MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for ABC Technologies Holdings Inc. was prepared as of May 6, 2021 and provides information concerning its financial condition and results of operations and is intended to assist readers in understanding the business environment, strategies and performance and risk factors of ABC Technologies Holdings Inc. The following MD&A should be read together with ABC Technologies Holdings Inc.'s unaudited interim condensed consolidated financial statements and related notes thereto for the three and nine months ended March 31, 2021, as well as its audited consolidated financial statements and the related notes thereto for the fiscal year ended June 30, 2020. Additionally, readers should refer to the "Risk Factors" set forth in ABC Technologies Holdings Inc.'s final long form prospectus dated February 12, 2021, as amended by amendment no. 1 dated February 16, 2021, for further information. Additional information about ABC Technologies Holdings Inc. can be found on SEDAR at www.sedar.com.

Overview

ABC Technologies Holdings Inc. together with its consolidated subsidiaries and interests in its joint ventures ("ABC", the "Company", "we", "us" and "our") is a leading manufacturer and supplier of custom, highly engineered, technical plastics and lightweighting innovations to the North American light vehicle industry, serving more than 25 original equipment manufacturer ("OEM") customers globally through a strategically located footprint. Our integrated service offering includes manufacturing, design, engineering, material compounding, machine tooling and equipment building that are supported by a team of over 600 skilled professionals (comprised of over 500 professional practicing engineers and approximately 100 additional employees with technical diplomas or at least 15 years technical working experience serving in other technical engineering roles), which we believe ultimately contributes to our differentiated product innovation. Our vertically integrated capabilities include our tool-building and material compounding businesses, which we believe allows us to stay on the leading edge of technical plastics and lightweighting product innovation. In addition, our manufacturing footprint provides us with 250-mile coverage for the majority of our OEM customers' North American light vehicle manufacturing facilities, which we also believe provides us with logistical and competitive advantages. Based on management estimates, we have strong market shares in North America across multiple core product categories, which fall within our six product groups comprising HVAC Systems, Interior Systems, Exterior Systems, Fluid Management, Air Induction Systems and Flexible & Other. We principally sell directly to OEMs and have ABC content on over 75% of all light vehicles manufactured in North America and ship to approximately 90% of the OEM production facilities in North America. Furthermore, based on IHS Markit data, for YTD Fiscal 2021, we had strong representation of our content on the top 15 models produced in North America.

Initial Public Offering

On February 22, 2021, the Company completed an initial public offering (the "IPO") by way of secondary offering of 11,000,000 common shares of the Company (approximately 20% of the issued and outstanding common shares) by its then sole shareholder at a price of 10.00 Canadian dollars ("CAD") per common share, for total proceeds to the shareholder of CAD $110.0 million. The Company did not receive any proceeds from the secondary offering. On completion of the IPO, the common shares began trading on Toronto Stock Exchange under the symbol "ABCT".

The Company incurred $7.7 million of IPO related expenses associated with this transaction, consisting mainly of underwriter and professional fees, and $7.2 million of advisory, bonus and other costs. These costs were recorded in the period they were incurred within selling, general and administrative expenses. The Company also amended its credit agreement upon IPO (note 9), and as a result, $9.3 million and $1.3 million of unamortized deferred financing costs were written off related to the former term facility, and the former revolving credit facilities, respectively, and financing costs of $1.2 million that were incurred related to the amendment of the credit agreement were recognized as interest expense in the statement of comprehensive income.

Basis of Presentation

All references in this MD&A to "YTD Fiscal 2021" are to the nine months ended March 31, 2021 and "YTD Fiscal 2020" are to the nine months ended March 31, 2020. The references to "Fiscal 2020" are to our fiscal year ended June 30, 2020. All references in this MD&A to "Q3 Fiscal 2021" are to our fiscal quarter ended March 31, 2021 and "Q3 Fiscal 2020" are to our Company's fiscal quarter ended March 31, 2020

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS applicable to the preparation of interim financial statements, including IAS 34 - *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). All tabular figures presented in this MD&A are in thousands of U.S. dollars, except earnings per share, number of shares and where otherwise noted.

Recent Developments

COVID-19 Impact on the Company's Results and Business

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 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.

