ABC TECHNOLOGIES
INNOVATION IN PLASTICS & LIGHTWEIGHTING

Interim Condensed Consolidated Financial Statements

ABC Technologies Holdings Inc.

(previously ABC Group Holdings Parent Inc.)
For the three and nine months ended March 31, 2021
(unaudited)

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent Inc.)
Interim Condensed Consolidated Statement of Financial Position
(Expressed in thousands of United States dollars)

	Notes	March 31, 2021	June 30, 2020
Assets		(Unaudited)	
Current assets			
Cash		$ **48,847**	$ 74,058
Trade and other receivables	*3, 18*	**51,689**	44,958
Inventories	*4*	**75,911**	71,364
Prepaid expenses and other		**28,410**	30,748
Total current assets		**204,857**	221,128
Property, plant and equipment	*5*	**331,746**	343,135
Right-of-use assets	*6*	**153,603**	155,745
Intangible assets	*7*	**73,280**	75,701
Deferred income taxes		**—**	1,785
Investment in joint ventures		**49,395**	48,396
Derivative financial assets	*18*	**9,013**	—
Goodwill	*7*	**18,944**	18,944
Deferred financing costs for revolving credit facilities		**—**	1,901
Other long-term assets		**6,106**	4,400
Total non-current assets		**642,087**	650,007
Total assets		$ **846,944**	$ 871,135
Liabilities and equity			
Current liabilities			
Trade payables		$ **101,007**	$ 56,285
Accrued liabilities and other payables		**70,949**	67,915
Provisions	*8*	**17,257**	14,539
Current portion of long-term debt[1]	*9*	**—**	379,200
Current portion of lease liabilities	*10*	**9,636**	8,926
Total current liabilities		**198,849**	526,865
Long-term debt	*9*	**285,000**	—
Lease liabilities	*10*	**155,585**	153,842
Deferred income taxes		**29,092**	25,110
Derivative financial liabilities	*18*	**3,241**	18,747
Other long-term liabilities		**2,022**	1,732
Total non-current liabilities		**474,940**	199,431
Total liabilities		**673,789**	726,296
Equity			
Capital stock	*11*	**2,991**	2,991
Other reserves	*11*	**150**	—
Retained earnings		**164,373**	164,286
Foreign currency translation reserve and other		**(696)**	(2,323)
Cash flow hedge reserve, including cost of hedging	*18*	**6,337**	(20,115)
Total equity		**173,155**	144,839
Total liabilities and equity		$ **846,944**	$ 871,135

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

Approved on behalf of the Board of Directors: /s/ "*Todd Sheppelman*"
Todd Sheppelman
Director
President and Chief Executive Officer

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

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent Inc.)

Interim Condensed Consolidated Statement of Comprehensive Income

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

		For the three months ended March 31,		For the nine months ended March 31,	
		2021	**2020**	**2021**	**2020**
(Unaudited)	**Notes**				
Sales		**$ 217,926**	$ 239,338	**$ 737,656**	$ 740,889
Cost of sales	*12*	**186,983**	205,261	**610,650**	631,797
Gross profit		**30,943**	34,077	**127,006**	109,092
Selling, general and administrative	*12, 13*	**38,156**	16,985	**95,755**	65,343
Loss on disposal of assets		**15**	138	**479**	691
Loss (gain) on derivative financial instruments	*18*	**(128)**	3,024	**(2,130)**	3,060
Share of income of joint ventures		**(801)**	(1,190)	**(6,517)**	(8,439)
Operating income (loss)		**(6,299)**	15,120	**39,419**	48,437
Interest expense, net	*14*	**19,896**	9,545	**39,505**	22,088
Earnings (loss) before income tax		**(26,195)**	5,575	**(86)**	26,349
Income tax expense (recovery)					
Current		**1,142**	5,891	**3,844**	15,295
Deferred		**(6,642)**	(2,396)	**(4,017)**	(8,977)
Total income tax expense (recovery)		**(5,500)**	3,495	**(173)**	6,318
Net earnings (loss)		**$ (20,695)**	$ 2,080	**$ 87**	$ 20,031
Other comprehensive income (loss)					
Items that may be recycled subsequently to net earnings:					
Foreign currency translation of foreign operations and other		**(1,755)**	739	**1,627**	(402)
Cash flow hedges, net of taxes	*18*	**1,535**	(30,293)	**22,881**	(26,855)
Cash flow hedges recycled to net earnings, net of taxes	*18*	**639**	239	**2,416**	87
Other comprehensive income (loss)		**$ 419**	$ (29,315)	**$ 26,924**	$ (27,170)
Total comprehensive income (loss) for the period		**$ (20,276)**	$ (27,235)	**$ 27,011**	$ (7,139)
Earnings (loss) per share - basic and diluted	*17*	**$ (0.39)**	$ 0.04	**$ 0.00**	$ 0.38

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

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent Inc.)

Interim Condensed Consolidated Statement of Changes in Equity

(Expressed in thousands of United States dollars)

(Unaudited)	Notes	Capital stock	Other reserves	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve[1]	Total
June 30, 2019		**$ 2,991**	**$ —**	**$ 190,406**	**$ (732)**	**$ (2,981)**	**$ 189,684**
Net earnings		—	—	20,031	—	—	20,031
Other comprehensive loss:							
Foreign currency translation of foreign operations and other		—	—	—	(402)	—	(402)
Cash flow hedges, net of reclassification to net earnings, net of taxes	*18*	—	—	—	—	(26,768)	(26,768)
Cash flow hedges recycled to assets, net of taxes	*18*	—	—	—	—	661	661
March 31, 2020		**$ 2,991**	**$ —**	**$ 210,437**	**$ (1,134)**	**$ (29,088)**	**$ 183,206**
June 30, 2020		**$ 2,991**	**$ —**	**$ 164,286**	**$ (2,323)**	**$ (20,115)**	**$ 144,839**
Net earnings		—	—	87	—	—	87
Share-based compensation expense	*11*	—	150	—	—	—	150
Other comprehensive income:							
Foreign currency translation of foreign operations and other		—	—	—	1,627	—	1,627
Cash flow hedges, net of reclassification to net earnings, net of taxes	*18*	—	—	—	—	25,297	25,297
Cash flow hedges recycled to assets, net of taxes	*18*	—	—	—	—	1,155	1,155
March 31, 2021		**$ 2,991**	**$ 150**	**$ 164,373**	**$ (696)**	**$ 6,337**	**$ 173,155**

1. Cash flow hedge reserve includes cost of hedging.

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

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent Inc.)

