ABC TECHNOLOGIES

INNOVATION IN PLASTICS & LIGHTWEIGHTING

Interim Condensed Consolidated Financial Statements

ABC Group Holdings Parent Inc.

For the three months ended September 30, 2020

(unaudited)

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

	Notes		September 30, 2020		June 30, 2020
Assets			(Unaudited)		
Current assets					
Cash		**$**	**45,007**	$	74,058
Trade and other receivables	*3, 18*		**76,118**		44,958
Inventories	*4*		**75,184**		71,364
Prepaid expenses and other			**19,020**		30,748
Total current assets			**215,329**		221,128
Property, plant and equipment	*5*		**338,800**		343,135
Right-of-use assets	*6*		**154,754**		155,745
Intangible assets	*7*		**74,726**		75,701
Deferred income taxes			**1,223**		1,785
Investment in joint ventures			**50,591**		48,396
Derivative financial assets	*18*		**814**		—
Goodwill	*7*		**18,944**		18,944
Deferred financing costs for revolving credit facilities			**1,660**		1,901
Other long-term assets			**4,134**		4,400
Total non-current assets			**645,646**		650,007
Total assets		**$**	**860,975**	$	871,135
Liabilities and equity					
Current liabilities					
Trade payables		**$**	**109,440**	$	56,285
Accrued liabilities and other payables			**73,512**		67,915
Provisions	*8*		**15,760**		14,539
Current portion of long-term debt	*9*		**13,780**		379,200
Current portion of lease liabilities	*10*		**8,672**		8,926
Total current liabilities			**221,164**		526,865
Long-term debt	*9*		**280,474**		—
Lease liabilities	*10*		**154,862**		153,842
Deferred income taxes			**26,983**		25,110
Derivative financial liabilities	*18*		**11,819**		18,747
Other long-term liabilities			**1,893**		1,732
Total non-current liabilities			**476,031**		199,431
Total liabilities			**697,195**		726,296
Equity					
Capital stock	*11*		**2,991**		2,991
Retained earnings			**173,607**		164,286
Foreign currency translation reserve			**(1,299)**		(2,323)
Cash flow hedge reserve, including cost of hedging	*18*		**(11,519)**		(20,115)
Total equity			**163,780**		144,839
Total liabilities and equity		**$**	**860,975**	$	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:

signed
Dev B. Kapadia
Director

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

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 September 30,	
		2020	**2019**
(Unaudited)	**Notes**		
Sales		**$ 258,403**	$ 251,516
Cost of sales	*12*	**209,131**	217,056
Gross profit		**49,272**	34,460
Selling, general and administrative	*12, 13*	**29,447**	23,049
Loss on disposal of assets		**593**	276
Loss (gain) on derivative financial instruments	*18*	**(918)**	54
Share of income of joint ventures		**(2,712)**	(2,421)
Operating income		**22,862**	13,502
Interest expense (net)	*14*	**9,840**	2,931
Earnings before income tax		**13,022**	10,571
Income tax expense (recovery)			
Current		**3,445**	5,433
Deferred		**256**	(2,805)
Total income tax expense		**3,701**	2,628
Net earnings		**$ 9,321**	$ 7,943
Other comprehensive income (loss)			
Items that may be recycled subsequently to net earnings:			
Foreign currency translation of foreign operations and other		**1,024**	234
Cash flow hedges, net of taxes	*18*	**6,564**	(3,870)
Cash flow hedges recycled to net earnings, net of taxes	*18*	**931**	(290)
Other comprehensive income (loss)		**$ 8,519**	$ (3,926)
Total comprehensive income for the period		**$ 17,840**	$ 4,017
Earnings per share - basic and diluted	*17*	**$ 93.21**	$ 79.43

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

ABC Group Holdings Parent Inc.