The current COVID-19 pandemic has adversely affected many aspects of the Company's business, including production, supply chain, and sales and delivery, as well as financial results. The Company's financial results have been negatively impacted by disruptions and shortages in the supply of critical components and materials globally (including semiconductors and resin) which was an indirect outcome of the COVID-19 pandemic. When the COVID-19 pandemic caused a significant drop in vehicle sales in spring 2020, OEMs cut their orders of all parts and materials, including the semiconductors needed for functions ranging from touchscreen displays to collision-avoidance systems. In the fall of 2020, when demand for passenger vehicles rebounded, OEMs were not able to secure adequate supply of semiconductors as chip manufacturers were already committed to supplying other customers in consumer electronics. The industry-wide semiconductor shortage has resulted in temporary shut-downs or slowdowns of the production lines at more than one of our OEM customers beginning in February and March 2021, which has impacted the production levels in our plants that supply those customers. We believe, however, that these conditions are temporary as end user demand for new vehicles remains strong. The global supply of resin has also been significantly impacted by the COVID-19 pandemic as demand for resin has increased in health care and other industries. As a result of the high demand, resin prices have increased as well as related freight costs. Resin supply was further constrained during late-February 2021 to early-April 2021 as a result of severe winter storms that forced the shutdown of key resin production facilities in the southern United States. When a complete shutdown of a resin production facility is required, the process to restart these facilities can typically take several weeks to get back to full production output levels. As of mid-April, resin production was significantly restored to pre-storm levels. Although the increase in resin prices has not materially impacted our Q3 Fiscal 2021 results, we expect it to have a significant impact in future periods on our cost of sales.

During March to May 2020, the peak of COVID-19 related shutdowns, the Company pre-emptively drew down $85.0 million on its revolving credit facilities to ensure it had ample liquidity to fund its operations during the pandemic. By September 30, 2020 the $85.0 million outstanding on the revolver was fully repaid.

Due to prolonged shutdown of operations from COVID-19 from March 2020 to May 2020, and a slow ramp up of operations in June 2020, the Company worked with its syndicate of lenders to amend its credit agreement (the "Credit Agreement") to provide financial covenant relief due to conditions caused by COVID-19. On July 30, 2020, the Company completed the amendment to its Credit Agreement providing financial covenant relief over the following 12 months. The amendments provide that, among other things, the Company's calculation of Total Net Debt to EBITDA Ratio, which is based on the trailing 12 months, would exclude EBITDA (as such terms are defined in the Credit Agreement) from the quarter ended June 30, 2020, and instead would be based on the annualized total of the remaining three applicable quarters (i.e. the sum of the three applicable quarters divided by three fourths). As a result, the impact of the COVID-19 related shutdown of the industry, including most of the Company's and its customers' operations, which occurred during the fourth quarter of Fiscal 2020, would be ignored for the purpose of financial covenant calculations under the Credit Agreement during the period of relief.

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

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

Any or all of the above impacts of a prolonged pandemic could have a rapid, unexpected and material adverse effect on our business, financial condition and results of operations. Irrespective of whether the pandemic is prolonged, the significant global economic impact and job losses to date may significantly affect household income and wealth beyond our Fiscal 2021, which would likely directly affect vehicle sales and thus production.

Apollo Funds to Acquire Majority Control of the Company

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

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

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

Non-IFRS Measures and Key Indicators

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

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

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

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

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

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

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

Summary of Factors Affecting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to, and may pose, a number of inherent risks and challenges, including those discussed below. See also "Risk Factors" section in ABC Technologies Holdings Inc.'s final long form prospectus dated February 12, 2021, as amended by amendment no. 1 dated February 16, 2021, for further information.

Macroeconomic Conditions and Auto Industry Fundamentals

Our sales are principally driven by the strength of North American light vehicle production, particularly light trucks which include CUVs, SUVs and pick-up trucks, and the level of demand for new light vehicles that are manufactured using our products. In North America, both demand for light vehicles and production of light vehicles are generally positively correlated with GDP. Management also believes that both demand for light vehicles and production of light vehicles are driven by a combination of macroeconomic and certain industry fundamentals which include, among other things, access to credit, used versus new vehicle pricing, average light vehicle age, and fuel prices. Additionally, light vehicle production can be influenced by industry trends. Variations in North American macroeconomic conditions and / or certain industry fundamentals that collectively result in a change in new vehicle sales and production by our customers have impacted and will continue to impact our sales.

Industry Trends

The North American auto parts industry is subject to secular trends, such as mix shifts towards light trucks and electric vehicles as well as increasing fuel efficiency standards. We believe we are well positioned to respond to evolving consumer preferences and increasing fuel efficiency standards. Our core technologies support large, highly engineered, lightweight parts and advanced material alternatives. Electric vehicles also continue to grow as a percentage of total light vehicle sales and benefit from lightweighting which enhances battery range. The majority of our products are generally usable in either traditional internal combustion engine vehicles or electric vehicles. In North America, light trucks sales, to which our business is strongly weighted, continue to grow as a percentage of total light vehicle sales. As fuel efficiency standards continue to increase, we believe our lightweight plastic products and solutions will continue to provide the opportunity to realize higher average dollar content per vehicle ("CPV") for the products we make and continue to develop as they replace traditional products made of heavier materials to improve fuel efficiency.