Interim Condensed Consolidated Statement of Cash Flows

(Expressed in thousands of United States dollars)

(Unaudited)	Notes	For the three months ended March 31, 2021	For the three months ended March 31, 2020	For the nine months ended March 31, 2021	For the nine months ended March 31, 2020
Cash flows from (used in) operating activities					
Net earnings		**$ (20,695)**	$ 2,080	**$ 87**	$ 20,031
Adjustments for:					
Depreciation of property, plant and equipment	*5*	**11,512**	10,217	**34,263**	29,508
Depreciation of right-of-use assets	*6*	**3,507**	3,443	**10,397**	10,036
Amortization of intangible assets	*7*	**4,575**	2,766	**13,766**	7,545
Loss on disposal of assets		**15**	138	**479**	691
Unrealized loss (gain) on derivative financial instruments	*18*	**522**	3,585	**(160)**	4,744
Interest expense	*14*	**19,896**	9,545	**39,505**	22,088
Share of income of joint ventures		**(801)**	(1,190)	**(6,517)**	(8,439)
Income tax expense (recovery)		**(5,500)**	3,495	**(173)**	6,318
Share-based compensation expense	*11, 13*	**881**	—	**881**	—
IPO related costs	*13*	**7,736**	—	**7,736**	—
Changes in:					—
Trade and other receivables and prepaid expenses and other		**(2,137)**	9,778	**(10,092)**	28,518
Inventories		**(8,043)**	(1,716)	**(4,504)**	521
Trade payables, accrued liabilities and other payables, and provisions		**11,810**	4,112	**62,420**	(20,098)
Cash generated from operating activities		**23,278**	46,253	**148,088**	101,463
Interest received		**67**	234	**191**	925
Income taxes recovered (paid)		**177**	(2,824)	**3,407**	(5,629)
Interest paid on leases		**(3,584)**	(3,801)	**(10,737)**	(11,161)
Interest paid on long-term debt and other		**(4,615)**	(2,942)	**(14,603)**	(10,011)
Net cash flows from operating activities		**15,323**	36,920	**126,346**	75,587
Cash flows from (used in) investing activities					
Purchases of property, plant and equipment		**(7,148)**	(14,540)	**(25,201)**	(62,949)
Payment of acquisition-related payable		**—**	—	**—**	(5,455)
Dividends received from joint ventures		**1,500**	—	**5,991**	2,854
Proceeds from disposals of property, plant and equipment		**—**	141	**171**	141
Additions to intangible assets		**(4,687)**	(4,895)	**(11,809)**	(12,938)
Net cash flows used in investing activities		**(10,335)**	(19,294)	**(30,848)**	(78,347)
Cash flows from (used in) financing activities					
Change in revolving credit facilities	*9*	**285,000**	35,000	**200,000**	35,000
Repayment of long-term debt	*9*	**(293,000)**	—	**(305,000)**	—
Principal payments of lease liabilities		**(2,267)**	(2,012)	**(6,311)**	(5,444)
Financing costs		**(1,088)**	—	**(1,736)**	—
IPO related costs	*11*	**(7,736)**	—	**(7,736)**	—
Net cash flows from (used in) financing activities		**(19,091)**	32,988	**(120,783)**	29,556
Net increase (decrease) in cash		**(14,103)**	50,614	**(25,285)**	26,796
Net foreign exchange difference		**(439)**	(700)	**74**	(790)
Cash, beginning of period		**63,389**	40,686	**74,058**	64,594
Cash, end of period		**$ 48,847**	$ 90,600	**$ 48,847**	$ 90,600

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

1. Corporate information

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent 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, as well as assemblies from injection, blow and polyurethane compression molding processes. The Company also offers interior painting services, and high-quality finish exterior painting through its 50% owned joint ventures. The Company is incorporated and domiciled in Canada. The head office is located at 2 Norelco Drive, Toronto, Ontario, Canada, M9L 2X6. The Company changed its name from ABC Group Holdings Parent Inc. to ABC Technologies Holdings Inc. on January 22, 2021.

On February 22, 2021, the Company completed an initial public offering (the "IPO") by way of secondary offering of 11,000,000 common shares of the Company (approximately 20% of the issued and outstanding common shares) by its then sole shareholder at a price of 10.00 Canadian dollars ("CAD") per common share, for total proceeds to the shareholder of CAD $110,000. The Company did not receive any proceeds from the secondary offering. On completion of the IPO, the common shares began trading on Toronto Stock Exchange under the symbol "ABCT".

The Company incurred $7,736 of IPO related expenses associated with this transaction, consisting mainly of underwriter and professional fees, and $7,179 of advisory, bonus and other costs. These costs were recorded in the period they were incurred within selling, general and administrative expenses. The Company also amended its credit agreement upon IPO (note 9), and as a result, $9,279 and $1,339 of unamortized deferred financing costs were written off related to the former term facility, and the former revolving credit facilities, respectively, and financing costs of $1,193 that were incurred related to the amendment of the credit agreement were recognized as interest expense in the statement of comprehensive income.

2. Basis of preparation

2.1. Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard ("IAS") 34 — Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements have been prepared using the same accounting policies and standards as were used for ABC's annual audited consolidated financial statements for the year ended June 30, 2020, except for new standards adopted during the period as described in note 2.6. These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's annual audited consolidated financial statements, including the notes thereto, for the year ended June 30, 2020.

These interim condensed consolidated financial statements were authorized for issue by the Company's Board of Directors on May 6, 2021.

2.2. Basis of measurement

The interim condensed consolidated financial statements have been measured on a historical cost basis, except as detailed in the accounting policies disclosed in the Company's annual audited consolidated financial statements for the year ended June 30, 2020.

2.3. Presentation currency

The interim condensed consolidated financial statements are presented in United States dollars, 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. COVID-19 outbreak

On March 11, 2020, the Coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization. Since then, various extraordinary containment and mitigation measures have been recommended and put in place by public health and governmental authorities across the globe. These measures have caused, and may continue to cause, significant disruption to our business. As a result of the COVID-19 global pandemic, in the middle of March 2020, the Company’s original equipment manufacturer ("OEM") customers essentially idled their manufacturing operations in regions around the world, other than China, where manufacturing operations were suspended in January 2020 and February 2020, but resumed in March 2020. The Company, along with the rest of the automotive supply chain, followed its customers and also temporarily idled most of its manufacturing operations in March 2020 and April 2020. This suspension of manufacturing operations and rapid dissipation of customer demand had a negative impact on the Company's financial results during the second half of March 2020 and continued into the fourth quarter of fiscal 2020. In May 2020, the Company gradually restarted its manufacturing facilities under extensive safety measures aligned with the ramp-up in demands from OEM customers as they also resumed their operations.