Interim Condensed Consolidated Statement of Changes in Equity

(Expressed in thousands of United States dollars)

(Unaudited)	Notes		Capital stock		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			—		7,943		—		—		7,943
Other comprehensive income (loss):											
Foreign currency translation of foreign operations			—		—		234		—		234
Cash flow hedges, net of reclassification to net earnings, net of taxes	*18*		—		—		—		(4,160)		(4,160)
Total comprehensive income (loss)		$	**—**	$	**7,943**	$	**234**	$	**(4,160)**	$	**4,017**
Cash flow hedges recycled to assets, net of taxes	*18*		—		—		—		290		290
September 30, 2019		$	**2,991**	$	**198,349**	$	**(498)**	$	**(6,851)**	$	**193,991**
June 30, 2020		$	**2,991**	$	**164,286**	$	**(2,323)**	$	**(20,115)**	$	**144,839**
Net earnings			—		9,321		—		—		9,321
Other comprehensive income:											
Foreign currency translation of foreign operations			—		—		1,024		—		1,024
Cash flow hedges, net of reclassification to net earnings, net of taxes	*18*		—		—		—		7,495		7,495
Total comprehensive income		$	**—**	$	**9,321**	$	**1,024**	$	**7,495**	$	**17,840**
Cash flow hedges recycled to assets, net of taxes	*18*		—		—		—		1,101		1,101
September 30, 2020		$	**2,991**	$	**173,607**	$	**(1,299)**	$	**(11,519)**	$	**163,780**

1. Cash flow hedge reserve includes cost of hedging.

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

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 September 30, 2020	2019
Cash flows from (used in) operating activities			
Net earnings		**$ 9,321**	$ 7,943
Adjustments for:			
Depreciation of property, plant and equipment	*5*	**11,395**	9,772
Depreciation of right-of-use assets	*6*	**3,478**	3,271
Amortization of intangible assets	*7*	**4,455**	2,383
Loss on disposal of assets		**593**	276
Unrealized loss (gain) on derivative financial instruments	*18*	**(426)**	619
Interest expense	*14*	**9,840**	2,931
Share of income of joint ventures		**(2,712)**	(2,421)
Income tax expense		**3,701**	2,628
Changes in:			
Trade and other receivables and prepaid expenses and other		**(28,706)**	(1,297)
Inventories		**(3,696)**	(21,185)
Trade payables, accrued liabilities and other payables, and provisions		**64,168**	13,036
Cash generated from operating activities		**71,411**	17,956
Interest received		**47**	358
Income taxes recovered (paid)		**6,540**	(1,770)
Interest paid on leases		**(3,643)**	(3,686)
Interest paid on long-term debt and other		**(3,978)**	(3,199)
Net cash flows from operating activities		**70,377**	9,659
Cash flows from (used in) investing activities			
Purchases of property, plant and equipment		**(8,633)**	(32,067)
Dividends received from joint ventures		**722**	2,818
Additions to intangible assets		**(3,943)**	(3,817)
Net cash flows used in investing activities		**(11,854)**	(33,066)
Cash flows used in financing activities			
Change in revolving credit facilities	*9*	**(85,000)**	—
Principal payments of lease liabilities		**(2,047)**	(1,504)
Financing costs		**(648)**	—
Net cash flows used in financing activities		**(87,695)**	(1,504)
Net decrease in cash		**(29,172)**	(24,911)
Net foreign exchange difference		**121**	(291)
Cash, beginning of period		**74,058**	64,594
Cash, end of period		**$ 45,007**	$ 39,392

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

1. Corporate information

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 is incorporated and domiciled in Canada. The registered office is located at 2 Norelco Drive, Toronto, Ontario, Canada, M9L 2X6.

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 2.5. 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.

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. 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 judgment 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.

2.5. 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.

2.6. Standards issued but not yet effective

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. 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 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.

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

The Company is currently assessing the impact of these amendments.

3. Trade and other receivables

	September 30, 2020	June 30, 2020
Trade receivables	**$ 71,743**	$ 42,485
Receivables from joint ventures	**4,375**	2,473
Total trade and other receivables	**$ 76,118**	$ 44,958

