVs	Trade receivables from JVs
Joint venture in which the Company is a venturer:				
ABC INOAC Exterior Systems Inc.[1]	$ —	$ —	$ 1,305	$ 4,619
ABC INOAC Exterior Systems, LLC[1]	—	—	128	5,147
ABCOR Filters[1]	—	—	1,035	81
INOAC Huaxiang[1]	—	—	—	126

1. The Company disposed of its interests in ABC INOAC Exterior Systems Inc., ABC INOAC Exterior Systems, LLC on February 1, 2023, in INOAC Huaxiang on May 18, 2023 and in ABCOR Filters on May 31, 2023. Accordingly, the purchases from JVs and sales to JVs above only include amounts until the respective dates of disposition. Refer to note 18 for details.

Receivables from joint ventures are non-interest bearing. During the year ended June 30, 2023, the Company received dividends from ABCOR Filters and INOAC Huaxiang in the amounts of $nil and $1,304, respectively (2022: $552, and $1,332, respectively).

23.2 Compensation of key management personnel of the Company

Key management personnel include senior executives and officers of the Company that are primarily responsible for planning, directing and controlling the Company's business activities.

The compensation expense associated with key management personnel are as follows:

	For the year ended June 30, 2023	2022
Compensation and other short-term benefits	**$ 6,451**	$ 3,657
Share-based payments	**679**	1,117
Total	**$ 7,130**	$ 4,774

The amounts disclosed above were recognized as an expense during the reporting period related to key management personnel.

24. Loss per share

Basic and diluted loss per share are calculated by dividing the net loss attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The impact of the options and RSUs outstanding were not considered in the calculation of diluted loss per share for the years ended June 30, 2023 and 2022, as they were anti-dilutive.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

	For the year ended June 30,	
	2023	**2022**
Net loss	**$ (46,879)**	$ (64,540)
Weighted average number of ordinary shares	**115,645,891**	76,356,040
Loss per share - basic and diluted	**$ (0.41)**	$ (0.85)

25. Financial instruments

25.1 Financial assets

Cash and trade and other receivables are non-derivative financial assets carried at amortized cost. The fair value may be affected by changes in the credit risk of the counterparties.

25.2 Financial liabilities

Financial liabilities at amortized cost are initially measured at fair value less transaction costs. The difference between the initial carrying amount and the settlement value is recognized in profit or loss over the duration of the contract using the effective interest rate method.

25.3 Fair values

Management assessed that the fair values of cash, trade and other receivables, trade payables, and other payables approximate their carrying values largely due to the short-term maturities of these instruments.

The Company measures its derivative financial instruments at fair value. The following table provides the fair value, determined as at June 30, 2023 and June 30, 2022, and fair value measurement hierarchy of these derivative financial instruments:

	June 30, 2023	June 30, 2022	Fair value hierarchy
Derivative assets (liabilities)			
Derivatives designated as cash flow hedging instruments:			
Interest rate swaps – USD SOFR	**$ 2,171**	$ 2,630	Level 2
Foreign exchange forward contracts – CAD	**(2,441)**	(3,255)	Level 2
Foreign exchange forward contracts and collars – Mexican Peso ("MXN")	**4,296**	5,619	Level 2
Derivatives not designated as hedging instruments:			
Barrier currency options – CAD	**—**	(567)	Level 2
Foreign exchange forward contracts – EUR	**—**	3,946	Level 2
Total derivative assets (liabilities), net	**$ 4,026**	$ 8,373	
Earn-outs[2]	**$ 300**	$ —	Level 3
Total current derivative assets, net[1]	**$ 3,791**	$ 5,830	
Total non-current derivative assets (liabilities), net	**$ 235**	$ 2,543	
Current portion of earn-outs[2]	**$ 240**	$ —	
Non-current portion of earn-outs[2]	**$ 60**	$ —	

1. Current derivative assets are included in prepaid expenses and other. Current derivative liabilities are included in accrued liabilities and other payables.
2. The current portion of earn-outs are included in accrued payables and other liabilities. The non-current portion of earn-outs are included in other long-term liabilities. Refer to note 4 for details on the earn-outs.