Impacts of COVID-19 and/or its resurgence, including significant worsening of economic conditions or reduction in production volumes, could deteriorate the financial condition of our supply base, our Company or of our customers, which could lead to, among other things: increased credit risk for us; disruptions or shortages in the supply of critical components and materials (including semiconductors and resin) to us or our customers; and/or temporary shut-downs or slowdowns of one of our production lines or the production lines of one or more of our customers; all of which could have a material adverse effect on business, financial condition, and results of operations. In addition, certain events may prevent us from supplying products to our customers or prevent our customers from being supplied with products necessary for production of vehicles which our products are on, which could result in a range of potential adverse consequences, including business interruption, loss of business and reputational damage. Previous production stoppages related to COVID-19 have resulted in, and may in the future result in, supply disruptions and shortages globally. A prolonged supply disruption or supply shortage could have a material adverse effect on our business, financial condition, and results of operations.

The COVID-19 pandemic is an evolving situation and may continue to have widespread adverse implications on our business environment, operations, cash flows and financial position. The extent of the impact will depend on various factors, including the rate at which economic conditions, operations and demand for vehicles return to pre-COVID levels, any continued or future governmental orders or lock-downs due to COVID-19, or any future wave, and the potential for a recession in key markets due to the effect of the pandemic.

2.5. Use of estimates, assumptions and judgments

The timely preparation of financial statements requires that management make estimates and assumptions and use judgment. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments used in the preparation of the interim condensed consolidated financial statements are described in the Company's annual audited consolidated financial statements for the year ended June 30, 2020.

2.6. Recently adopted accounting standards and policies

Amendments to hedge accounting requirements - phase 1

Beginning July 1, 2020, the Company adopted the amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures to address the potential effects Interbank Offered Rates ("IBOR") reform could have on financial reporting. The amendments modify specific hedge accounting requirements to allow entities to assume that the interest rate benchmark on which the hedged cash flows and the cash flows of which the hedging instrument are based on, are not altered as a result of IBOR reform. The adoption of the amendments to IFRS 9, IAS 39 and IFRS 7 did not have a material impact on the interim condensed consolidated financial statements.

Adoption of IFRS 2 - Share-Based Payment

Subsequent to the closing of the IPO, the Company established an incentive plan (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 Company also adopted a deferred share unit plan, allowing non-employee directors to receive a portion of their remuneration in the form of deferred share units ("DSUs"). As a result of these plans, the Company adopted IFRS 2 Share-based payment.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date, which is determined using the Black-Scholes-Merton option pricing model. Fair value is not subsequently re-measured unless the conditions on which the award was granted are modified.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period in selling, general and administrative expenses, based on the Company's estimate of the number of equity instruments that will eventually vest. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to failure to satisfy service conditions or performance conditions.

For cash-settled share-based payments, the initial grant is recognized at fair value in selling, general and administrative expenses on the grant date, with a corresponding liability recorded in the statement of financial position. The liability is remeasured at the end of each reporting period and at the the date of settlement, with any changes in fair value recognized in selling, general and administrative expenses.

2.7. Standards issued but not yet effective

Definition of accounting estimates (Amendments to IAS 8)

In February 2021, IASB issued amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is currently assessing the impact of these amendments.

Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

On August 27, 2020, the IASB finalized its response to the ongoing reform of inter-bank offered rates and other interest rate benchmarks by issuing a package of amendments to IFRS Standards. The amendments complement those issued in 2019 as part of Phase 1 amendments and mainly relate to:

- Changes to contractual cash flows: A company will not have to derecognize the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- Hedge accounting: A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- Disclosures: A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The amendments are effective for annual periods beginning on or after January 1, 2021. Earlier application is permitted. The Company is currently assessing the impact of these amendments.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

On May 14, 2020, the IASB issued *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).* The IASB's amendments clarify which costs should be included as a cost of fulfilling a contract when determining whether a contract is onerous.

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. Early adoption is permitted. The Company is currently assessing the impact of these amendments.

Amendments to IAS 1

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly.

On July 15, 2020 the IASB issued an amendment to defer the effective date by one year. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently assessing the impact of these amendments.

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

3. Trade and other receivables

	March 31, 2021		June 30, 2020	
Trade receivables	**$**	**49,123**	$	42,485
Receivables from joint ventures		**2,566**		2,473
Total trade and other receivables	**$**	**51,689**	$	44,958

Refer to note 18 for the aging analysis of trade receivables.

4. Inventories

	March 31, 2021		June 30, 2020	
Raw materials and components	**$**	**27,955**	$	27,068
Finished goods and work in progress		**23,337**		20,195
Tooling		**24,619**		24,101
Total inventories	**$**	**75,911**	$	71,364

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

5. Property, plant and equipment

	Land and Building	Machinery and equipment	Construction in Progress	Production tooling	Returnable containers	Leasehold improve-ments	Total
Cost							
June 30, 2019	$ 7,645	$ 322,760	$ 51,350	$ 18,264	$ 6,909	$ 5,685	$ 412,613
Additions	273	1,051	55,474	1,952	7	230	58,987
Transfers	70	63,429	(77,940)	9,174	3,483	1,784	—
Disposals	—	(2,383)	—	(11)	(117)	—	(2,511)
Foreign exchange	(345)	(2,083)	(114)	(17)	(24)	(5)	(2,588)
June 30, 2020	**$ 7,643**	**$ 382,774**	**$ 28,770**	**$ 29,362**	**$ 10,258**	**$ 7,694**	**$ 466,501**
Additions	27	413	21,624	—	—	152	22,216
Transfers	—	10,846	(19,327)	6,563	1,400	518	—
Disposals	—	(458)	—	(166)	(74)	—	(698)
Foreign exchange	129	580	160	106	1	—	976
March 31, 2021	**$ 7,799**	**$ 394,155**	**$ 31,227**	**$ 35,865**	**$ 11,585**	**$ 8,364**	**$ 488,995**
Accumulated depreciation							
June 30, 2019	$ 541	$ 73,709	$ —	$ 6,826	$ 3,976	$ 445	$ 85,497
Depreciation	225	34,910	—	3,414	1,413	467	40,429
Disposals	—	(1,096)	—	—	(30)	—	(1,126)
Foreign exchange	(53)	(1,344)	—	(9)	(27)	(1)	(1,434)
June 30, 2020	**$ 713**	**$ 106,179**	$ —	**$ 10,231**	**$ 5,332**	**$ 911**	**$ 123,366**
Depreciation	171	27,496	—	4,370	1,795	431	34,263
Disposals	—	(440)	—	(5)	(41)	—	(486)
Foreign exchange	1	68	—	36	3	(2)	106
March 31, 2021	**$ 885**	**$ 133,303**	$ —	**$ 14,632**	**$ 7,089**	**$ 1,340**	**$ 157,249**
Net book value							
March 31, 2021	**$ 6,914**	**$ 260,852**	**$ 31,227**	**$ 21,233**	**$ 4,496**	**$ 7,024**	**$ 331,746**
June 30, 2020	$ 6,930	$ 276,595	$ 28,770	$ 19,131	$ 4,926	$ 6,783	$ 343,135