4. Inventories

	September 30, 2020	June 30, 2020
Raw materials and components	**$ 28,188**	$ 27,068
Finished goods and work in progress	**21,807**	20,195
Tooling	**25,189**	24,101
Total inventories	**$ 75,184**	$ 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	—	413	5,689	—	—	93	6,195
Transfers	—	1,746	(3,251)	616	833	56	—
Disposals	—	(97)	—	—	—	—	(97)
Foreign exchange	129	789	47	115	3	(1)	1,082
September 30, 2020	**$ 7,772**	**$ 385,625**	**$ 31,255**	**$ 30,093**	**$ 11,094**	**$ 7,842**	**$ 473,681**
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	57	9,304	—	1,315	575	144	11,395
Disposals	—	(63)	—	—	—	—	(63)
Foreign exchange	7	145	—	28	4	(1)	183
September 30, 2020	**$ 777**	**$ 115,565**	$ —	**$ 11,574**	**$ 5,911**	**$ 1,054**	**$ 134,881**
Net book value							
September 30, 2020	**$ 6,995**	**$ 270,060**	**$ 31,255**	**$ 18,519**	**$ 5,183**	**$ 6,788**	**$ 338,800**
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	—	96	96
Modifications	2,708	(191)	2,517
Disposals	(222)	—	(222)
Exchange differences	14	6	20
September 30, 2020	**$ 169,031**	**$ 2,627**	**$ 171,658**
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	3,263	215	3,478
Disposals	(126)	—	(126)
Exchange differences	51	(1)	50
September 30, 2020	**$ 15,926**	**$ 978**	**$ 16,904**
Net book value			
September 30, 2020	**$ 153,105**	**$ 1,649**	**$ 154,754**
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	—	—	3,943	3,943	—
Disposals	—	—	(463)	(463)	—
September 30, 2020	**$ 24,795**	**$ 14,495**	**$ 75,163**	**$ 114,453**	**$ 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	886	279	3,290	4,455	—
September 30, 2020	**$ 15,054**	**$ 4,739**	**$ 19,934**	**$ 39,727**	**$ —**
Net book value					
September 30, 2020	**$ 9,741**	**$ 9,756**	**$ 55,229**	**$ 74,726**	**$ 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 three months ended September 30, 2020 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	152	4,834	4,986
Utilized	—	(2,850)	(2,850)
Reversals	—	(915)	(915)
September 30, 2020	**$ 282**	**$ 15,478**	**$ 15,760**

As at September 30, 2020 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		September 30, 2020		June 30, 2020
Term facility					
Principal outstanding	May 9, 2023	$	**305,000**	$	305,000
Less: Unamortized deferred financing costs on term facility			**10,746**		10,800
Total term facility		$	**294,254**	$	294,200
Revolving credit facilities			—		85,000
Total long-term debt		$	**294,254**	$	379,200
Less: Current portion		$	**13,780**	$	379,200
Non-current portion		$	**280,474**	$	—

During 2016, the Company entered into a credit agreement for a $375,000 term facility as well as a $100,000 revolving credit facility maturing on June 30, 2021 (the "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 net debt to EBITDA ratio, as defined in the Credit Facilities agreement. The Company has hedged a portion of this interest rate position (refer to note 18).

During 2018, the Company amended its Credit Facilities to extend the maturity date to May 9, 2023, and increase the revolving credit portion of the facility from $100,000 to $150,000 ("Revolver A").

During 2020, the Company amended its Credit Facilities to include an additional $50,000 revolving credit facility ("Revolver B"). Revolver B is available until April 16, 2021.

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 their assets.

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. 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 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.

In accordance with IFRS, the Company is required to present this debt as a current liability at June 30, 2020 because at such date it had not completed the amendment. On July 30, 2020, upon obtaining the amendment, the Company re-classified the non-current portion to long-term debt. The Company has not experienced an event of default or a breach of its covenants under its credit agreement, for which it has not been provided a suspension during the year ended June 30, 2020. At all times the maturity of the Credit Facilities was May 2023. As at September 30, 2020, the Company was in compliance with all of its covenants.

As at September 30, 2020, the average interest rate on the Credit Facilities was 4.65% (June 30, 2020: 3.36%) and $2,598 (June 30, 2020: $2,455) of letters of credit were issued against the Credit Facilities.

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.

Unamortized deferred financing costs on the term facility are being amortized using the effective interest rate ("EIR") method, and those related to the revolving credit facilities are 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 Credit Facilities are repayable in quarterly installments in accordance with the terms of the credit agreement. Principal repayments per the credit agreement as at September 30, 2020 are as follows:

Payments:		
Within one year	$	18,000
2 years		29,750
3 years		257,250
	$	**305,000**

Under the terms of the credit agreement, the Company is entitled to make voluntary repayments, which may reduce the scheduled principal repayments.