Organic Sales Growth

Our ability to generate organic sales growth depends on our ability to: increase the breadth and depth of products that we supply to existing customers; win new contracts and renewals or extensions of existing contracts; and, win business with new customers. We believe that executing this strategy will continue to drive our organic sales growth and Adjusted Free Cash Flow generation. We believe our longstanding, collaborative, and deeply integrated customer relationships, extensive technological capabilities and track record of developing innovative solutions positions us well to drive continued business wins.

Sourcing

Our future profitability is dependent on our ability to optimize our sourcing of materials at competitive pricing, including resin, components, equipment, and tooling equipment (molds, fixtures and assembly equipment).
Resins represent a significant portion of our material costs, which is generally the largest component of our cost of sales. Resins, which in many cases are of a specific engineered grade, are subject to price fluctuations, including those arising from supply and demand movements and changes in the prices of natural gas, crude oil and other petrochemical intermediates from which resins are produced, and that have recently exhibited a moderate level of volatility. Additionally, the global supply of resin has

been significantly impacted by the COVID-19 pandemic as demand for resin has increased in health care and other industries. As a result of the high demand, resin prices have increased as well as related freight costs. Resin supply was further constrained during late-February 2021 to early-April 2021 as a result of severe winter storms that forced the shutdown of key resin production facilities in the southern United States. When a complete shutdown of a resin production facility is required, the process to restart these facilities can typically take several weeks to get back to full production output levels. As of mid-April, resin production was significantly restored to pre-storm levels. A significant portion of our parts sales are indexed to resin prices or have other commercial means to mitigate the impact of resin price volatility; in some cases, resin indices are used to adjust selling prices on a prospective basis. In some cases the resin price is set by the customer and the supplier and any adjustment for market changes is done between the customer and the supplier without ABC involvement. For the sales that are not indexed, we typically seek to adjust pricing with our customers to recover the impact of any negative fluctuations in resin prices. In respect of approximately 50% of our resin contracts we have customer pricing mechanisms or other commercial practices in place that help to insulate us or reduce our exposure to market fluctuations in resin prices.

Components make up a significant portion of our material costs. Often components are assembled or otherwise integrated with the molded parts we make in our manufacturing processes forming a part of our contract requirements. These components are most often engineered for the specific application. The Company generally controls the decision making for sourcing qualified suppliers for components. However, certain components sourcing is directed by customers such that the supplier, the part specifications and the cost of the part to be supplied is negotiated directly by the customer. Customers pay this cost plus a nominal handling fee to manage this sourcing. The most significant component of our customer-directed sourcing business is related to consoles which we supply to our largest OEM customer. While these customer-directed consoles contributed to approximately 11% of our Sales for Fiscal 2020 it had a negligible impact on profitability and we expect this pass-through content will significantly decline over the next five years.

Every molded part we manufacture is produced from a mold engineered and manufactured to specific part dimensions and many parts are further assembled using various fixtures and assembly equipment which is often highly automated. Competitive sourcing of molds, fixtures and assembly equipment, collectively referred to as tooling, is an important part of the customer value proposition we provide. Through a vertically integrated subsidiary, the Company manufactures certain of the tooling used in production. The remainder of our tooling used in production is sourced from qualified third-party suppliers.

Foreign Exchange

Our functional currency is the U.S dollar (“USD”). The Company also has transactions denominated in Canadian dollars (“CAD”) and Mexican pesos (“MXN”) because we sell certain goods into the Canadian and Mexican markets in their local currencies and purchase goods and services from Canada and Mexico. To a lesser extent we have transactions denominated in Brazilian real, euros, Japanese yen and Chinese renminbi. As a result, changes in those currencies to USD exchange rates can impact our business, results of operations, and result in foreign currency gains or losses.

The Company manages a portion of its foreign currency risk by using foreign currency derivatives to cover forecasted 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.

Seasonality

Our business for the sale of parts and assemblies to our OEM customers exhibits moderate seasonality that is driven by the production cycle of those customers. Specifically, our largest North American OEM customers typically halt production for approximately two weeks in July/August and late December/early January. However, if retail demand for a vehicle is high enough, or inventories are low enough, customers will produce certain models through these periods. While certain variable costs can be managed to match seasonal patterns, a portion of our costs are fixed and cannot be adjusted for this limited seasonality impact. For these reasons, our sales and Adjusted EBITDA tend to be lower in our first and second fiscal quarters of each year. Tooling sales are determined by customer timing which is generally tied to product launch schedules which vary in magnitude and timing.