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

6. Right-of-use assets

	Land and Building	Machinery and equipment	Total
Cost			
June 30, 2019	$ —	$ —	$ —
Initial recognition on transition to IFRS 16	161,277	914	162,191
Additions	5,297	1,831	7,128
Exchange differences	(43)	(29)	(72)
June 30, 2020	**$ 166,531**	**$ 2,716**	**$ 169,247**
Additions	63	218	281
Modifications/reassessments	8,191	(206)	7,985
Termination of leases	(341)	(65)	(406)
Exchange differences	216	6	222
March 31, 2021	**$ 174,660**	**$ 2,669**	**$ 177,329**
Accumulated depreciation			
June 30, 2019	$ —	$ —	$ —
Depreciation	12,749	780	13,529
Exchange differences	(11)	(16)	(27)
June 30, 2020	**$ 12,738**	**$ 764**	**$ 13,502**
Depreciation	9,785	612	10,397
Termination of leases	(185)	(55)	(240)
Exchange differences	76	(9)	67
March 31, 2021	**$ 22,414**	**$ 1,312**	**$ 23,726**
Net book value			
March 31, 2021	**$ 152,246**	**$ 1,357**	**$ 153,603**
June 30, 2020	$ 153,793	$ 1,952	$ 155,745

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

7. Intangible assets and goodwill

	Customer contracts	Customer relationships	Development intangibles	Total Intangible Assets	Goodwill
Cost					
June 30, 2019	$ 24,795	$ 14,495	$ 50,228	$ 89,518	$ 18,944
Additions	—	—	21,455	21,455	—
June 30, 2020	**$ 24,795**	**$ 14,495**	**$ 71,683**	**$ 110,973**	**$ 18,944**
Additions	—	—	11,809	11,809	—
Write-off of assets	—	—	(464)	(464)	—
March 31, 2021	**$ 24,795**	**$ 14,495**	**$ 83,028**	**$ 122,318**	**$ 18,944**
Accumulated amortization					
June 30, 2019	$ 10,626	$ 3,345	$ 8,864	$ 22,835	$ —
Amortization	3,542	1,115	7,780	12,437	—
June 30, 2020	**$ 14,168**	**$ 4,460**	**$ 16,644**	**$ 35,272**	**$ —**
Amortization	2,657	836	10,273	13,766	—
March 31, 2021	**$ 16,825**	**$ 5,296**	**$ 26,917**	**$ 49,038**	**$ —**
Net book value					
March 31, 2021	**$ 7,970**	**$ 9,199**	**$ 56,111**	**$ 73,280**	**$ 18,944**
June 30, 2020	$ 10,627	$ 10,035	$ 55,039	$ 75,701	$ 18,944

8. Provisions

The following table provides a continuity of the provision balances for the nine months ended March 31, 2021 and the year ended June 30, 2020:

	Onerous contracts	Other provisions	Total
June 30, 2019	$ 641	$ 12,378	$ 13,019
Additions during the year	90	17,663	17,753
Utilized	(601)	(8,725)	(9,326)
Reversals	—	(6,907)	(6,907)
June 30, 2020	**$ 130**	**$ 14,409**	**$ 14,539**
Additions during the period	244	16,729	16,973
Utilized	(78)	(9,621)	(9,699)
Reversals	—	(4,556)	(4,556)
March 31, 2021	**$ 296**	**$ 16,961**	**$ 17,257**

As at March 31, 2021 and June 30, 2020, onerous contract provisions relate to certain tooling contracts.

Included in other provisions are estimated amounts owed as a result of modifications to contractual terms of customer contracts and warranties.

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

9. Long-term debt

	Maturity	March 31, 2021	June 30, 2020
Term facility			
Principal outstanding		$ —	$ 305,000
Less: Unamortized deferred financing costs on term facility		—	10,800
Total term facility		$ —	$ 294,200
Revolving credit facilities	February 22, 2025	285,000	85,000
Total long-term debt		**$ 285,000**	$ 379,200
Less: Current portion		$ —	$ 379,200
Non-current portion		**$ 285,000**	$ —

Prior to the IPO, the Company had a credit agreement with a syndicate of lenders (the "Credit Agreement") which consisted of (i) a $293,000 term facility maturing on May 9, 2023 (June 30, 2020: $305,000), (ii) a $130,000 revolving credit facility and two swingline facilities in the aggregate amount of $20,000 (the “Revolver A”) maturing on May 9, 2023, (iii) an additional $50,000 revolving credit facility maturing on April 16, 2021 (the "Revolver B" and together with the Revolver A and the term facility, the “Credit Facilities”). Prior to the IPO, no amounts were drawn on either Revolver A or Revolver B (June 30, 2020: $85,000 drawn on Revolver A).

On February 22, 2021, immediately after the closing of the IPO, the Credit Agreement was amended to increase the size of Revolver A to $450,000, including two swingline facilities in the aggregate amount of $20,000. On the same day, $293,000 of Revolver A was used to settle the outstanding term facility. The $50,000 unused Revolver B was terminated. As a result of the amendment, the unamortized balance of the deferred financing costs on the former term facility of $9,279 was written off, as well as $1,339 of unamortized deferred financing costs on the former revolving credit faciilities. $1,193 of financing fees were incurred for the amendment. These amounts were included as interest expense in the interim condensed consolidated statement of comprehensive income.

At March 31, 2021, the Company had aggregate amounts outstanding under the Credit Facilities of $285,000, maturing February 22, 2025. As at March 31, 2021, the Company had $162,393 available on its Credit Facilities.

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 18). As at March 31, 2021, the average interest rate on the Credit Facilities was 3.15% (June 30, 2020: 3.36%) and $2,607 (June 30, 2020: $2,455) 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 March 31, 2021, the Company was in compliance with all of its covenants.

The Credit Facilities are collateralized by a security agreement over all the property and assets of ABC Technologies Inc. (Ontario), a wholly-owned subsidiary of the Company, and a majority of its subsidiaries.