The following table provides a continuity of the term facility balances:

		Term facility
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		(338)
Amortization of deferred financing costs		1,040
Repayment of revolving credit facilities		(85,000)
September 30, 2020	**$**	**294,254**

(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 three months ended September 30, 2020 and the year ended June 30, 2020:

		Lease liabilities
June 30, 2019	**$**	**—**
Initial recognition on transition to IFRS 16		163,495
Additions		7,128
Payments		(22,368)
Accretion		14,846
Exchange differences		(333)
June 30, 2020		**162,768**
Additions		96
Modifications		2,517
Payments		(5,690)
Accretion		3,643
Termination of leases		(109)
Exchange differences		309
September 30, 2020	**$**	**163,534**
Less: Current portion	$	8,672
Non-current portion	$	154,862

Principal repayments of lease liabilities as at September 30, 2020 are as follows:

Payments:		
Within one year	$	22,897
2 - 3 years		44,680
4 - 5 years		41,682
Thereafter		179,058

11. Capital stock

		September 30, 2020		June 30, 2020
100,000 common shares	**$**	**2,991**	$	2,991

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

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. For the three months ended September 30, 2020, the Company has recovered $5,785 through the CEWS program, of which $986 remains receivable. This benefit has been recorded in the statement of comprehensive income as a deduction to the related expenses. Of the amount recorded, $4,786 was applied to cost of sales and the remainder was applied to selling general and administrative expenses.

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

13. Selling, general and administrative expense

	For the three months ended September 30, 2020	2019
Wages and benefits	**$ 11,872**	$ 12,337
Professional fees	**1,732**	4,075
Depreciation and amortization	**5,169**	2,975
Business transformation related costs	**1,983**	845
Information technology	**1,165**	1,117
Foreign exchange loss	**3,557**	1,954
Travel expense	**120**	625
Freight and duty	**272**	462
Bank and payroll service charges	**232**	255
Adjustment to acquisition-related payable	**—**	(3,373)
Transactional, recruitment, and other bonuses	**1,083**	—
Other	**2,262**	1,777
Total selling, general, and administrative expense	**$ 29,447**	$ 23,049

14. Interest expense

	Notes	For the three months ended September 30, 2020	2019
Interest on long-term debt		**$ 4,882**	$ 3,363
Impact of changes in expected cash flow on deferred financing costs		**(338)**	(5,921)
Amortization of deferred financing costs		**1,040**	999
Interest on lease liability	*10*	**3,643**	3,686
Other		**613**	804
Total interest expense		**$ 9,840**	$ 2,931

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.

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

The Company measures segment performance based on Adjusted EBITDA, as this is the basis for the CODM to evaluate the performance of each of the Company's segments. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and other reconciling items described in a table below. 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 Adjusted EBITDA, a non-IFRS measure, which is reconciled to net earnings below.

For the three months ended September 30, 2020	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[2]	Total Reportable Segments
Revenue						
External customers[3]	$ 245,880	$ 12,523	$ 32,916	$ 291,319	$ (32,916)	$ 258,403
Inter-segment revenues	3,031	217	1,541	4,789	(4,789)	—
Total revenue	**$ 248,911**	**$ 12,740**	**$ 34,457**	**$ 296,108**	**$ (37,705)**	**$ 258,403**
Capital additions	$ 6,076	$ 119	$ 2,427	$ 8,622	$ (2,427)	$ 6,195
Adjusted EBITDA[4]	36,384	637	4,219	41,240	—	41,240

As at September 30, 2020	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[2]	Total Reportable Segments
Total assets	$ 801,597	$ 44,591	$ 100,237	$ 946,425	$ (85,450)	$ 860,975
Total liabilities	684,133	48,865	49,646	782,644	(85,449)	697,195

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 $14,068.
2. The adjustments and eliminations include the reversal of the joint ventures at 50%, with the exception of Adjusted EBITDA.
3. External customer revenues include tooling revenues of $12,602 for the Company.
4. Adjusted EBITDA is a non-IFRS measure.

For the three months ended September 30, 2019	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[2]	Total Reportable Segments
Revenue						
External customers[3]	$ 239,608	$ 11,908	$ 34,099	$ 285,615	$ (34,099)	$ 251,516
Inter-segment revenues	1,842	—	2,781	4,623	(4,623)	—
Total revenue	**$ 241,450**	**$ 11,908**	**$ 36,880**	**$ 290,238**	**$ (38,722)**	**$ 251,516**
Capital additions	$ 20,338	$ 2,225	$ 1,226	$ 23,789	$ (1,226)	$ 22,563
Adjusted EBITDA[4]	38,581	(595)	3,611	41,597	—	41,597

As at June 30, 2020	North America	Rest of World	Joint Ventures[1]	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%, with the exception of Adjusted EBITDA.
3. External customer revenues include tooling revenues of $6,950 for the Company.
4. Adjusted EBITDA is a non-IFRS measure.

