Interim Condensed Consolidated Financial Statements

ABC Technologies Holdings Inc.

(previously ABC Group Holdings Parent Inc.)
For the three and nine months ended March 31, 2022
(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, 2022		June 30, 2021
Assets			(unaudited)		
Current assets					
Cash		**$**	**32,528**	$	14,912
Trade and other receivables	*3,4,15*		**135,363**		76,653
Inventories	*3,5*		**155,435**		82,170
Prepaid expenses and other	*3*		**39,175**		34,472
Assets held for sale	*3*		**34,321**		—
Total current assets			**396,822**		208,207
Property, plant and equipment	*3*		**362,423**		334,775
Right-of-use assets	*3*		**172,002**		153,628
Intangible assets	*3*		**101,738**		73,346
Deferred income taxes			**7,849**		5,237
Investment in joint ventures			**46,544**		47,412
Derivative financial assets	*15*		**5,659**		10,053
Goodwill	*3*		**185,976**		18,944
Other long-term assets			**18,823**		4,027
Total non-current assets			**901,014**		647,422
Total assets		**$**	**1,297,836**	$	855,629
Liabilities and equity					
Current liabilities					
Trade payables		**$**	**154,856**	$	118,723
Accrued liabilities and other payables	*3*		**86,079**		71,339
Provisions	*6*		**23,447**		16,063
Current portion of lease liabilities	*3*		**13,226**		10,351
Purchase option	*3*		**7,967**		—
Total current liabilities			**285,575**		216,476
Long-term debt	*7*		**400,000**		280,000
Lease liabilities	*3*		**181,462**		156,400
Deferred income taxes	*3*		**27,179**		32,673
Derivative financial liabilities	*15*		**—**		2,483
Other long-term liabilities			**2,024**		2,393
Total non-current liabilities			**610,665**		473,949
Total liabilities			**896,240**		690,425
Equity					
Capital stock	*8*		**291,960**		2,991
Other reserves	*8*		**2,991**		972
Retained earnings			**94,487**		151,936
Foreign currency translation reserve and other			**(1,370)**		276
Cash flow hedge reserve, including cost of hedging	*15*		**13,528**		9,029
Total equity			**401,596**		165,204
Total liabilities and equity		**$**	**1,297,836**	$	855,629

Subsequent event (Note 16)

Approved on behalf of the Board of Directors:

(signed)
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 (Loss)
(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,	
		2022	**2021**	**2022**	**2021**
(Unaudited)	**Notes**				
Sales		**$ 285,775**	$ 217,926	**$ 652,629**	$ 737,656
Cost of sales	*9*	**247,390**	186,983	**597,839**	610,650
Gross profit		**38,385**	30,943	**54,790**	127,006
Selling, general and administrative	*9,10*	**29,252**	38,156	**86,820**	95,755
Loss on disposal and write-down of assets		**632**	15	**737**	479
Gain on derivative financial instruments	*15*	**(1,055)**	(128)	**(742)**	(2,130)
Share of loss (income) of joint ventures		**(57)**	(801)	**349**	(6,517)
Operating income (loss)		**9,613**	(6,299)	**(32,374)**	39,419
Interest expense, net	*11*	**7,842**	19,896	**23,064**	39,505
Income (loss) before income tax		**1,771**	(26,195)	**(55,438)**	(86)
Income tax expense (recovery)					
Current		**4,900**	1,142	**6,755**	3,844
Deferred		**3,192**	(6,642)	**(11,260)**	(4,017)
Total income tax expense (recovery)		**8,092**	(5,500)	**(4,505)**	(173)
Net income (loss)		**$ (6,321)**	$ (20,695)	**$ (50,933)**	$ 87
Other comprehensive income (loss)					
Items that may be recycled subsequently to net earnings (loss):					
Foreign currency translation of foreign operations and other		**(561)**	(1,755)	**(1,646)**	1,627
Cash flow hedges, net of taxes	*15*	**6,748**	1,535	**4,951**	22,881
Cash flow hedges recycled to net earnings, net of taxes	*15*	**426**	639	**1,382**	2,416
Other comprehensive income		**$ 6,613**	$ 419	**$ 4,687**	$ 26,924
Total comprehensive income (loss) for the period		**$ 292**	$ (20,276)	**$ (46,246)**	$ 27,011
Earnings (loss) per share - basic and diluted	*14*	**$ (0.07)**	$ (0.39)	**$ (0.80)**	$ 0.00

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, 2020		**$ 2,991**	**$ —**	**$ 164,286**	**$ (2,323)**	**$ (20,115)**	**$ 144,839**
Net income		—	—	87	—	—	87
Share-based compensation expense	*8*	—	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	*15*	—	—	—	—	25,297	25,297
Cash flow hedges recycled to assets, net of taxes	*15*	—	—	—	—	1,155	1,155
March 31, 2021		**$ 2,991**	**$ 150**	**$ 164,373**	**$ (696)**	**$ 6,337**	**$ 173,155**
June 30, 2021		**$ 2,991**	**$ 972**	**$ 151,936**	**$ 276**	**$ 9,029**	**$ 165,204**
Net loss		—	—	(50,933)	—	—	(50,933)
Share-based compensation expense	*8*	—	2,135	—	—	—	2,135
Other comprehensive income (loss):							
Foreign currency translation of foreign operations and other		—	—	—	(1,646)	—	(1,646)
Cash flow hedges, net of reclassification to net earnings, net of taxes	*15*	—	—	—	—	6,333	6,333
Cash flow hedges recycled to assets, net of taxes	*15*	—	—	—	—	(1,834)	(1,834)
Dividends paid		—	—	(6,516)	—	—	(6,516)
Common shares issued for redemption of restricted share units ("RSUs")	*8*	116	(116)	—	—	—	—
Shares issued upon closing of rights offering, net of issuance cost	*8*	264,696	—	—	—	—	264,696
Shares issued upon closing of private placement, net of issuance cost	*8*	24,157	—	—	—	—	24,157
March 31, 2022		**$ 291,960**	**$ 2,991**	**$ 94,487**	**$ (1,370)**	**$ 13,528**	**$ 401,596**