Prior to their write-off during the three months ended March 31, 2021, the unamortized deferred financing costs on the term facility were being amortized using the effective interest rate ("EIR") method, and those related to the revolving credit facilities were being amortized straight-line over the term of the underlying Credit Agreement.

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

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

		Long-term debt
June 30, 2019	**$**	**296,632**
Increase in deferred financing costs		(328)
Impact of changes in expected cash flow on deferred financing costs		(5,921)
Amortization of deferred financing costs		3,817
Amounts drawn on revolving credit facilities		85,000
June 30, 2020	**$**	**379,200**
Increase in deferred financing costs		(648)
Impact of changes in expected cash flow on deferred financing costs[1]		9,035
Amortization of deferred financing costs		2,413
Repayment of long-term debt		(305,000)
Change in revolving credit facilities		200,000
March 31, 2021	**$**	**285,000**

1. Includes the write-off of deferred financing costs as a result of amendments made to the Credit Agreement upon IPO. $9,279 of unamortized deferred financing cost related to the former term facility was written off during the three and nine months ended March 31, 2021.

9.1. Debt covenants at June 30, 2020

During the months of May and June 2020, the Company worked with its lenders to amend the Credit Facilities to provide covenant relief due to conditions caused by COVID-19. As at June 30, 2020, a term sheet had been agreed with the agent bank as well as a timeline to complete an amendment by July 31, 2020. As at June 30, 2020, the Company had obtained a suspension of compliance with its covenants until July 31, 2020 in full anticipation of successfully completing the amendment. On July 30, 2020, the Company completed the amendment to its Credit Facilities providing financial covenant relief over the following 12 months.

The amendments provide that, among other things, the Company’s calculation of Total Net Debt to EBITDA Ratio (as defined in the Credit Agreement) which is based on the trailing 12 months, would exclude EBITDA from the quarter ended June 30, 2020, and instead would be based on the annualized total of the remaining three applicable quarters (i.e. the sum of the three applicable quarters divided by three fourths). As a result, the impact of the COVID-19 related shutdown of the industry, including most of the Company’s and its customers’ operations, which occurred during the fourth quarter of the Company’s fiscal 2020, would be ignored for the purpose of financial covenant calculations under the Credit Agreement during the period of relief.

In accordance with IFRS, the Company was required to present its debt as a current liability at June 30, 2020 because at that date it had not completed the amendment such that the Company would have an unconditional right to defer the settlement of the Credit Facilities for at least 12 months. On July 30, 2020, upon obtaining the amendment, the Company re-classified the non-current portion to long-term debt. The Company did not experience an event of default or a breach of its covenants under its Credit Agreement, for which it had not been provided a suspension during the year ended June 30, 2020.

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

10. 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 nine months ended March 31, 2021 and the year ended June 30, 2020:

		Lease liabilities
June 30, 2019	**$**	**—**
Initial recognition on transition to IFRS 16		163,495
Additions		7,128
Payments		(22,368)
Accretion		14,846
Exchange differences		(333)
June 30, 2020		**162,768**
Additions		281
Modifications/Reassessments		7,985
Payments		(17,048)
Accretion		10,737
Termination of leases		(192)
Exchange differences		690
March 31, 2021	**$**	**165,221**
Less: Current portion	$	9,636
Non-current portion	$	155,585

Principal repayments of lease liabilities as at March 31, 2021 are as follows:

Payments:		
Within one year	$	23,316
1 - 3 years		44,642
3 - 5 years		40,872
Thereafter		172,794

11. Capital stock

11.1. Share Capital

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

As of February 22, 2021, 100,000 of common shares were outstanding. Prior to the IPO closing, the Company effected a stock split on a one-to-525.22392 basis (the "Pre-Closing Capital Change"), such that immediately prior to the IPO, there were 52,522,392 common shares outstanding.

On February 22, 2021, the Company completed its IPO by way of secondary offering of 11,000,000 common shares of the Company by its shareholder at a price of CAD $10.00 per share, for total proceeds to its shareholder of CAD $110,000,000. The Company did not receive any proceeds from the secondary offering.

	Common Shares		
	#		$
As at June 30, 2020	100,000	$	2,991
Pre-Closing Capital Change	52,422,392		—
As at March 31, 2021	**52,522,392**	**$**	**2,991**

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

11.2. Stock Options and Restricted Share Units

Subsequent to the closing of 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 in the form of awards is 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.

During the three and nine months ended March 31, 2021, 1,110,768 options were granted to eligible participants.

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

	Options	Weighted Average exercise price (CAD$)
Share options outstanding June 30, 2020	—	—
Granted	1,110,768	10.00
Share options outstanding March 31, 2021	1,110,768	10.00
Vested share options, March 31, 2021	—	

For the three and nine months ended March 31, 2021, there were no share options exercised, expired, forfeited or cancelled.

The Company uses the Black-Scholes-Merton option pricing model to calculate the fair value of options at the date of grant. Following are the weighted-average assumptions used in the model to determine the fair value of the share options granted on February 22, 2021:

Risk-free interest rate	1.55%
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. For the three and nine months ended March 31, 2021, share-based compensation expense amounted to $150 and was recorded within selling, general and administrative expenses.

Restricted Share Units

The Omnibus Plan also allows restricted share units ("RSUs") to be granted to eligible participants however, none were granted as of March 31, 2021. RSUs vest over a three year period subject to participants continued employment. The fair value of the RSUs is recorded as share based compensation expense over the vesting period.

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

11.3. Deferred Share Units

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.

During the three and nine months ended March 31, 2021, 119,255 DSUs were granted to non-employee directors under the deferred share unit plan. During the three and nine months ended March 31, 2021, the Company recorded an expense of $731 related to DSUs as share-based compensation expense within selling, general and administrative expenses.

12. Government grants

In response to COVID-19 many governments around the world have 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.

The Company participates in the Canada Emergency Wage Subsidy (“CEWS”) program in Canada, which was announced in March 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. Through the CEWS program, the Company has recovered $1,799 and $9,331 for the three and nine months ended March 31, 2021, respectively, of which $364 (June 30, 2020: $2,939) remains receivable as at March 31, 2021. This benefit has been recorded in the interim condensed consolidated statement of comprehensive income as a deduction to the related expenses. Of the amount recorded, $1,459 and $7,678 was applied to cost of sales for the three and nine months ended March 31, 2021, respectively. The remainder was applied to selling, general and administrative expenses.