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

The following table provides a reconciliation of net earnings (loss) to Adjusted EBITDA[1]:

	Notes	For the three months ended September 30, 2020	2019
Adjusted EBITDA[1]		**$ 41,240**	**$ 41,597**
Adjustments:			
Depreciation of property, plant and equipment	5	(11,395)	(9,772)
Depreciation of right-of-use assets	6	(3,478)	(3,271)
Amortization of intangible assets	7	(4,455)	(2,383)
Loss on disposal of assets		(593)	(276)
Unrealized gain (loss) on derivative financial instruments	18	426	(619)
Impact of GM strike[2]		—	(4,253)
Transactional, recruitment and other bonuses[3]	13	(1,083)	—
Adjustment to acquisition-related payable	13	—	3,373
Business transformation related costs[4]	13	(1,983)	(845)
Additional launch and related costs[5]		—	(14,049)
Interest expense	14	(9,840)	(2,931)
Share of income of joint ventures		2,712	2,421
EBITDA from joint ventures[6]		(4,219)	(3,611)
Income tax expense		(3,701)	(2,628)
Lease payments	10	5,690	5,190
Net earnings		**$ 9,321**	**$ 7,943**

1. Adjusted EBITDA is a non-IFRS measure.
2. Represents an estimate of lost revenues and costs associated with the General Motors strike which began on September 16, 2019 and ended on October 25, 2019.
3. Represents incentive compensation paid to management in excess of 100% of the target level due to over performance relative to budget, as well as transactional and recruitment bonuses.
4. Represents costs including consulting fees associated with enhancing business operations, organizational capability and related processes. These costs also include services provided by Cerberus Operations and Advisory LLC and some of ABC's directors in the amount of $174 (2019: $373).
5. Represents estimated additional launch costs associated with large programs included in cost of sales and selling, general and administrative expense.
6. EBITDA from joint ventures represents earnings before interest, taxes, and depreciation for the joint venture segment. This excludes any adjustment for the impact of the General Motors strike.

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**
September 30, 2020	$ 69,776	$ 100,015	$ 76,089	$ 12,523	$ 258,403
September 30, 2019	79,726	82,081	77,801	11,908	251,516

Non-current assets[2] as at	**Canada**	**United States**	**Mexico**	**Rest of World**	**Consolidated financial statements**
September 30, 2020	$ 256,574	$ 161,894	$ 139,331	$ 29,425	$ 587,224
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.

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

16. Related party transactions

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

	For the three months ended September 30, 2020		September 30, 2020	
	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.	$ 1,161	$ 3,631	$ 899	$ 3,855
ABC INOAC Exterior Systems LLC	—	394	—	—
ABCOR Filters	1,921	6	791	67
INOAC Huaxiang	—	23	—	453

	For the three months ended September 30, 2019		June 30, 2020	
	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.	$ 3,925	$ 1,520	$ 599	$ 1,816
ABC INOAC Exterior Systems LLC	—	12	—	159
ABCOR Filters	1,637	—	671	68
INOAC Huaxiang	—	53	—	430

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

During the three months ended September 30, 2020, the Company received dividends from its joint ventures in the amount of $722 (2019: $2,818), respectively.

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 September 30,	
	2020	**2019**
Net earnings	**$ 9,321**	$ 7,943
Weighted average number of ordinary shares	**100,000**	100,000
Earnings per share - basic and diluted	**$ 93.21**	$ 79.43

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.

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

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

	September 30, 2020	June 30, 2020	Fair value hierarchy
Derivative assets (liabilities)			
Derivatives designated as cash flow hedging instruments:			
Interest-rate swaps – USD LIBOR	**$ (8,030)**	$ (8,948)	Level 2
Foreign exchange forward contracts – Canadian Dollar ("CAD")	**(5,799)**	(11,490)	Level 2
Foreign exchange forward contracts and collars – Mexican Peso ("MXN")	**(2,012)**	(5,355)	Level 2
Total derivative assets (liabilities), net	**$ (15,841)**	$ (25,793)	
Total current[1]	**$ (4,836)**	$ (7,046)	
Total non-current	**$ (11,005)**	$ (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 Canadian Schedule 1 banks 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.