1. Cash flow 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, 2022	For the three months ended March 31, 2021	For the nine months ended March 31, 2022	For the nine months ended March 31, 2021
Cash flows from (used in) operating activities					
Net income (loss)		**$ (6,321)**	$ (20,695)	**$ (50,933)**	$ 87
Adjustments for:					
Depreciation of property, plant and equipment		**13,028**	11,512	**36,986**	34,263
Depreciation of right-of-use assets		**3,991**	3,507	**11,307**	10,397
Amortization of intangible assets		**6,154**	4,575	**16,797**	13,766
Loss on disposal and write-down of assets		**632**	15	**737**	479
Unrealized loss (gain) on derivative financial instruments	*15*	**(1,058)**	522	**(841)**	(160)
Interest expense	*11*	**7,842**	19,896	**23,064**	39,505
Share of loss (income) of joint ventures		**(57)**	(801)	**349**	(6,517)
Income tax expense (recovery)		**8,092**	(5,500)	**(4,505)**	(173)
Share-based compensation expense	*8,10*	**826**	881	**2,307**	881
IPO related costs	*10*	**—**	7,736	**—**	7,736
Changes in:					
Trade and other receivables and prepaid expenses and other		**(41,282)**	(2,137)	**(20,857)**	(10,092)
Inventories		**(6,254)**	(8,043)	**(19,173)**	(4,504)
Trade payables, accrued liabilities and other payables, and provisions		**44,177**	11,810	**36,541**	62,420
Cash generated from operating activities		**29,770**	23,278	**31,779**	148,088
Interest received		**140**	67	**353**	191
Income taxes recovered (paid)		**429**	177	**(548)**	3,407
Interest paid on leases		**(3,479)**	(3,584)	**(10,291)**	(10,737)
Interest paid on long-term debt and other		**(4,354)**	(4,615)	**(13,616)**	(14,603)
Net cash flows from operating activities		**22,506**	15,323	**7,677**	126,346
Cash flows from (used in) investing activities					
Purchases of property, plant and equipment		**(11,748)**	(7,148)	**(31,253)**	(25,201)
Acquisition of subsidiaries, net of cash acquired	*3*	**(314,597)**	—	**(314,597)**	—
Dividends received from joint ventures		**—**	1,500	**553**	5,991
Proceeds from disposals of property, plant and equipment		**—**	—	**—**	171
Additions to intangible assets		**(4,147)**	(4,687)	**(14,470)**	(11,809)
Net cash flows used in investing activities		**(330,492)**	(10,335)	**(359,767)**	(30,848)
Cash flows from (used in) financing activities					
Net drawings on revolving credit facilities	*7*	**55,000**	285,000	**120,000**	200,000
Repayment of long-term debt	*7*	**—**	(293,000)	**—**	(305,000)
Principal payments of lease liabilities		**(2,978)**	(2,267)	**(8,176)**	(6,311)
Financing costs		**(2,026)**	(1,088)	**(2,650)**	(1,736)
IPO related costs	*8*	**—**	(7,736)	**—**	(7,736)
Dividends paid to shareholders		**(3,420)**	—	**(6,516)**	—
Proceeds from issuance of shares, net of issuance cost	*8*	**288,853**	—	**288,853**	—
Repayment of acquired loan	*3,7*	**(21,376)**	—	**(21,376)**	—
Net cash flows from (used in) financing activities		**314,053**	(19,091)	**370,135**	(120,783)
Net increase (decrease) in cash		**6,067**	(14,103)	**18,045**	(25,285)
Net foreign exchange difference		**(85)**	(439)	**(429)**	74
Cash, beginning of period		**26,546**	63,389	**14,912**	74,058
Cash, end of period		**32,528**	48,847	**32,528**	48,847

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, fluid management solutions, 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.

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, 2021, except for new standards adopted during the period as described in note 2.7. 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, 2021.

These interim condensed consolidated financial statements were authorized for issue by the Company's Board of Directors on May 13, 2022.

2.2 Basis of measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which have been measured at fair value, investment in joint ventures and share-based payments.

2.3 Presentation currency

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

2.4 Use of estimates and judgments

The 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, 2021 and in note 3 relating to the business combinations.

2.5 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. Operations continued at a more normal level of production until July 2021 at which time COVID-19 outbreaks in various parts of the world severely impacted the manufacturing of semiconductors, vital components required in vehicle production and created other supply chain issues. The industry production in North America decreased significantly in the six months ended December 31, 2021 compared to the six months ended December 31, 2020. The shortage of semiconductors resulted in frequent shutdowns and production delays by nearly all OEMs and the cascading effect of significantly reduced sales by the Company and inefficient operations resulting in higher costs. During the nine-months ended March 31, 2022, sales for the Company were disproportionately affected more than the overall industry as a significant customer of the Company was affected by the semiconductor shortage to a greater extent than many of its peers, which affected some of the Company's programs with higher content. During the three-month period ended March 31, 2022, the Company has seen improved sales due to progressive increase in the industry's production level.

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.

2.6 Oaktree acquired a minority share in the Company

On November 10, 2021, the Company announced the closing of the sale of a minority share in the Company by ABC Group Canada LP ("ABC LP"), an affiliate of funds managed by Cerberus Capital Management, L.P. ("Cerberus") to certain funds affiliated with Oaktree Capital Management, L.P. ("Oaktree"), pursuant to a share purchase agreement dated September 13, 2021 between ABC LP and Oaktree.

Under the terms of the agreement, Oaktree purchased approximately 13.9 million common shares of ABC (the “ABC Shares”) (representing approximately 25.6% of the fully diluted ABC Shares) from ABC LP at the USD equivalent of $9.00 Canadian dollars ("CAD") per ABC Share.

Upon closing this transaction, (i) Oaktree directly or indirectly, beneficially owned or controlled approximately 13.9 million ABC shares, representing approximately 26.4% of the issued and outstanding ABC Shares (or 25.6% of the issued and outstanding ABC Shares on a fully-diluted basis), and (ii) ABC LP no longer owned or controlled any of the issued and outstanding ABC Shares.

During the nine months ended March 31, 2022, the Company distributed $2,363 out of the Value Creation Plan ("VCP") in connection with the Oaktree transaction. These costs were recorded in selling, general and administrative expenses. Refer to note 8.4 for details on the VCP.