The Company enters into derivative financial instruments with large Canadian financial institutions that have investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and collars are valued using techniques that employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. Changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and the fair value recognized on derivative financial instruments.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

25.4 Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise long-term debt, trade payables, and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management manages the financial risks and develops the appropriate financial risk governance framework for the Company. The Company's senior management reports to the Board of Directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by a specialist team that has the appropriate skills and experience, under the supervision of senior management with final approval from the Board of Directors. It is the Company's policy that it does not trade in derivatives for speculative purposes.

The policies for managing each of these risks are summarized below:

25.4.1 Hedging activities and derivatives

Foreign currency contracts

The Company uses revenue denominated in foreign currency and foreign exchange forward contracts and collars to manage some of its exposure on foreign currency denominated transactions. The foreign exchange forward contracts and collars are entered into for periods consistent with foreign currency exposure of the underlying transactions. The Company applies a hedge ratio of 1:1.

The notional amounts and maturities of the derivative financial instruments as at June 30, 2023 are detailed below.

	Maturity			
	Less than 3 months	3–12 months	1–5 years	Total
Derivatives designated as hedging instruments:				
Foreign currency forwards				
CAD	$ 21,455	$ 57,981	$ 158,219	**$ 237,655**
Average USD-CAD exchange rate	1.28	1.28	1.31	
Foreign currency forwards				
MXN	$ 6,990	$ 20,339	$ 39,511	**$ 66,840**
Average USD-MXN exchange rate	19.31	19.91	19.59	

The Company designates certain of its USD-CAD foreign currency forwards as cash flow hedges and assessed them to be effective. The Company recorded the following gains and losses relating to these hedges:

	For the year ended June 30,	
	2023	2022
Unrealized loss in OCI	**$ (2,782)**	$ (6,270)
Realized gain (loss) recognized in profit or loss	**(4,555)**	982
Gain (loss) recycled from OCI to profit or loss	**(44)**	853
Gain (loss) recycled from OCI to inventories	**(287)**	676

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

The Company monetized certain of its USD-CAD foreign currency contracts and reentered at the market rate during the year ended June 30, 2022 and received net proceeds of $8,568 as a result of the monetization. There were no monetizations during the year ended June 30, 2023. As the forecast transactions related to the monetized hedges are still probable, the gain deferred in OCI will be released when the original hedged transactions impact earnings. During the year ended June 30, 2023, the Company recycled a gain of $3,937 (2022: $946) from OCI to inventories. During the year ended June 30, 2023, the Company recycled a gain of $nil (2022: $631) from OCI to profit or loss.

The Company designates certain of its USD-MXN foreign currency forwards and collars as cash flow hedges and assessed them to be effective. The Company recorded the following gains and losses relating to these hedges:

	For the year ended June 30,	
	2023	**2022**
Unrealized gain in OCI	**$ 15,487**	$ 4,744
Realized gain recognized in profit or loss	**3,838**	2,661
Gain recycled from OCI to inventories	**4,530**	2,700

The Company monetized certain of its USD-MXN foreign currency contracts and reentered at the market rate. During the year ended June 30, 2023, the Company received net proceeds of $13,159 (2022: $1,493) as a result of the monetization. As the forecast transactions related to the monetized hedges are still probable, the gain deferred in OCI will be released when the original hedged transactions impact earnings. During the year ended June 30, 2023, the Company recycled a gain of $693 (2022: $966) from OCI to inventories.

Interest rate swaps

The Company uses interest rate swaps to hedge some of its exposure to floating interest rates. To maximize hedge effectiveness, the Company only hedges the risk in respect of benchmark interest rates and the credit risk spread on the hedged item is excluded. The Company applies a hedge ratio of 1:1.

As at June 30, 2023, the Company had interest rate swap agreements with a total notional amount of $225,000 (June 30, 2022: $225,000) whereby the Company pays a weighted average fixed interest rate of 3.90% (June 30, 2022: 1.48%) until maturity in February 2027. In return, the Company receives interest at a floating rate equal to 1-month USD SOFR on the total notional amount. During the year ended June 30, 2023, the Company amended the benchmark for the interest rates from LIBOR to SOFR.