Competition

We operate in a highly competitive industry. We believe we are well positioned to maintain or grow our sales in several of our key product groups through collaborative and long-standing relationships with our customers, the ability to develop innovative custom solutions to changing technical requirements and through our product quality, operational flexibility, reliability, timeliness of delivery, geographic location, and price competitiveness.

Dependence upon large-volume customers

Although the Company supplies parts to major OEMs, a significant majority of its sales are to a few customers. While the Company continues seeking opportunities to diversify its business, including its product offerings and programs with existing customers, there is no assurance it will be successful. Shifts in market share away from its top customers or inability to increase its market share with existing customers could have a material adverse effect on the Company's profitability. A loss of any or all of the Company's top customers' business or the termination or discontinuation of such customers' programs without replacement or new business wins would be expected to have a material adverse effect on the Company's business financial condition and results of operations.

Pandemics and epidemics (including the ongoing COVID-19 pandemic), natural disasters, terrorist activities, political unrest, and other outbreaks

Global pandemics, epidemics or disease outbreaks in North America or globally, as well as hurricanes, earthquakes, tsunamis, or other natural disasters and severe weather conditions could disrupt the Company's business operations, reduce or restrict the Company's supply of materials and services, result in significant costs to protect the Company's employees and facilities, or result in regional or global economic distress, which may materially and adversely affect the Company's business, financial condition, and results of operations. Actual or threatened war, terrorist activities, political unrest, civil strife, and other geopolitical uncertainty could have a similar adverse effect on the Company's business, financial condition, and results of operations. Any one or more of these events may impede the Company's production and delivery efforts and adversely affect the Company's sales results, possibly for a prolonged period of time, which could materially and adversely affect the Company's business, financial condition, and results of operations.

The current COVID-19 pandemic has adversely affected many aspects of the Company's business, including production, supply chain, and sales and delivery, as well as financial results. The Company's financial results have been negatively impacted by disruptions and shortages in the supply of critical components and materials globally (including semiconductors and resin) which was an indirect outcome of the COVID-19 pandemic. When the COVID-19 pandemic caused a significant drop in vehicle sales in spring 2020, OEMs cut their orders of all parts and materials, including the semiconductors needed for functions ranging from touchscreen displays to collision-avoidance systems. In the fall of 2020, when demand for passenger vehicles rebounded, OEMs were not able to secure adequate supply of semiconductors as chip manufacturers were already committed to supplying other customers in consumer electronics. The industry-wide semiconductor shortage has resulted in temporary shut-downs or slowdowns of the production lines at more than one of our OEM customers beginning in February and March 2021, which has impacted the production levels in our plants that supply those customers. We believe, however, that these conditions are temporary as end user demand for new vehicles remains strong. The global supply of resin has also been significantly impacted by the COVID-19 pandemic as demand for resin has increased in health care and other industries. As a result of the high demand, resin prices have increased as well as related freight costs. Resin supply was further constrained during late-February 2021 to early-April 2021 as a result of severe winter storms that forced the shutdown of key resin production facilities in the southern United States. When a complete shutdown of a resin production facility is required, the process to restart these facilities can typically take several weeks to get back to full production output levels. As of mid-April, resin production was significantly restored to pre-storm levels. Although the increase in resin prices has not materially impacted our Q3 Fiscal 2021 results, we expect it to have a significant impact in future periods on our cost of sales.

As part of global efforts to mitigate the spread of the COVID-19, the Company instituted temporary full or partial shutdowns at many of its manufacturing facilities from March 2020 to May 2020, and is operating most of its corporate and regional offices on reduced staff (i.e., considerably below 50%) or through remote work arrangements. While further short-term and continuing shutdowns, whether partial or full, may necessitate temporary layoffs of employees, prolonged shutdowns may impair the Company's ability to resume operations as and when the pandemic eases.

Further, while the Company has taken measures to mitigate the risk of outbreaks or spread of COVID-19 at its facilities, if employees were to contract COVID-19 at the Company's facilities, the Company could face legal liability as an employer. On November 20, 2020, the Ontario government passed Bill 218, the Supporting Ontario's Recovery and Municipal Elections Act, 2020. This legislation provides limited liability protection to individuals, businesses and other organizations that act or make a good faith efforts to follow law and public health guidelines and act without gross negligence against certain COVID-19 exposure-related lawsuits. However, while the Company makes efforts to comply with the requirements of the legislation, it is unclear how the legislation will be ultimately interpreted and it is unlikely to protect the Company from all potential COVID-19 exposure-related liability.

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

The COVID-19 pandemic has had a global economic impact on the financial markets, and the extent to which it may affect the Company's results of operations will depend on future developments, which are highly uncertain and cannot be predicted. The Company cannot assure that the COVID-19 pandemic will be eliminated or contained in the near future, or at all, or that one or more similar outbreaks will not occur in the future. If the COVID-19 pandemic and the resulting disruption to the Company's business were to extend for a prolonged period, it could materially and adversely affect the Company's business, financial condition, and results of operations.