2.7 Recently adopted accounting standards and policies

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

The Company adopted IBOR reform - Phase 2 - Amendments to IFRS 9, Financial Instruments ("IFRS 9"), IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") and IFRS 7, Financial Instruments: Disclosures ("IFRS 7") (the "Phase 2 amendments") from July 1, 2021.

The Company has applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Company has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2020. There is no impact on opening equity balances as a result of retrospective application.

The Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Company applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Company amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship;
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Company continues to apply the existing accounting policies.

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

Business Combinations - IFRS 3

As a result of recent acquisitions (refer to note 3), the Company has adopted Business Combination - IFRS 3 from January 1, 2022. The Company has applied the following policy:

Business combinations are accounted for using the acquisition method at the acquisition date. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, and any liability and equity interests issued by the Company on the date at which the control of the acquired company is obtained. The consideration transferred includes the fair value of any asset or a liability resulting from a contingent consideration arrangement. Contingent consideration is subsequently remeasured at fair value, with any resulting gain or loss recognized and included in the interim condensed consolidated statements of comprehensive income (loss) and changes in equity. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are generally measured initially at their fair values at the acquisition date. The Company measures goodwill as the fair value for the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. If this consideration is lower than the fair value of the net assets of the business acquired, the difference is recognized immediately in the interim condensed consolidated statements of comprehensive income (loss) as a gain from a bargain purchase.

To estimate the fair value of the intangible assets, management uses various valuation techniques and methodologies which include the income method, relief from royalty method, and the cost approach. If the final purchase price allocation for a business combination is incomplete, the Company reports provisional amounts for the items for which the accounting is incomplete. Provisional amounts are adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amount recognized at that date. The measurement period is the period from the acquisition date to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Transaction costs, other than those associated with the issue of debt or equity securities, and other direct costs of a business combination are not considered part of the business acquisition transaction and are expensed as incurred and recorded under selling, general and administrative expenses in the interim condensed consolidated statements of comprehensive income (loss).

Assets Held For Sale - IFRS 5

An asset is classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

To assess whether the asset meets the definition of an asset held for sale, the Company assesses whether the following conditions have been met:

- management is committed to a plan to sell;
- the asset is available for immediate sale;
- an active program to locate a buyer is initiated;
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions);
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value; and
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

Such an asset is generally measured at the lower of its carrying amount and fair value less costs to sell. Any impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets, property plant and equipment and right-of-use assets are no longer amortized or depreciated.

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

2.8. Standards issued but not yet effective

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

- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts*, specifying costs an entity should include in determining the "cost of fulfilling" a potential onerous contract. The amendments are effective for annual periods beginning on or after January 1, 2022, and apply to contracts existing at the date when the amendments are first applied.
- Amendments to IFRS 3, *Business Combinations - Updating a Reference to the Conceptual Framework*, updating a reference to the Conceptual Framework. The amendments are effective for annual periods beginning on or after January 1, 2022.
- Amendments to IAS 1, *Presentation of Financial Statements - Disclosure of Accounting Policies*, requiring entities to disclose material, instead of significant, accounting policy information. The amendments are effective for annual periods beginning on or after January 1, 2023.
- Amendments to IAS 8, *Accounting Policies - Changes in Accounting Estimates and Errors*, clarifying the definition of "accounting policies" and "accounting estimates". The amendments are effective for annual periods beginning on or after January 1, 2023.
- Amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent*, clarifying requirements for the classification of liabilities as non-current. The amendments are effective for annual periods beginning on or after January 1, 2023.
- Amendments to IAS 12, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, narrowing the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2023.

The Company is currently assessing the impact, if any, of these amendments on its consolidated financial statements.

3. Business combinations

On March 1, 2022, the Company acquired 100% of the shares of MPE Flow House, Inc., which owned 100% of the shares of dlhBowles, Inc. (collectively, “dlhBOWLES”), from MPE Partners, L.P. Based in North Canton, Ohio, United States of America, dlhBOWLES is a recognized leader in the North American market for camera and sensor cleaning systems, windshield washer systems, sunroof drains, powertrain, and chassis solutions. The acquisition of dlhBOWLES was made to further solidify the Company’s position in the washer systems market and strengthen its existing product portfolio.

On March 4, 2022, the Company acquired 89.9% of the shares of Karl Etzel GmbH and SAM-GmbH, as well as land and buildings from a party related to the owner of Karl Etzel GmbH (collectively, “Etzel”) from the Schürrle family. Based in Mühlacker, Germany, Etzel is a leading tier-1 and tier-2 supplier to the German luxury automotive market and has expertise in injection molding plastics for automotive interiors and exteriors. The acquisition of Etzel will provide the Company an opportunity to meaningfully expand its scale in Europe while entering the interior products space on the continent with a strong customer base of luxury OEMs.

Both acquisitions are accounted for using the acquisition method, and the results of operations since the respective dates of acquisition are included in the interim consolidated statement of comprehensive income (loss).

The preliminary details of the business combinations as at the date of acquisition based on the best information available to the Company are as follows:

	dlhBOWLES	Etzel[1]
Fair value of consideration transferred		
Amount settled in cash	$ 258,093	$ 68,372
Fair value of purchase option	—	8,078
Total consideration transferred	**$ 258,093**	**$ 76,450**

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

	dlhBOWLES	Etzel[1]
Recognized amounts of identifiable net assets		
Inventories	$ 33,208	$ 21,356
Trade and other receivables	24,764	18,046
Cash and cash equivalents	4,720	7,148
Prepaid expenses and other assets	4,373	763
Total current assets	**$ 67,065**	**$ 47,313**
Property, plant and equipment	$ 26,551	$ 47,830
Intangible assets	30,720	—
Right-of-use assets	19,488	5,473
Deferred income taxes	1,091	—
Other long-term assets	24	—
Total non-current assets	**$ 77,874**	**$ 53,303**
Trade payables	$ 7,835	$ 7,336
Accrued liabilities and other payables	2,301	4,321
Provisions	2,424	4,564
Current portion of lease liabilities	1,803	135
Current portion of loan[2]	—	21,376
Total current liabilities	**$ 14,363**	**$ 37,732**
Deferred income taxes	$ 3,143	$ —
Lease liabilities	17,685	5,338
Total non-current liabilities	**$ 20,828**	**$ 5,338**
Identifiable net assets	**$ 109,748**	**$ 57,546**
Goodwill on acquisition	**$ 148,345**	**$ 18,904**
Consideration transferred settled in cash	258,093	68,372
Cash and cash equivalents acquired	(4,720)	(7,148)
Net cash outflow on acquisitions	**$ 253,373**	**$ 61,224**

1. Etzel acquisition was a euro denominated purchase and the total consideration noted above is USD equivalent of euro as at the date of acquisition.
2. The acquired loan was repaid by the company immediately after the close of the transaction.