The Company's interest rate swaps were designated as cash flow hedges and assessed to be effective. The following gains or losses were recorded in the Company's consolidated financial statements related to these swaps:

	For the year ended June 30,	
	2023	**2022**
Unrealized gain in OCI	**$ 3,319**	$ 4,901
Gain (loss) recycled from OCI to profit or loss	**4,051**	(3,116)

25.4.2 Other risks

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or an asset will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as commodity risk. Financial instruments and assets affected by market risk include cash, trade and other receivables, inventories, trade payables, accrued liabilities and other payables, long-term debt, and derivative financial instruments.

The sensitivity analyses in the following sections relate to the financial position as at June 30, 2023 and June 30, 2022.

Interest rate risk and sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligation with floating interest rates. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. At June 30, 2023, after taking into account the effect of interest rate swaps, approximately 53% (June 30, 2022: 56%) of the Company's borrowings were at a fixed rate of interest.

With all other variables held constant, an increase in interest rate of 50 basis points would have a negative impact on income (loss) before income tax for the year ended June 30, 2023 of $959 (2022: $612) on a hedged basis.

Foreign currency risk and sensitivity

ABC's functional currency is the USD. The Company also has transactions denominated in CAD and MXN because it sells into the Canadian and Mexican markets and purchases goods and services from Canada and Mexico. To a lesser extent the Company has transactions denominated in euros, Brazilian real, Polish zloty, Japanese yen and Chinese renminbi. As a result, changes in those currencies to USD exchange rates can impact ABC's business and results of operations, and result in foreign currency gains or losses.

The Company manages its foreign currency risk by using foreign currency derivatives to cover forecast purchase transactions that are expected to occur. When a foreign currency derivative is entered into for this purpose, the Company ensures the terms of the foreign currency derivative closely match the maturity dates of the hedged exposure.

Excluding the impact of hedge accounting, a 5% strengthening of the CAD against the USD would have decreased income (loss) before income tax for the year ended June 30, 2023 by approximately $243 (2022: $1,200). A 5% strengthening of the MXN against the USD would have decreased income (loss) before income tax for the year ended June 30, 2023 by approximately $2,164 (2022: $1,800). A weakening would have had the equal but opposite effect, on the basis that all other variables remain constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Commodity price risk and sensitivity

Management has developed and enacted a risk management strategy for commodity price risk and its mitigation. The Company's operations require the ongoing purchase and manufacture of resin and are affected by the price volatility of resin and its inputs.

A 5% increase in the price of resin (all other variables held constant) would have a negative impact on income (loss) before income tax for the year ended June 30, 2023 of $15,122 (2022: $10,669) and vice versa.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), from its deposits with banks and financial institutions and derivative financial instruments.

Trade receivables

Customer credit risk is subject to the Company's established policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored for collectability.

The aging analysis of trade receivables, based on days past due, is as follows:

	Total	Current and <30 days	30–60 days	61–90 days	>90 days[2]
As at June 30, 2023	**$ 155,000**	**$ 132,416**	**$ 15,301**	**$ 1,009**	**$ 6,274**
As at June 30, 2022[1]	122,192	114,611	1,691	1,161	4,729

1. The amounts as at June 30, 2022 were revised as a result of the finalization of purchase price allocations. Refer to note 4 for details.

2. Includes certain tooling related receivables that the Company will not receive until specific conditions are met. This is in normal course of business and there are no indications that these balances are not collectible.

An impairment analysis is performed at each reporting date on an individual basis for each customer. The calculation is based on actual incurred historical data and forward-looking information available. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company is exposed to concentration of risk with respect to trade receivables. As at June 30, 2023, the Company's three largest customers accounted for 14.1%, 14.0% and 5.4%, respectively, of all receivables owing (June 30, 2022: 20.2%, 5.9% and 5.6%, respectively).

Deposits with banks and financial institutions

Cash and derivative financial instruments are primarily held with large financial institutions with investment-grade credit ratings. The Company's maximum exposure to credit risk for deposits with banks and financial institutions and derivative financial instruments is their carrying amounts.