Environmental Matters

Foreign, federal, state, provincial and local regulatory and legislative bodies have proposed various legislative and regulatory measures relating to climate change, regulating greenhouse gas emissions and energy policies, including, without limitation, CAFE standards and California's agreement with major OEMs to increase fuel efficiency. Due to the uncertainty in the regulatory and legislative processes, as well as the scope of such requirements and initiatives, the Company cannot currently determine the effect such legislation and regulation may have on its operations or on the production of, or demand for, vehicles, including light trucks. There is a risk that, as part of their lightweighting initiatives and/or in an effort to respond to the standards set forth or proposed in such climate change related energy legislation and regulations, OEM's may transition the installation of certain automotive components (including products currently supplied by the Company) to after-market or dealer-installed options. Such transition to after-market or dealer installation, should it occur, could have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, the physical occurrence of severe weather conditions or one or more natural disasters, whether due to climate change or naturally occurring, such as, floods, wild fires, tornadoes, hurricanes, severe storms, and earthquakes in the United States, Canada, Mexico or in a country in which the Company operates or in which its suppliers or customers are located could have a material adverse effect on its business, financial condition and results of operations.

Capital and Liquidity Risk

Our debt can affect our performance in various ways, including:

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, capacity expansion, acquisitions, or other general corporate requirements and increasing our cost of borrowing;
- requiring a portion of our cash flow to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flow available for working capital, capital expenditures, capacity expansion, acquisitions, and other general corporate purposes;
- requiring the net cash proceeds of certain equity offerings to be used to prepay our debt as opposed to other purposes;
- exposing us to the risk of increased interest rates as certain of our borrowings have variable rates of interest; and
- limiting our flexibility in planning for and reacting to changes in the industries in which we compete.

Our Credit Agreement contains a number of restrictive covenants that impose operating and financial restrictions on us, including restrictions on our ability to incur certain liens, make investments and acquisitions, incur or guarantee additional indebtedness, pay dividends or make other distributions in respect of, or repurchase or redeem our common shares, or enter into certain other types of contractual arrangements affecting our subsidiaries or indebtedness.

The Credit Agreement also contains restrictions on the incurrence of additional indebtedness and those restrictions are subject to a number of qualifications and exceptions. We may also seek to amend or refinance one or more of our debt instruments to permit us to finance our growth strategy or improve the terms of our indebtedness. However, there can be no assurances that such debt instruments will be available on competitive or acceptable terms or at all.

Dependence upon key personnel

The success of the Company is dependent on the services of a number of the members of its senior management. The experience and talents of these individuals will be a significant factor in the Company's continued success and growth. In addition, the Company's continued success depends in part on its ability to recruit, retain and motivate highly skilled sales,

manufacturing, tooling and engineering personnel. Competition for persons in the automotive industry is intense, and the Company may not be able to successfully recruit, train or retain qualified personnel. If the Company fails to recruit and retain the necessary personnel, its ability to obtain new customers and retain existing customers, develop new products, operate, maintain and produce equipment and tooling, and provide acceptable levels of customer service could suffer, which could have a material adverse effect on the Company's business, financial condition and results of operations.
The Company has entered into employment agreements with certain of its key personnel. However, it cannot ensure that these individuals will stay with the Company. If any of these persons were to leave the Company, it could be difficult to replace them, and the Company's operations, ability to manage day-to-day aspects of its business and efforts to improve its cost competitiveness may be impaired, which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company does not currently maintain key man insurance.

Technological Change and Product Development

The Company continues to invest in technology and innovation which it believes will be critical to its long-term growth. Changes in legislative, regulatory or industry requirements or in competitive technologies, including manufacturing processes, may render certain of the Company's products obsolete or less attractive or may result in the Company's operations not being cost-competitive. The Company's ability to anticipate changes in technology and trends and to successfully develop and introduce new and enhanced products and / or manufacturing processes on a timely basis will be a significant factor in the Company's ability to remain competitive. If the Company is unsuccessful or is less successful than its competitors in consistently developing innovative products, processes and / or use of materials, the Company may be placed at a competitive disadvantage, which could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, if there is a shift away from the use of technologies in which the Company is investing, or a change in trends its costs may not be fully recovered. Further, the Company may be placed at a competitive disadvantage if other technologies in which its investment is not as great, or the Company's expertise is not as developed, emerge as the industry-leading technologies. This could have a material adverse effect on the Company's profitability and financial condition.