Consideration transferred

The acquisition of dlhBOWLES and Etzel (collectively, “acquirees”) were settled in cash amounting to $258,093 and $68,372 equivalent to EURO ("EUR") 60,943, respectively.

The Etzel purchase agreement includes options for both the Company and the minority shareholders whereby either party can exercise their option to require the transfer of the remaining 10.1% interest in Etzel to the Company at an exercise price that will be determined based on the results of operations as defined in the executed purchase and sale agreement. Due to the structure of the transaction, the Company has not recorded a non-controlling interest in its consolidated financial statements as it has determined that it has present access to the returns associated with its underlying ownership interests in Etzel.

The $8,078 (EUR 7,200) fair value of purchase option represents the present value of the Company’s probability weighted estimate of the exercise price. It reflects management’s estimate of the timing of option exercise and the expected results of operations of Etzel in the relevant period. As at March 31, 2022, there have been no changes in the estimated liability. Any subsequent change in the fair value of liability will be recorded in equity.

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

Acquisition-related costs amounting to $5,319 are not included as part of consideration transferred and have been recognized as an expense in the interim consolidated statement of comprehensive income (loss), as part of selling, general and administrative expense.

Goodwill

Goodwill of $148,345 for dlhBOWLES and $18,904 for Etzel is comprised of the excess fair value of the consideration paid over the fair value of the net assets acquired. Facts that make up the amount of goodwill recognized include the application of the Company's operating practices to improve the operations of acquirees, synergies with existing businesses of the Company, and other intangible assets that do not qualify for separate recognition, including assembled workforce. dlhBOWLES and Etzel goodwill have been allocated to the North America and the Rest of the World segment, respectively. Goodwill is not expected to be deductible for tax purposes.

Identifiable net assets

Due to the complexity and timing of the acquisitions, the Company is in the process of determining and finalizing the estimated fair values of the net assets acquired as part of the above acquisitions that closed during the third quarter. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available.

Contribution to the Company results

dlhBOWLES contributed revenues of $11,986 and net income of $1,630 to the Company for the period from March 1, 2022 to March 31, 2022. Etzel contributed revenues of $6,925 and net income of $488 to the Company for the period from March 4, 2022 to March 31, 2022.

If the acquisitions had occurred on July 1, 2021, consolidated pro-forma revenue and net income for the three months ended March 31, 2022, would have been $58,281 and $4,668, respectively, and for the nine months ended March 31, 2022, would have been $163,385 and $13,654, respectively. These amounts have been calculated using the acquirees' results and adjusting them for:

- the intercompany sales and purchases between the Company and the acquirees,
- acquisition costs incurred by the Company and the acquirees,
- the interest cost on old debt of acquirees,
- additional interest cost on the loan drawn by the Company to fund these acquisitions,
- material differences in the accounting policies between the Company and the acquirees, and
- consequential tax effects of all the above-listed adjustments.

Assets held for sale

On April 29, 2022, the Company entered into an agreement for the sale and leaseback of all of its real estate properties located in Mühlacker, Germany obtained through the recent acquisition of Karl Etzel. The transaction is expected to close in the Company's fourth quarter. Refer to note 16 for more details. Consequently, the Company classified $34,321 of related real estate properties as assets held for sale as at March 31, 2022. The Company is in the process of determining and finalizing the estimated fair values of the these assets. As at March 31, 2022, these assets are presented within total assets of Rest of World segment in note 12.

4. Trade and other receivables

	March 31, 2022	June 30, 2021
Trade receivables	**$ 124,386**	$ 73,662
Receivables from joint ventures	**10,977**	2,991
Total trade and other receivables	**$ 135,363**	$ 76,653

Refer to note 15 for the aging analysis of trade receivables.

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

5. Inventories

	March 31, 2022	June 30, 2021
Raw materials and components	**$ 49,270**	$ 32,053
Finished goods and work in progress	**43,673**	23,735
Tooling	**62,492**	26,382
Total inventories	**$ 155,435**	$ 82,170

6. Provisions

The following table provides a continuity of the provision balances for the nine months ended March 31, 2022 and the year ended June 30, 2021:

	Notes	Provisions
June 30, 2020		$ 14,539
Additions during the year		20,837
Utilized		(12,287)
Reversals		(7,026)
June 30, 2021		**$ 16,063**
Additions during the period		7,221
Utilized		(1,398)
Reversals		(5,427)
Acquired during the period	*3*	6,988
March 31, 2022		**$ 23,447**

As at March 31, 2022 and June 30, 2021, provisions include estimated amounts owed as a result of modifications to contractual terms of customer contracts, warranties, and onerous contract provisions relating to certain tooling contracts.

7. Long-term debt

	Maturity	March 31, 2022	June 30, 2021
Revolving credit facilities	February 24, 2027	400,000	280,000
Total long-term debt		**$ 400,000**	$ 280,000

On February 22, 2021, immediately after the closing of the initial public offering (the "IPO"), the Company amended its credit agreement with a syndicate of lenders (the "Credit Agreement") to increase the size of its Credit Facilities to $450,000, inclusive of two swingline facilities in the aggregate amount of $20,000.

On September 29, 2021, the Company amended its Credit Agreement to provide greater flexibility in the calculation of its Total Net Debt to EBITDA covenant over the next five fiscal quarters due to the conditions caused by the ongoing supply chain challenges driven by COVID-19. The amendment waives the former requirement to maintain a minimum Total Net Debt to EBITDA ratio for the period from July 1, 2021 to March 30, 2022. Furthermore, EBITDA for financial covenant purposes has been excluded for the fiscal quarters ended September 30, 2021 and December 31, 2021, and is to be annualized accordingly for the remaining quarters in relevant periods. The amendment also requires the Company to maintain liquidity of no less than $50,000 until delivery of the compliance certificate for the quarter ending March 31, 2022.