Liquidity risk

The Company is exposed to liquidity risk related to its ability to fund its operating expenses, working capital and capital expenditures, including its obligations as they become due. The Company has access to cash and the Credit Facilities and has the ability to sell a portion of its receivables. The Company monitors its cash balances daily. The Company's objective is to ensure that sufficient liquidity is on hand to fund its operations, including its obligations as they fall due, while minimizing finance expense.

Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified product portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Master netting and similar agreements

The Company enters into derivative transactions under International Swap and Derivatives Association (“ISDA”) master netting agreements. In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because the Company does not have any currently legally enforceable right to offset recognized amounts, because the right to offset is enforceable only on the occurrence of future events such as a default or other credit events.

(Expressed in thousands of United States dollars, except per share figures or when otherwise indicated)

The carrying amounts of recognized financial instruments that are subject to the above agreements have been measured in the consolidated statement of financial position at fair value, as follows:

June 30, 2023	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Interest rate swaps – USD SOFR	$ 2,796	$ —	$ —	$ 625
Foreign exchange forward contracts and collars – MXN	3,149	1,147	—	—
Foreign exchange forward contracts – CAD	224	675	2,378	962
Barrier currency options - CAD	—	—	—	—

June 30, 2022	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Interest rate swaps – USD SOFR	$ 2,630	$ —	$ —	$ —
Foreign exchange forward contracts and collars – MXN	1,623	3,996	—	—
Foreign exchange forward contracts – CAD	37	—	1,839	1,453
Foreign exchange forward contracts – EUR	3,946	—	—	—
Barrier currency options - CAD	—	—	567	—

25.4.3 Capital management

The Company's objectives in managing capital are to ensure sufficient liquidity is available to meet the Company's operational needs, to ensure compliance with covenants related to its Credit Facilities, and to minimize finance costs while taking into consideration current and future industry, market, and economic risks and conditions.

Management monitors forecast cash flows, capital expenditures, debt repayment and key credit metrics on an ongoing basis to manage its capital. The Company defines capital that it manages as the aggregate of its equity and long-term debt. In order to maintain a flexible capital structure, the Company, upon approval from its Board of Directors, may issue, repay, or modify long-term debt, issue shares, repurchase shares, or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as annual capital and operating budgets.

The Company is subject to certain covenants on its Credit Facilities. Refer to note 13 for discussion on covenants as at June 30, 2023.

26. Subsequent events

On September 05, 2023, the Company announced that it has entered into a definitive arrangement agreement (the "Arrangement Agreement") with AP IX Alpha Holdings (Lux) S.à.r.l. ("Alpha Holdings"), OCM Luxembourg OPPS XI S.à.r.l. ("OPPS XI") and OCM Luxembourg OPPS XB S.à.r.l. ("OPPS XB", and together with OPPS XI, the "Oaktree Funds" and together with Alpha Holdings, the "Purchasers"), pursuant to which the Purchasers, who own approximately 93.4% of the common shares of the Company (the "ABC Shares") in the aggregate intend to acquire all of the ABC Shares not already owned by them, subject to obtaining securityholder and other customary approvals (the "Transaction"). The Company intends to hold a special meeting of securityholders in October 2023, where the Transaction will be considered and voted upon by securityholders of record. Under the terms of the Arrangement Agreement, the Purchasers intend to acquire the ABC Shares that they do not currently own for CAD $6.75 in cash per ABC Share. Upon closing of the Transaction, the Purchasers intend to cause the ABC Shares to cease to be listed on the Toronto Stock Exchange and to cause the Company to submit an application to cease to be a reporting issuer under applicable Canadian securities laws.

On August 23, 2023, the Company announced it has entered into an agreement to acquire an automotive business, ("Plastikon Automotive"), from Plastikon Industries, Inc. for $130,000 (the "Plastikon Acquisition"). Plastikon Automotive's full-service portfolio ranges from the production of battery module housings, injection molding headliners, door assemblies, center console assemblies and cluster meters. The transaction is expected to close in the first quarter of fiscal 2024 subject to the satisfaction of customary closing conditions.

On August 17, 2023, to facilitate the financing of Plastikon Acquisition, the Company amended its Credit Agreement to include an additional non-revolving Term Facility of up to $140,000. No amendments were made to key terms.