13. Selling, general and administrative expense

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	**2020**	**2021**	**2020**
Wages and benefits	**$ 9,636**	$ 5,163	**$ 38,434**	$ 30,522
Professional fees	**2,069**	1,224	**5,101**	7,804
Depreciation and amortization	**5,300**	3,408	**15,932**	9,385
Business transformation related costs	**1,055**	3,510	**5,600**	6,689
IPO related costs	**7,736**	—	**7,736**	—
Information technology	**1,288**	1,310	**3,778**	3,644
Foreign exchange loss (gain)	**1,099**	(894)	**4,852**	1,049
Travel expense	**92**	542	**348**	1,826
Freight and duty	**347**	479	**937**	1,513
Bank and payroll service charges	**347**	333	**894**	831
Adjustment to acquisition-related payable	**—**	—	**—**	(3,343)
Transactional, recruitment, and other bonuses	**6,502**	—	**6,745**	—
Share-based compensation expense	**881**	—	**881**	—
Other	**1,804**	1,910	**4,517**	5,423
Total selling, general, and administrative expense	**$ 38,156**	$ 16,985	**$ 95,755**	$ 65,343

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

14. Interest expense

		For the three months ended March 31,		For the nine months ended March 31,	
	Notes	**2021**	2020	**2021**	2020
Interest on long-term debt		**$ 3,875**	$ 4,148	**$ 13,344**	$ 11,624
Impact of changes in expected cash flow on deferred financing costs[1]		**11,811**	—	**11,567**	(5,921)
Amortization of deferred financing costs		**344**	938	**2,413**	2,861
Interest on lease liability	*10*	**3,584**	3,801	**10,737**	11,161
Other		**282**	658	**1,444**	2,363
Total interest expense		**$ 19,896**	$ 9,545	**$ 39,505**	$ 22,088

1. Includes the write-off of unamortized deferred financing costs on the former credit facilities and financing costs incurred as a result of amendments made to the Credit Agreement upon IPO. $9,279 and $1,339 of unamortized deferred financing costs were written off related to the former term facility, and the former revolving credit facilities, respectively, and financing costs of $1,193 were incurred related to the amendment of the Credit Agreement during the three and nine months ended March 31, 2021. Please refer to note 9 for further details.

15. Segmented information

The Company's sales depend primarily upon light vehicle production in the North American market and the rest of the world. Original equipment manufacturer ("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, 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 accounting policies of the segments are the same as those described in the significant accounting policies of the Company's consolidated financial statements.

Beginning in the third quarter of 2021, the CODM measures segment performance based on operating income (loss) as shown in the interim condensed consolidated statement of comprehensive income, which is defined as net earnings (loss) before interest and taxes. Presentation of comparative periods has been adjusted to reflect this change. For the joint venture segment, information is presented on a proportionate consolidation basis, as this is the basis upon which the CODM makes strategic decisions.

The following financial information is presented by segment and comes from the interim condensed consolidated financial statements, except for the proportionate consolidation of the joint ventures, which is a non-IFRS measure.

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

For the three months ended March 31, 2021	North America	Rest of World	Joint Ventures[1, 4]	Total	Adjustments[2]	Total Reportable Segments
Revenue						
External customers[3]	$ 205,253	$ 12,673	$ 29,261	$ 247,187	$ (29,261)	$ 217,926
Inter-segment revenues	1,517	276	1,645	3,438	(3,438)	—
Total revenue	**$ 206,770**	**$ 12,949**	**$ 30,906**	**$ 250,625**	**$ (32,699)**	**$ 217,926**
Capital additions	$ 6,677	$ 546	$ 3,177	$ 10,400	$ (3,177)	$ 7,223
Operating income (loss)	(7,081)	(19)	1,733	(5,367)	(932)	(6,299)

For the nine months ended March 31, 2021	North America	Rest of World	Joint Ventures[1, 4]	Total	Adjustments[2]	Total Reportable Segments
Revenue						
External customers[3]	$ 699,746	$ 37,910	$ 97,530	$ 835,186	$ (97,530)	$ 737,656
Inter-segment revenues	6,881	731	4,783	12,395	(12,395)	—
Total revenue	**$ 706,627**	**$ 38,641**	**$ 102,313**	**$ 847,581**	**$ (109,925)**	**$ 737,656**
Capital additions	$ 21,351	$ 865	$ 10,211	$ 32,427	$ (10,211)	$ 22,216
Operating income (loss)	34,103	(1,201)	14,189	47,091	(7,672)	39,419

As at March 31, 2021	North America	Rest of World	Joint Ventures[1, 4]	Total	Adjustments[2]	Total Reportable Segments
Total assets	$ 792,043	$ 42,946	$ 93,789	$ 928,778	$ (81,834)	$ 846,944
Total liabilities	663,027	48,202	44,394	755,623	(81,834)	673,789

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. Total assets for the joint ventures includes the Company's proportionate share of cash, which is $12,662.
2. The adjustments and eliminations include the reversal of the joint ventures at 50%.
3. For the three and nine months ended March 31, 2021, external customer revenues include tooling revenues of $8,460 and $39,595, respectively, for the Company, excluding the joint ventures.
4. The proportionate consolidation of the joint ventures is a non-IFRS measure.

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

For the three months ended March 31, 2020	North America	Rest of World	Joint Ventures[1, 4]	Total	Adjustments[2]	Total Reportable Segments
Revenue						
External customers[3]	$ 226,272	$ 13,066	$ 30,487	$ 269,825	$ (30,487)	$ 239,338
Inter-segment revenues	552	559	1,454	2,565	(2,565)	—
Total revenue	**$ 226,824**	**$ 13,625**	**$ 31,941**	**$ 272,390**	**$ (33,052)**	**$ 239,338**
Capital additions	$ 11,546	$ —	$ 5,241	$ 16,787	$ (5,241)	$ 11,546
Operating income (loss)	$ 15,559	$ (1,627)	$ 1,938	$ 15,870	$ (750)	$ 15,120

For the nine months ended March 31, 2020	North America	Rest of World	Joint Ventures[1, 4]	Total	Adjustments[2]	Total Reportable Segments
Revenue						
External customers[3]	$ 699,569	$ 41,320	$ 95,465	$ 836,354	$ (95,465)	$ 740,889
Inter-segment revenues	4,624	1,784	4,506	10,914	(10,914)	—
Total revenue	**$ 704,193**	**$ 43,104**	**$ 99,971**	**$ 847,268**	**$ (106,379)**	**$ 740,889**
Capital additions	$ 46,942	$ 2,364	$ 8,788	$ 58,094	$ (8,788)	$ 49,306
Operating income (loss)	$ 41,860	$ (1,861)	$ 10,852	$ 50,851	$ (2,414)	$ 48,437

As at June 30, 2020	North America	Rest of World	Joint Ventures[1, 4]	Total	Adjustments[2]	Total Reportable Segments
Total assets	$ 814,153	$ 44,049	$ 90,217	$ 948,419	$ (77,284)	$ 871,135
Total liabilities	712,623	48,930	41,823	803,376	(77,080)	726,296

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. Total assets for the joint ventures includes the Company's proportionate share of cash, which is $13,693.
2. The adjustments and eliminations include the reversal of the joint ventures at 50%.
3. For the three and nine months ended March 31, 2020, external customer revenues include tooling revenues of $7,162 and $42,924, respectively, for the Company, excluding the joint ventures.
4. The proportionate consolidation of the joint ventures is a non-IFRS measure.