On February 24, 2022, to facilitate the financing for its recent acquisitions, the Company amended its Credit Agreement to increase the size of its Credit Facilities to $550,000, inclusive of two swingline facilities in aggregate amount of $23,000, and a Revolving Facility B amounting to $50,000. The Company also extended the maturity of its Credit Agreement to

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

February 2027 for all facilities except Revolving Facility B which will be available until February 2023. As part of the amendment, the Company also changed its interest rate benchmark from London Interbank Offered Rate ("LIBOR") to Secured Overnight Financing Rate ("SOFR").

The Company incurred $2,650 of financing fees during the nine months ended March 31, 2022, which have been capitalized as deferred financing costs and are included in other long-term assets.

During the three and nine months ended March 31, 2022, the Company acquired a loan of $21,376 as part of its acquisition of Etzel. The loan was repaid by the Company immediately after the close of the transaction.

At March 31, 2022, the Company had aggregate amounts outstanding under the Credit Facilities of $400,000, maturing February 24, 2027. At March 31, 2022, no amounts were outstanding under the Revolving Facility B. As at March 31, 2022, the Company had $148,013 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 15). As at March 31, 2022, the average interest rate on the Credit Facilities was 3.05% (June 30, 2021: 3.38%) and $1,987 (June 30, 2021: $863) 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, 2022, the Company was in compliance with its covenants.

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

The unamortized deferred financing costs related to the revolving credit facilities are being amortized straight-line over the term of the underlying Credit Agreement.

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

	Notes		Long-term debt
June 30, 2020		**$**	**379,200**
Repayment of long-term debt			(305,000)
Increase in deferred financing costs			(648)
Impact of changes in expected cash flow on deferred financing costs[1]			9,035
Amortization of deferred financing costs			2,413
Net drawings on revolving credit facilities			195,000
June 30, 2021		**$**	**280,000**
Net drawings on revolving credit facilities			120,000
Loan acquired on the acquisition of Etzel	*3*		21,376
Repayment of the acquired loan	*3*		(21,376)
March 31, 2022		**$**	**400,000**

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 year ended June 30, 2021. Additionally, $1,339 of unamortized deferred financing cost related to the former revolving credit facilities previously classified as a non-current asset was also written off during the year ended June 30, 2021.

8. Capital stock

8.1. Share Capital

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

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

As of February 22, 2021, 100,000 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 January 11, 2022, the Company closed a private placement with certain investment funds managed by affiliates of Apollo Global Management, Inc. ("Apollo") and Oaktree. An aggregate of 5,253,642 common shares of the Company were issued at a price per common share of the USD equivalent of CAD$5.83. The Company raised gross proceeds of $24,157 from the private placement.

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

The Company incurred an issuance cost of $488 for the private placement and rights offering.

	Common Shares		
	Number of shares	**$**	
As at June 30, 2020	100,000	$	2,991
Pre-Closing Capital Change	52,422,392		—
As at June 30, 2021	52,522,392	$	2,991
Shares issued upon redemption of RSUs	14,030		116
Shares issued upon closing of rights offering, net of issuance cost	57,790,064		264,696
Shares issued upon closing of private placement, net of issuance cost	5,253,642		24,157
As at March 31, 2022	**115,580,128**	**$**	**291,960**

8.2. Stock Options and RSUs

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.

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

	Options		**Weighted Average exercise price (CAD$)**
Share options outstanding June 30, 2020	—		—
Granted	1,110,769		10.00
Forfeited	16,071		10.00
Share options outstanding June 30, 2021	1,094,698	$	10.00
Granted	10,282		10.00
Forfeited	12,287		10.00
Share options outstanding March 31, 2022	**1,092,693**	**$**	**10.00**
Vested share options, March 31, 2022	—		

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

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:

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

Expected volatility was determined based upon the historical average volatility of comparable public companies. The fair value of the options is recognized as share-based compensation expense over the vesting period. During the three and nine months ended March 31, 2022, the Company recorded an expense of $332 (2021: $150) and $1,023 (2021: $150), respectively, related to stock options as share-based compensation within selling, general and administrative expenses.

Restricted share units ("RSUs")

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

During the year ended June 30, 2021, 617,781 RSUs were granted to eligible participants, 6,805 units were redeemed, and 5,954 units were forfeited. As at June 30, 2021, 605,022 RSUs were outstanding.

During the nine months ended March 31, 2022, 8,675 RSUs were granted, 35,823 RSUs were forfeited and 30,220 RSUs were redeemed as share capital or were paid in cash. As at March 31, 2022, 547,654 RSUs were outstanding. During the three and nine months ended March 31, 2022, the Company recorded an expense of $351 (2021: $nil) and $1,112 (2021: $nil), respectively, related to RSUs as share-based compensation within selling, general and administrative expenses.

8.3. Deferred share units ("DSUs")

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

During the year ended June 30, 2021, 124,254 DSUs were granted to non-employee directors under the deferred share unit plan.

During the nine months ended March 31, 2022, 73,231 DSUs were granted and 102,529 DSUs were redeemed. As at March 31, 2022, 94,956 DSUs were outstanding. During the three and nine months ended March 31, 2022, the Company recorded income of $143 (2021: $731) and expense of $172 (2021: $731), respectively, related to DSUs as share-based compensation expense within selling, general and administrative expenses.

8.4. Value Creation Plan

The Company has a Value Creation Plan ("VCP") to motivate and retain certain individuals to contribute to the attainment of the long-term performance goals of the Company and ABC LP. Pursuant to the terms of the VCP, eligible participants may be issued units ("Participant Units") to receive certain cash distributions from a designated pool (the "VCP Pool") based on net cash distributions over an established threshold amount. The Participant Units are non-voting and are not convertible into any equity or voting securities. During the three and nine months ended March 31, 2022, distributions amounting to $nil (2021: $1,684) and $2,363 (2021: $1,684), respectively, were made from the VCP Pool. As of March 31, 2022, the VCP Pool has a balance of $nil.