The Company is also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance of its customers' programs, delays in product development and failure of products to operate properly. If the Company is unable to respond quickly to changes in technology, customer demands or regulatory requirements, it could have a material adverse effect on the Company's business, financial condition and results of operations.

To compete effectively in the automotive supply industry, the Company must be able to launch new products to meet its customers' demands in a timely manner. The Company cannot ensure, however, that it will be able to install and validate the equipment needed to produce products for new customer programs in time for the start of production or that the transitioning of its manufacturing facilities and resources to full production under new product programs will not impact production rates or other operational efficiency measures at its facilities. In addition, the Company cannot ensure that its customers will execute on schedule the launch of their new product programs, for which the Company might supply products. The Company may fail to successfully launch or be affected by its customers' delay in introducing new programs, and its customers may fail to successfully launch new programs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Joint Ventures

Joint venture operations carry a range of risks, including those relating to: failure of the Company's joint venture partner(s) to satisfy contractual obligations; potential conflicts between the Company and its joint venture partner(s); strategic objectives of joint venture partners that may differ from the Company's own; potential delays in decision-making; a limited ability to implement some or all of the Company's policies, practices and controls, or to control legal and regulatory compliance, within the joint venture(s); and other risks inherent to non-wholly-owned operations. The likelihood of such occurrences and their potential effect on the Company vary depending on the joint venture arrangement, however, the occurrence of any such risks could have an adverse effect on the Company's operations, profitability and reputation.

Acquisition and Expansion

The Company may grow through acquisitions of complementary businesses, products or technologies, or by entering into joint ventures. Acquisitions or strategic alliances involve numerous risks, including:

- difficulties in the integration of the acquired businesses or incorporating joint ventures;
- the diversion of the Company's management team's attention from other business concerns;
- uncertainties in assessing the value, strengths and potential profitability of, and identifying the extent of all weaknesses of, acquisition candidates;
- the assumption of unknown liabilities, including environmental, tax, pension and litigation liabilities, and undisclosed risks impacting the target;

- adverse effects on existing customer and supplier relationships;
- incurrence of substantial indebtedness;
- potentially dilutive issuances of equity securities;
- integration of internal controls;
- entry into markets in which the Company has little or no direct prior experience;
- the potential loss of key customers, management and employees of an acquired business;
- potential integration or restructuring costs;
- the ability to achieve operating and financial synergies; and
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the Company's rationale for pursuing the acquisition or joint venture.

Selected Quarterly Consolidated Financial Information

The following tables provide selected consolidated financial data for the periods indicated.

	For the three months ended March 31,		For the nine months ended March 31,	
Selected statement of comprehensive income data	**2021**	**2020**	**2021**	**2020**
Sales	**$ 217,926**	$ 239,338	**$ 737,656**	$ 740,889
Cost of sales	**186,983**	205,261	**610,650**	631,797
Gross profit	**30,943**	34,077	**127,006**	109,092
Selling, general and administrative	**38,156**	16,985	**95,755**	65,343
Other expense (income)	**(113)**	3,162	**(1,651)**	3,751
Share of income of joint ventures	**(801)**	(1,190)	**(6,517)**	(8,439)
Operating income (loss)	**(6,299)**	15,120	**39,419**	48,437
Interest expense (net)	**19,896**	9,545	**39,505**	22,088
Earnings (loss) before income tax	**(26,195)**	5,575	**(86)**	26,349
Income tax expense (recovery)				
Current	**1,142**	5,891	**3,844**	15,295
Deferred	**(6,642)**	(2,396)	**(4,017)**	(8,977)
Total income tax expense (recovery)	**(5,500)**	3,495	**(173)**	6,318
Net earnings (loss)	**$ (20,695)**	$ 2,080	**$ 87**	$ 20,031
Earnings per share - basic and diluted	**$ (0.39)**	$ 0.04	**$ 0.00**	$ 0.38
Other financial and operating metrics				
Adjusted EBITDA	**$ 25,450**	$ 29,849	**$ 106,492**	$ 119,536
Adjusted EBITDA margin[1]	**10.3%**	11.2%	**12.8%**	14.1%
Adjusted Free Cash Flow	**$ 9,900**	$ 15,614	**$ 96,366**	$ (2,749)
Adjusted Free Cash Flow Conversion	**38.9%**	52.3%	**90.5%**	(2.3)%

1. The impact of the 2019 OEM Strike in Q3 Fiscal 2020 is $nil for the three months ended March 31, 2021 (2020: $(4.2) million) and $nil for the nine months ended March 31, 2021 (2020: $10.0 million).