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

The Company operates in the following main geographical areas:

Revenue[1] for the three months ended,	Canada	United States	Mexico	Rest of World	Consolidated financial statements
March 31, 2021	$ 54,256	$ 89,943	$ 61,054	$ 12,673	$ 217,926
March 31, 2020	65,274	98,317	62,681	13,066	239,338

Revenue[1] for the nine months ended,	Canada	United States	Mexico	Rest of World	Consolidated financial statements
March 31, 2021	$ 200,199	$ 287,003	$ 212,544	$ 37,910	$ 737,656
March 31, 2020	218,829	268,529	212,211	41,320	740,889

Non-current assets[2] as at	Canada	United States	Mexico	Rest of World	Consolidated financial statements
March 31, 2021	$ 257,688	$ 156,763	$ 135,382	$ 27,740	$ 577,573
June 30, 2020	255,412	166,265	142,070	29,778	593,525

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.

16. Related party transactions

16.1. Joint Ventures

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

	For the three months ended March 31, 2021		For the nine months ended March 31, 2021		March 31, 2021	
	Purchases from JVs	Sales to JVs	Purchases from JVs	Sales to JVs	Trade payables to JVs	Trade receivables from JVs
Joint venture in which the Company is a venturer:						
ABC INOAC Exterior Systems Inc.	$ 1,142	$ 2,612	$ 3,417	$ 11,626	$ 787	$ 1,621
ABC INOAC Exterior Systems LLC	—	535	—	2,593	—	493
ABCOR Filters	2,149	2	6,149	12	966	37
INOAC Huaxiang	—	31	—	145	—	415

	For the three months ended March 31, 2020		For the nine months ended March 31, 2020		June 30, 2020	
	Purchases from JVs	Sales to JVs	Purchases from JVs	Sales to JVs	Trade payables to JVs	Trade receivables from JVs
Joint venture in which the Company is a venturer:						
ABC INOAC Exterior Systems Inc.	$ 1,205	$ 1,290	$ 4,334	$ 4,543	$ 599	$ 1,816
ABC INOAC Exterior Systems LLC	—	8	—	28	—	159
ABCOR Filters	1,702	—	4,677	34	671	68
INOAC Huaxiang	—	4	—	115	—	430

Receivables from joint ventures are non-interest bearing and are normally settled in 30 to 90 day terms.

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

During the three and nine months ended March 31, 2021, the Company received dividends from its joint ventures in the amount of $1,500 (2020: $0) and $5,991 (2020: $2,854), respectively.

16.2. Cerberus Operations and Advisory LLC

Cerberus Operations and Advisory LLC, a company under common control with ABC, and some of ABC's directors provide consulting services to the Company. An amount of $422 (2020: $503) for the three months ended March 31, 2021, and $920 (2020: $1,528) for the nine months ended March 31, 2021 was charged to profit or loss related to these services. As at March 31, 2021, an amount due to related parties of $137 (June 30, 2020: $325) was included in trade payables and accrued liabilities and other payables.

17. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net earnings attributable to the shareholder of the Company by the weighted average number of ordinary shares outstanding during the period.

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	**2020**	**2021**	**2020**
Net earnings (loss)	**$ (20,695)**	$ 2,080	**$ 87**	$ 20,031
Weighted average number of ordinary shares[1,2]	**52,522,392**	52,522,392	**52,522,392**	52,522,392
Shared deemed to be issued in respect to options[3]	**—**	—	**—**	—
Weighted average number of shares used in diluted earnings per share	**52,522,392**	52,522,392	**52,522,392**	52,522,392
Earnings (loss) per share - basic and diluted	**$ (0.39)**	$ 0.04	**$ 0.00**	$ 0.38

1. As of February 22, 2021, 100,000 of common shares were outstanding. Prior to the IPO closing, there was a stock split on a one-to-525.22392 basis, such that immediately prior to the IPO, there were 52,522,392 common shares outstanding.
2. Weighted average number of ordinary shares for the three and nine months ended March 31, 2020 has been adjusted for stock split completed in conjunction with the Pre-Closing Capital Change implemented as part of the IPO.
3. As at March 31, 2021, the options outstanding were out-of-the-money.

18. Financial instruments

18.1 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.

18.2 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 redemption value is recognized in profit or loss over the duration of the contract using the EIR method. Term loan issuance costs are capitalized when incurred and amortized over the expected life of the loan using the EIR method.

18.3 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 March 31, 2021 and June 30, 2020, and fair value measurement hierarchy of these derivative financial instruments as defined in the Company's annual consolidated financial statements:

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

		March 31, 2021		June 30, 2020	Fair value hierarchy
Derivative assets (liabilities)					
Derivatives designated as cash flow hedging instruments:					
Interest-rate swaps – USD LIBOR	**$**	**(6,182)**	$	(8,948)	Level 2
Foreign exchange forward contracts – Canadian Dollar ("CAD")		**9,593**		(11,490)	Level 2
Foreign exchange forward contracts and collars – Mexican Peso ("MXN")		**3,317**		(5,355)	Level 2
Total derivative assets (liabilities), net	**$**	**6,728**	$	(25,793)	
Total current[1]	**$**	**956**	$	(7,046)	
Total non-current	**$**	**5,772**	$	(18,747)	

1. Current derivative assets are included in prepaid expenses and other. Current derivative liabilities are included in accrued liabilities and other payables.

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 valuation techniques, which 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.

18.4 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:

18.4.1 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 notional amounts and maturities of the derivative financial instruments as at March 31, 2021 are detailed below.