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

8.5. ABC Group Canada LP Equity Incentive Plan

ABC LP has an equity structure comprised of Class A interests, owned by an investment fund managed by Cerberus Capital Management LP, and Class P interests, held by certain directors and officers of the Company and others. The Class P interests are entitled to receive a proportionate share of distributable profits of ABC LP after the Class A interest holders have received distributions ("ABC LP Equity Incentive Plan"), in aggregate, equal to (a) the capital contributions represented by the Class A interests and (b) 10% per annum compounded rate of return in respect of (a). Although the ABC LP Equity Incentive Plan is considered a group-based payment plan, the Company does not have obligations to either participants or to ABC LP under the plan. Therefore, no amounts related to the ABC LP Plan have been recorded in the Company's interim condensed consolidated financial statements as at March 31, 2022. ABC LP is no longer affiliated with the Company as of November 10, 2021, and the ABC LP Equity Incentive Plan is expected to discontinue by the end of Fiscal 2022.

9. 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 participated in the Canada Emergency Wage Subsidy (“CEWS”) program in Canada, which was announced in March 2020 and ended in October 2021. CEWS provided 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 $nil for the three and nine months ended March 31, 2022 (2021: $1,799 and $9,331, respectively), of which $nil remains receivable as at March 31, 2022 (June 2021: $nil). This benefit is recorded in the interim condensed consolidated statement of comprehensive income (loss) as a deduction to the related expenses. Of the amount recorded in the three and nine months ended March 31, 2021, $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.

10. Selling, general and administrative expense

	For the three months ended March 31,		For the nine months ended March 31,	
	2022	**2021**	**2022**	**2021**
Wages and benefits	**$ 12,422**	$ 9,636	**$ 34,548**	$ 38,434
Professional fees	**2,149**	2,069	**5,276**	5,101
Depreciation and amortization	**6,909**	5,300	**19,035**	15,932
Business transformation related costs	**1,152**	1,055	**4,004**	5,600
IPO related costs	**—**	7,736	**—**	7,736
Information technology	**1,371**	1,288	**4,374**	3,778
Foreign exchange loss (gain)	**(739)**	1,099	**(347)**	4,852
Travel expense	**224**	92	**677**	348
Freight and duty	**1,329**	347	**2,313**	937
Bank and payroll service charges	**441**	347	**1,075**	894
Directors' and officers' insurance expense	**770**	278	**1,869**	288
Transactional, recruitment, and other bonuses	**—**	6,502	**2,374**	6,745
Acquisitions related cost	**1,287**	—	**5,319**	—
Share-based compensation expense	**826**	881	**2,307**	881
Other	**1,111**	1,526	**3,996**	4,229
Total selling, general, and administrative expense	**$ 29,252**	$ 38,156	**$ 86,820**	$ 95,755

Included in transactional, recruitment, and other bonuses is $2,363 paid by the Company out of the VCP in connection with the Oaktree transaction. Directors' and Officers' insurance expense increased as a result of the Company going public in the third quarter of Fiscal 2021.

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

11. Interest expense

	For the three months ended March 31,		For the nine months ended March 31,	
	2022	2021	**2022**	2021
Interest on long-term debt	**$ 3,955**	$ 3,875	**$ 11,803**	$ 13,344
Impact of changes in expected cash flow on deferred financing costs	**—**	11,811	**—**	11,567
Amortization of deferred financing costs[1]	**67**	344	**110**	2,413
Interest on lease liability	**3,479**	3,584	**10,291**	10,737
Other	**341**	282	**860**	1,444
Total interest expense	**$ 7,842**	$ 19,896	**$ 23,064**	$ 39,505

1. The corresponding financing fees are capitalized as deferred financing costs and is included in other long-term assets.

12. Segmented information

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

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

Beginning in the third quarter of Fiscal 2021, the CODM measures segment performance based on operating income (loss) as shown in the interim condensed consolidated statement of comprehensive income (loss), 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.

For the three months ended March 31, 2022	**North America**	**Rest of World**	**Joint Ventures[1]**	**Total**	**Adjustments[2]**	**Total Reportable Segments**
Revenue						
External customers[3]	$ 265,733	$ 20,042	$ 32,569	$ 318,344	$ (32,569)	$ 285,775
Inter-segment revenues	3,218	269	1,704	5,191	(5,191)	—
Total revenue	**$ 268,951**	**$ 20,311**	**$ 34,273**	**$ 323,535**	**$ (37,760)**	**$ 285,775**
Capital additions	$ 9,774	$ 804	$ 584	$ 11,162	$ (584)	$ 10,578
Operating income (loss)	8,879	678	141	9,698	(85)	9,613

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

For the nine months ended March 31, 2022	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[2]	Total Reportable Segments
Revenue						
External customers[3]	$ 611,911	$ 40,718	$ 88,961	$ 741,590	$ (88,961)	$ 652,629
Inter-segment revenues	8,549	676	4,299	13,524	(13,524)	—
Total revenue	**$ 620,460**	**$ 41,394**	**$ 93,260**	**$ 755,114**	**$ (102,485)**	**$ 652,629**
Capital additions	$ 26,395	$ 1,694	$ 2,913	$ 31,002	$ (2,913)	$ 28,089
Operating income (loss)	(28,560)	(3,464)	(156)	(32,180)	(194)	(32,374)

As at March 31, 2022	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[2]	Total Reportable Segments
Total assets	$ 1,114,973	$ 174,887	$ 99,147	$ 1,389,007	$ (91,171)	$ 1,297,836
Total liabilities	852,122	82,686	52,603	987,411	(91,171)	896,240

1. The joint venture segment is presented on a 50% basis, which corresponds to the Company's proportionate share of ownership in the joint ventures.
2. The adjustments and eliminations include the reversal of the joint ventures at 50%.
3. For the three and nine months ended March 31, 2022, external customer revenues include tooling revenues of $15,867 and $49,046, respectively, for the Company, excluding the joint ventures.