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

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 September 30, 2020 are detailed below.

	Maturity			
	Less than 3 months	**3–12 months**	**1–5 years**	**Total**
Designated as hedging instruments:				
Foreign currency forwards				
CAD	$ 20,354	$ 71,257	$ 214,600	**$ 306,211**
Average USD-CAD exchange rate	1.34	1.29	1.31	
Foreign currency collars				
MXN	$ 2,365	$ 4,731	$ —	**$ 7,096**
Floor: average USD-MXN exchange rate	24.00	24.00	—	
Cap: average USD-MXN exchange rate	27.59	27.59	—	
Foreign currency forwards				
MXN	$ 3,858	$ 13,166	$ 46,026	**$ 63,050**
Average USD-MXN exchange rate	21.26	21.89	23.09	

The Company designates certain of its USD-CAD foreign currency forwards as cash flow hedges. During the three months ended September 30, 2020, these hedges were assessed to be effective. The Company recorded the following gains and losses relating to these hedges:

	For the three months ended September 30,	
	2020	**2019**
Unrealized gain (loss) in OCI	**$ 5,246**	$ (4,074)
Realized loss recognized in profit or loss	**—**	(432)
Loss recycled from OCI to profit or loss	**(681)**	(185)
Loss recycled from OCI to inventories	**(1,018)**	(552)

The Company designates certain of its USD-MXN foreign currency forwards and collars as cash flow hedges. During the three months ended September 30, 2020, these hedges were assessed to be effective. The Company recorded the following gains and losses relating to these hedges:

	For the three months ended September 30,	
	2020	**2019**
Unrealized gain (loss) in OCI	**$ 3,392**	$ (163)
Realized gain recognized in profit or loss	**30**	666
Gain recycled from OCI to profit or loss	**244**	35
Gain (loss) recycled from OCI to inventories	**(450)**	370

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

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.

At September 30, 2020, 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 September 30,	
	2020	**2019**
Unrealized gain (loss) in OCI	**$ 113**	$ (922)
Gain (loss) recycled from OCI to profit or loss	**(805)**	537

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 analysis in the following sections relate to the financial position as at September 30, 2020 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 September 30, 2020, after taking into account the effect of interest rate swaps, approximately 74% (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 September 30, 2020 of $440 (2019: $381) on an unhedged basis, and vice versa.

Foreign currency risk and sensitivity

The non-USD functional currency operations of the Company's foreign operations are primarily CAD, Euros, Chinese renminbi, Brazilian real and Japanese yen. Generally, purchases and borrowings are denominated in the functional currencies of the underlying operations of the Company.

The Company also 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.

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

Excluding the impact of hedge accounting, a 5% strengthening of the CAD against the USD would have decreased earnings before income tax by approximately $0.8 million for the three months ended September 30, 2020 (2019: $0.6 million). A 5% strengthening of the MXN against the USD would have decreased earnings before income tax by approximately $0.5 million for the three months ended September 30, 2020 (2019: $0.8 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.

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 for the three months ended September 30, 2020 of $2,005 (2019: $2,263), 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 September 30, 2020	**$ 76,118**	**$ 75,170**	**$ 171**	**$ 459**	**$ 318**
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 September 30, 2020, the Company's three largest customers accounted for 12.3%, 8.6%, and 4.0%, respectively, of all receivables owing (June 30, 2020: 22.7%, 13.7%, and 2.6%, respectively).

Deposits with banks and financial institutions

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Audit and Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. 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 monitors its risk of a shortage of funds by maintaining a balance between continuity of funding and flexibility through the use of its revolving credit facilities. The Company manages the liquidity risk of forecast cash flows from operations by ensuring that there are cash resources available to meet these needs.

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

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 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:

September 30, 2020	**Current assets**	**Non-current assets**	**Current liabilities**	**Long-term liabilities**
Interest-rate swaps – USD LIBOR	$ —	$ —	$ 2,926	$ 5,104
Foreign exchange forward contracts and collars – MXN	597	—	635	1,974
Foreign exchange forward contracts – CAD	226	814	2,098	4,741

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 September 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.