	March 31, 2021	June 30, 2020
Selected statement of financial position data		
Cash	**$ 48,847**	$ 74,058
Proportionate cash held at joint ventures[1]	**12,662**	13,693
Cash including proportionate cash held at joint ventures	**$ 61,509**	$ 87,751
Trade working capital[2]	**26,593**	60,037
Net working capital[3]	**(33,203)**	8,331
Total assets	**846,944**	871,135
Long-term debt[4]	**285,000**	379,200
Proportionate long-term debt held at joint ventures[5]	**—**	—
Long-term debt including proportionate debt held at joint ventures	**$ 285,000**	$ 379,200
Net debt	**$ 223,491**	$ 291,449
Total liabilities	**673,789**	726,296
Total shareholders' equity	**173,155**	144,839

1. Represents 50% of cash held at joint ventures.
2. Trade working capital is calculated as trade and other receivables and inventories less trade payables.
3. Net working capital is calculated as trade and other receivables, inventories, prepaid expenses and other, less trade payables, accrued liabilities and other payables and current portion of provisions.
4. Includes current portion of long-term debt and is net of deferred financing costs.
5. Represents 50% of long-term debt held at joint ventures.

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	**2020**	**2021**	**2020**
Reconciliation of net earnings (loss) to Adjusted EBITDA				
Net earnings (loss)	**$ (20,695)**	$ 2,080	**$ 87**	$ 20,031
Adjustments:				
Income tax expense (recovery)	**(5,500)**	3,495	**(173)**	6,318
Interest expense	**19,896**	9,545	**39,505**	22,088
Depreciation of property, plant and equipment	**11,512**	10,217	**34,263**	29,508
Depreciation of right-of-use assets	**3,507**	3,443	**10,397**	10,036
Amortization of intangible assets	**4,575**	2,766	**13,766**	7,545
EBITDA	**$ 13,295**	$ 31,546	**$ 97,845**	$ 95,526
Loss on disposal of assets	**15**	138	**479**	691
Unrealized gain (loss) on derivative financial instruments	**522**	3,585	**(160)**	4,744
Impact of 2019 OEM Strike[1]	**—**	(4,238)	**—**	10,001
Transactional, recruitment and other bonuses[2]	**6,502**	—	**6,745**	—
Adjustment to acquisition-related payable	**—**	—	**—**	(3,343)
Business transformation related costs[3]	**1,055**	3,510	**5,600**	6,689
Additional launch and related costs[4]	**—**	—	**—**	20,865
Share of income of joint ventures	**(801)**	(1,190)	**(6,517)**	(8,439)
EBITDA from joint ventures[5]	**2,096**	2,311	**10,931**	9,407
IPO related costs[6]	**7,736**	—	**7,736**	—
Share-based compensation expense	**881**	—	**881**	—
Lease payments	**(5,851)**	(5,813)	**(17,048)**	(16,605)
Adjusted EBITDA	**$ 25,450**	$ 29,849	**$ 106,492**	$ 119,536

1. Represents management's estimate of lost EBITDA associated with the 2019 OEM Strike. The Company estimated lost sales by comparing customer forecasted demand from IHS Markit prior to the strike compared with actual releases on a per vehicle basis. This comparison was done by quarter up to the end of February 2020. The Company estimate considered that a portion of the lost volume ($4.2 million) was recovered as such OEM customer publicly announced it would work to recover lost sales through working over time and extra shifts in Q3 Fiscal 2020.

2. Represents transactional and recruitment bonuses including bonuses paid to management related to the IPO.
3. Represents costs including consulting fees associated with enhancing business operations, organizational capability and related processes. These costs also include services provided by Cerberus Operations and Advisory LLC and some of ABC's directors in the amount of 0.4 million for Q3 Fiscal 2021 (Q3 Fiscal 2020: $0.5 million), and 0.9 million for YTD Fiscal 2021 (YTD Fiscal 2020: $1.5 million).
4. Represents estimated additional launch costs associated with large programs included in cost of sales and selling, general and administrative expense.
5. EBITDA from joint ventures represents earnings before interest, taxes, and depreciation for the joint venture segment. This excludes any adjustment for the impact of the 2019 OEM Strike.
6. Represents IPO related expenses incurred by the Company consisting mainly of underwriter and professional fees.

Results of operations for Q3 Fiscal 2021 compared with Q3 Fiscal 2020

Sales

Sales were $217.9 million in Q3 Fiscal 2021 compared with $239.3 million for Q3 Fiscal 2020, a decrease of $21.4 million or 8.9%. According to IHS Markit reports, industry production in North America decreased by 4.5% overall for the same period. Sales were lower in Q3 Fiscal 2021 primarily due to lower customer production volumes caused by semiconductor shortages throughout the industry which is an indirect result of the COVID-19 pandemic and to a lesser extent, certain shutdowns due to weather-related issues in the southern United States and other supply chain issues. Additionally, sales in Q3 Fiscal 2020 included a recovery of volumes following the 2019 OEM Strike.