For the three months ended March 31, 2021	North America	Rest of World	Joint Ventures[1]	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	$ 1,589	$ 8,812	$ (1,589)	$ 7,223
Operating income (loss)	(7,081)	(19)	1,153	(5,947)	(352)	(6,299)

For the nine months ended March 31, 2021	North America	Rest of World	Joint Ventures[1]	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	$ 5,106	$ 27,322	$ (5,106)	$ 22,216
Operating income (loss)	34,103	(1,201)	7,920	40,822	(1,403)	39,419

As at June 30, 2021	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[2]	Total Reportable Segments
Total assets	$ 797,298	$ 46,729	$ 93,727	$ 937,754	$ (82,125)	$ 855,629
Total liabilities	675,584	50,651	46,315	772,550	(82,125)	690,425

1. The joint venture segment is presented on a 50% basis, which corresponds to the Company's proportionate share of ownership in the joint ventures.
2. The adjustments and eliminations include the reversal of the joint ventures at 50%.
3. For the 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.

(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, 2022	$ 79,007	$ 101,643	$ 85,083	$ 20,042	$ 285,775
March 31, 2021	54,256	89,943	61,054	12,673	217,926

Revenue[1] for the nine months ended	Canada	United States	Mexico	Rest of World	Consolidated
March 31, 2022	$ 188,662	$ 237,360	$ 185,889	$ 40,718	$ 652,629
March 31, 2021	200,199	287,003	212,544	37,910	737,656

Non-current assets[2] as at	Canada	United States	Mexico	Rest of World	Consolidated
March 31, 2022	$ 221,393	$ 390,675	$ 145,651	$ 64,420	$ 822,139
June 30, 2021	233,404	181,881	135,112	30,296	580,693

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.

13. Related party transactions

13.1. Joint Ventures

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

	For the three months ended March 31, 2022		For the nine months ended March 31, 2022		As at March 31, 2022	
	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.	$ 1,347	$ 4,093	$ 2,856	$ 10,585	$ 1,342	$ 5,155
ABC INOAC Exterior Systems, LLC	—	3,498	—	7,888	146	5,557
ABCOR Filters	2,061	—	5,742	8	1,147	109
INOAC Huaxiang	—	44	—	104	—	156

	For the three months ended March 31, 2021		For the nine months ended March 31, 2021		As at June 30, 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	$ 1,019	$ 1,833
ABC INOAC Exterior Systems, LLC	—	535	—	2,593	84	996
ABCOR Filters	2,149	2	6,149	12	1,114	107
INOAC Huaxiang	—	31	—	145	—	55

Receivables from joint ventures are non-interest bearing and are normally settled in 30–90 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, 2022, the Company received dividends from its joint ventures in the amount of $nil (2021: $1,500) and $553 (2021: $5,991), respectively.

13.2. Cerberus Operations and Advisory LLC

Cerberus Operations and Advisory LLC, a company under common control with ABC up to June 23, 2021, and some of ABC's former directors provided consulting services to the Company during the period within their capacity as a director. An amount of $nil (2021: $422) for the three months ended March 31, 2022, and $37 (2021: $920) for the nine months ended March 31, 2022 was charged to profit or loss related to these services. As at March 31, 2022, an amount due to related parties of $nil (June 30, 2021: $nil) was included in trade payables and accrued liabilities and other payables.

14. Earnings (loss) per share

Basic and diluted earnings (loss) per share are calculated by dividing the net earnings (loss) attributable to the shareholders 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,	
	2022	**2021**	**2022**	**2021**
Net income (loss)	**$ (6,321)**	$ (20,695)	**$ (50,933)**	$ 87
Weighted average number of ordinary shares[1]	**85,400,872**	52,522,392	**63,329,061**	52,522,392
Shares deemed to be issued in respect to options[2]	**—**	—	**—**	—
Shares deemed to be issued in respect to RSUs[2]	**—**	—	**—**	—
Weighted average number of shares used in diluted earnings (loss) per share	**85,400,872**	52,522,392	**63,329,061**	52,522,392
Earnings (loss) per share - basic and diluted	**$ (0.07)**	$ (0.39)	**$ (0.80)**	$ 0.00

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. The impact of the options and RSUs outstanding were not considered in the calculation as they were anti-dilutive.

15. Financial instruments

15.1 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.

15.2 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, 2022 and June 30, 2021, 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, 2022	June 30, 2021	Fair value hierarchy
Derivative assets (liabilities)			
Derivatives designated as cash flow hedging instruments:			
Interest rate swaps – USD SOFR (2021: LIBOR)[1]	**$ 677**	$ (5,455)	Level 2
Foreign exchange forward contracts – CAD	**747**	11,485	Level 2
Foreign exchange forward contracts and collars – Mexican Peso ("MXN")	**6,333**	4,092	Level 2
Foreign exchange forward contracts – EURO	**1,145**	—	Level 2
Total derivative assets (liabilities), net	**$ 8,902**	$ 10,122	
Total current[2]	**$ 3,243**	$ 2,552	
Total non-current	**$ 5,659**	$ 7,570	

1. Consistent with the change in the interest rate benchmark of the underlying long-term loan, the Company amended the benchmark of the interest rate swaps from LIBOR to SOFR during the three and nine months ended March 31, 2022.
2. 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 techniques that employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. Changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and the fair value recognized on derivative financial instruments.

15.3 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:

15.3.1 Hedging activities and derivatives

Foreign currency contracts

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

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

The notional amounts and maturities of the derivative financial instruments as at March 31, 2022 are detailed below.

	Maturity			
	Less than 3 months	3–12 months	1–5 years	Total
Designated as hedging instruments:				
Foreign currency forwards				
CAD	$ 35,869	$ 63,290	$ 88,494	**$ 187,653**
Average USD-CAD exchange rate	1.25	1.26	1.26	
Foreign currency forwards				
MXN	$ 5,683	$ 16,870	$ 57,131	**$ 79,684**
Average USD-MXN exchange rate	21.86	22.14	25.18	

The Company designates certain of its USD-CAD foreign currency forwards as cash flow hedges. During the three and nine months ended March 31, 2022, 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,	
	2022	2021	2022	2021
Unrealized gain (loss) in OCI	**$ 2,345**	$ 3,049	**$ (2,057)**	$ 20,285
Realized gain recognized in profit or loss	**379**	496	**1,126**	399
Gain (loss) recycled from OCI to profit or loss	**272**	(54)	**677**	(1,062)
Gain (loss) recycled from OCI to inventories	**70**	124	**598**	(1,731)

During the nine months ended March 31, 2022, the Company monetized certain of its USD-CAD foreign currency contracts and reentered at the market rate. The Company received net proceeds of $8,568 as a result of the monetization. As the forecast transactions related to the monetized hedges are still probable, the gain deferred in OCI will be released when the original hedged transactions impact earnings. The Company recycled a gain of $635 from OCI to inventories and a gain of $416 from OCI to profit or loss during the period.