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

	Maturity			
	Less than 3 months	3–12 months	1–5 years	Total
Designated as hedging instruments:				
Foreign currency forwards				
CAD	$ 26,178	$ 54,016	$ 179,490	**$ 259,684**
Average USD-CAD exchange rate	1.30	1.28	1.31	
Foreign currency collars				
MXN	$ 2,365	$ —	$ —	**$ 2,365**
Floor: average USD-MXN exchange rate	24.00	—	—	
Cap: average USD-MXN exchange rate	27.59	—	—	
Foreign currency forwards				
MXN	$ 3,776	$ 16,534	$ 35,063	**$ 55,373**
Average USD-MXN exchange rate	21.72	22.54	23.22	

The Company designates certain of its USD-CAD foreign currency forwards as cash flow hedges. During the three and nine months ended March 31, 2021, these hedges were assessed to be effective. The Company recorded the following gains and losses relating to these hedges:

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2020	**2021**	2020
Unrealized gain (loss) in OCI	**$ 3,049**	$ (17,804)	**$ 20,285**	$ (17,730)
Realized gain (loss) recognized in profit or loss	**496**	(459)	**399**	(1,387)
Loss recycled from OCI to profit or loss	**(54)**	(248)	**(1,062)**	(638)
Gain (loss) recycled from OCI to inventories	**124**	(547)	**(1,731)**	(1,710)
Loss recycled from OCI to profit or loss due to de-designation	**—**	(3,086)	**—**	(3,086)

The Company designates certain of its USD-MXN foreign currency forwards and collars as cash flow hedges. During the three and nine months ended March 31, 2021, these hedges were assessed to be effective. The Company recorded the following gains and losses relating to these hedges:

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2020	**2021**	2020
Unrealized gain (loss) in OCI	**$ (1,387)**	$ (16,285)	**$ 9,783**	$ (11,830)
Realized gain recognized in profit or loss	**642**	573	**1,213**	2,032
Gain recycled from OCI to profit or loss	**—**	31	**244**	115
Gain recycled from OCI to inventories	**425**	328	**192**	1,205
Loss recycled from OCI to profit or loss due to de-designation	**—**	(1,011)	**—**	(1,011)

Interest rate swaps

The Company uses interest rate swaps to hedge the exposure to variable interest payments on the interest-bearing liability that the Company pays USD LIBOR plus an applicable margin. To maximize hedge effectiveness, the Company's policy is to only hedge the risk in respect of benchmark interest rates and the credit risk spread on the hedged item is excluded.

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

At March 31, 2021, the Company had interest rate swap agreements with a total notional amount of $225,000 (June 30, 2020: $225,000) whereby the Company pays a weighted average fixed interest rate of 1.56% (June 30, 2020: 1.56%) and receives interest at a floating rate equal to 1-month USD LIBOR on the total notional amount. The interest rate swap agreements mature in May 2023.

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 interim condensed consolidated financial statements related to these swaps:

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	**2020**	**2021**	**2020**
Unrealized gain (loss) in OCI	**$ 384**	$ (6,257)	**$ 440**	$ (6,246)
Gain (loss) recycled from OCI to profit or loss	**(797)**	(106)	**(2,400)**	407

18.4.2 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 March 31, 2021 and June 30, 2020.

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.

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 March 31, 2021, after taking into account the effect of interest rate swaps, approximately 79% (June 30, 2020: 58%) of the Company’s borrowings are 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 pre-tax earnings for the three months ended March 31, 2021 of $366 (2020: $404), and $1,179 (2020: $1,167) for the nine months ended March 31, 2021 on an unhedged 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 Brazilian real, euros, 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 negotiates the terms of the foreign currency derivative to 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 earnings before income tax by approximately $0.9 million for the three months ended March 31, 2021 (2020: $0.9 million) and $2.4 million for the nine months ended March 31, 2021 (2020: $2.5 million). A 5% strengthening of the MXN against the USD would have decreased earnings before income tax by approximately $0.6 million for the three months ended March 31, 2021 (2020: $0.8 million) and $1.5 million for the nine months ended March 31, 2021 (2020: $2.4 million). 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.

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

Commodity price risk and sensitivity

The Company's Board of Directors 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 pre-tax earnings of $2,045 for the three months ended March 31, 2021 (2020: $1,967) and $6,108 (2020: $6,371) for the nine months ended March 31, 2021, 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
As at March 31, 2021	**$ 51,689**	**$ 50,596**	**$ 705**	**$ 79**	**$ 309**
As at June 30, 2020	44,958	42,737	1,526	243	452

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 does not hold collateral as security. The Company is exposed to concentration of risk with respect to trade receivables. As at March 31, 2021, the Company's three largest customers accounted for 14.5%, 5.3% and 3.0%, respectively, of all receivables owing (June 30, 2020: 22.7%, 13.7%, and 2.6%, 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. The Company does not hold collateral as security.

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 interest 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.

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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 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 interim condensed 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.

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

March 31, 2021	**Current assets**	**Non-current assets**	**Current liabilities**	**Long-term liabilities**
Interest-rate swaps – USD LIBOR	$ —	$ —	$ 2,941	$ 3,241
Foreign exchange forward contracts and collars – MXN	1,876	1,441	—	—
Foreign exchange forward contracts – CAD	2,039	7,572	18	—

June 30, 2020	**Current assets**	**Non-current assets**	**Current liabilities**	**Long-term liabilities**
Interest-rate swaps – USD LIBOR	$ —	$ —	$ 2,923	$ 6,025
Foreign exchange forward contracts and collars – MXN	445	—	1,387	4,413
Foreign exchange forward contracts – CAD	154	—	3,335	8,309

18.4.3 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. As at March 31, 2021 and June 30, 2020, the Company was in compliance with all of its covenants. Refer to note 9 for discussion on covenants as at June 30, 2020.

19. Subsequent event

19.1 Apollo Funds to Acquire Majority Control of the Company

On April 13, 2021, the Company announced that its majority shareholder, ABC Group Canada LP ("ABC LP"), an affiliate of funds managed by Cerberus Capital Management, L.P., has entered into a share purchase agreement (the "Agreement") with certain funds managed by affiliates of Apollo Global Management, Inc. ("Apollo") to sell a majority stake in the Company to Apollo (the "Share Acquisition").

Under the terms of the Agreement, Apollo will purchase 51% of the outstanding common shares (on a fully-diluted basis) of the Company from ABC LP at the price of CAD$10.00 per common share. Upon closing of the transaction, the parties will enter into an amended and restated investor rights agreement, which will provide Apollo with, among other things, certain director nomination rights, registration rights, pre-emptive rights and information rights. At closing of the Share Acquisition, Apollo will be entitled to nominate five members of the Board, while ABC LP will retain the ability to nominate three members of the Board. The parties to the Agreement anticipate announcing the future composition of the Board prior to the closing of the Share Acquisition. The closing of the Share Acquisition is subject to customary closing conditions including the receipt of applicable regulatory approvals in Canada, United States, Mexico, Spain and Poland.

The Company is expected to incur transaction costs for advisory, consulting and legal fees upon closing.