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, 2022, 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,	
	2022	2021	2022	2021
Unrealized gain (loss) in OCI	**$ 3,912**	$ (1,387)	**$ 5,002**	$ 9,783
Realized gain recognized in profit or loss	**646**	642	**1,828**	1,213
Gain recycled from OCI to profit or loss	**—**	—	**—**	244
Gain recycled from OCI to inventories	**643**	425	**1,870**	192

During the nine months ended March 31, 2022, the Company monetized certain of its USD-MXN foreign currency contracts and reentered at the market rate. The Company received net proceeds of $1,493 as a result of the monetization. As the forecast transactions related to the monetized hedges are still probable, the gain deferred in OCI will be released when the original hedged transactions impact earnings. The Company recycled a gain of $598 from OCI to inventories during the period.

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

At March 31, 2022, the Company had interest rate swap agreements with a total notional amount of $225,000 (June 30, 2021: $225,000) whereby the Company pays a weighted average fixed interest rate of 1.48% (June 30, 2021: 1.56%) and receives interest at a floating rate equal to 1-month USD SOFR on the total notional amount. The interest rate swap agreements mature in May 2023. During the three and nine months ended March 31, 2022, the Company amended the benchmark for the interest rates from LIBOR to SOFR.

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2022	2021	**2022**	2021
Unrealized gain in OCI	**$ 2,742**	$ 384	**$ 3,657**	$ 440
Loss recycled from OCI to profit or loss	**(819)**	(797)	**(2,499)**	(2,400)

15.3.2 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, 2022 and June 30, 2021.

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, 2022, after taking into account the effect of interest rate swaps, approximately 56% (June 30, 2021: 80%) of the Company's borrowings were at a fixed rate of interest.

With all other variables held constant, an increase in interest rate of 50 basis points would have a negative impact on income (loss) before income tax for the three months ended March 31, 2022 of $146 (2021: $366) and for the nine months ended March 31, 2022 of $392 (2021: $1,179) on a hedged basis.

Foreign currency risk and sensitivity

ABC's functional currency is the USD. The Company also has transactions denominated in CAD and MXN because it sells into the Canadian and Mexican markets and purchases goods and services from Canada and Mexico. To a lesser extent the Company has transactions denominated in 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.

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

The Company manages its foreign currency risk by using foreign currency derivatives to cover forecast purchase transactions that are expected to occur. When a foreign currency derivative is entered into for this purpose, the Company ensures the terms of the foreign currency derivative closely match the maturity dates of the hedged exposure.
Excluding the impact of hedge accounting, a 5% strengthening of the CAD against the USD would have decreased income (loss) before income tax by approximately $1.9 million for the three months ended March 31, 2022 (2021: $0.9 million) and $2.9 million for the nine months ended March 31, 2022 (2021: $2.4 million). A 5% strengthening of the MXN against the USD would have decreased income (loss) before income tax by approximately $0.8 million for the three months ended March 31, 2022 (2021: $0.6 million) and $2.2 million for the nine months ended March 31, 2022 (2021: $1.5 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

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

A 5% increase in the price of resin (all other variables held constant) would have a negative impact on income (loss) before income tax of $2,936 for the three months ended March 31, 2022 (2021: $2,045) and $6,814 for the nine months ended March 31, 2022 (2021: $6,108), 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, 2022	**$ 135,363**	**$ 126,362**	**$ 1,937**	**$ 779**	**$ 6,285**
As at June 30, 2021	76,653	75,659	709	173	112

An impairment analysis is performed at each reporting date on an individual basis for each customer. The calculation is based on actual incurred historical data and forward-looking information available. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company is exposed to concentration of risk with respect to trade receivables. As at March 31, 2022, the Company's three largest customers accounted for 19.8%, 4.6% and 3.8%, respectively, of all receivables owing (June 30, 2021: 30.1%, 5.9% and 2.0%, respectively).

Deposits with banks and financial institutions

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

Liquidity risk

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

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Concentration risk

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

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

Master netting and similar agreements

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

The ISDA agreements do not meet the criteria for offsetting in the 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, 2022	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**
Interest rate swaps – USD SOFR	$ 677	$ 447	$ 447	$ —
Foreign exchange forward contracts and collars – MXN	1,692	4,641	—	—
Foreign exchange forward contracts – CAD	371	571	195	—
Foreign exchange forward contracts – EURO	1,145	—	—	—

June 30, 2021	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**
Interest rate swaps – USD LIBOR	$ —	$ —	$ 2,972	$ 2,483
Foreign exchange forward contracts and collars – MXN	2,399	1,693	—	—
Foreign exchange forward contracts – CAD	3,125	8,360	—	—
Foreign exchange forward contracts – EURO	—	—	—	—

15.3.3 Capital management

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

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

The Company is subject to certain covenants on its Credit Facilities. Refer to note 7 for discussion on covenants as at March 31, 2022.

16. Subsequent event

On April 29, 2022, the Company entered into an agreement for the sale and leaseback of all of its real estate properties located in Mühlacker, Germany obtained through the recent acquisition of Karl Etzel. The transaction is expected to close in the Company's fourth quarter. Net proceeds from the transaction after commissions and fees are expected to be EUR 51,750. The Company entered into a foreign currency contract to hedge the net proceeds from the transaction and expects to receive approximately $58,192. The lease is for an initial fifteen-year period with options to renew for two additional five-year periods. Lease payments are expected to be EUR 2,048 or $2,160 in the first year of the lease, increasing by 3% in each of the second and third years, with subsequent increases based on a variable rate linked with the German Consumer Price Index.