Cost of sales

Cost of sales was $187.0 million in Q3 Fiscal 2021 compared with $205.3 million for Q3 Fiscal 2020, a decrease of $18.3 million or 8.9%. As a percentage of sales, cost of sales was 85.8% in Q3 Fiscal 2021 compared with 85.8% in Q3 Fiscal 2020. The decrease in cost of sales was primarily driven by the lower sales noted above. The Company recorded $1.8 million during Q3 Fiscal 2021 related to the Canadian Emergency Wage Subsidy ("CEWS"), where the Canadian government 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. Of the amount recorded, $1.5 million was applied to cost of sales during Q3 Fiscal 2021 and the remainder was applied to selling, general and administrative expenses. The CEWS benefit during Q3 2021 helped the Company retain employees on its payroll when plants were shut down and volumes were lower. This benefit was partially offset by higher resin prices, additional costs incurred by the Company for personal protective equipment, increased absenteeism at certain sites, and additional safety protocols implemented by the Company to reduce the risk of COVID-19 spread and infection within its facilities.

Selling, general and administrative expenses

Selling, general and administrative expenses were $38.2 million in Q3 Fiscal 2021 compared with $17.0 million for Q3 Fiscal 2020, an increase of $21.2 million or 124.6%. As a percentage of sales, selling, general and administrative expenses were 17.5% in Q3 Fiscal 2021 compared with 7.1% in Q3 Fiscal 2020. Wages and benefits were $4.5 million higher in Q3 Fiscal 2021 compared with Q3 Fiscal 2020 primarily due to the reversal of management bonus accruals during Q3 Fiscal 2020 due to the impact of COVID-19 on the Company's financial results. The increase in selling, general and administrative expenses was also driven by $7.7 million of IPO related costs recognized during Q3 Fiscal 2021, $6.5 million of transactional, recruitment, and other bonuses recognized in Q3 Fiscal 2021 primarily due to bonuses paid to management related to the IPO, $1.1 million of foreign exchange loss in Q3 Fiscal 2021 compared with $0.9 million of foreign exchange gain in Q3 Fiscal 2020, and $0.9 million of share based compensation expense recognized in Q3 Fiscal 2021. Depreciation and amortization expense increased by $1.9 million in Q3 Fiscal 2021 due to the amortization of intangible assets related to programs that went into production in Fiscal 2020. This was partially offset by $2.5 million of lower business transformation related costs during Q3 Fiscal 2021.

Other income or expenses

Other income or expenses includes gains or losses on derivative financial instruments, and losses on disposal of assets. Other income was $0.1 million for the Q3 Fiscal 2021 compared with an expense of $3.2 million in Q3 Fiscal 2020. The changes were primarily driven by a $0.1 million gain on derivative financial instruments recorded during Q3 Fiscal 2021 compared with a $3.0 million loss in the comparative period. The loss on derivative financial instruments recorded in Q3 Fiscal 2020 was due to the weakening of the CAD and MXN versus the USD as a result of economic conditions caused by COVID-19.

Share of income of joint ventures

Share of income of joint ventures was $0.8 million in Q3 Fiscal 2021 compared with $1.2 million in Q3 Fiscal 2020, a decrease of $0.4 million or 32.7%.

Interest expense (net)

Interest expense (net) was $19.9 million in Q3 Fiscal 2021 compared with $9.5 million in Q3 Fiscal 2020, a increase of $10.4 million. The increase was primarily due to the non-cash write-off of unamortized deferred financing costs of $10.6 million related to the former credit facilities and financing costs incurred of $1.2 million as a result of amendments made to the Credit Agreement upon IPO.

Total income tax expense (recovery)

Total income tax recovery was $5.5 million in Q3 Fiscal 2021 compared with an income tax expense of $3.5 million in Q3 Fiscal 2020. The effective rate in Q3 Fiscal 2021 was 21.0% as compared to 62.7% in Q3 Fiscal 2020. There were higher expenses incurred during Q3 Fiscal 2020 that were not deductible for tax purposes, which resulted in a high effective tax rate in Q3 Fiscal 2020.

Net earnings (loss)

Net loss was $20.7 million in Q3 Fiscal 2021 compared with $2.1 million net earnings in Q3 Fiscal 2020, a decrease of $22.8 million. The decrease was primarily driven by lower operating income due to the factors noted above including the costs related to IPO completed in February 2021 recognized in selling, administrative and general expenses and the non-cash write-off of deferred financing costs recorded in interest expense associated with the amendment of the Company's Credit Agreement, which provided for improved terms and lower interest rates, partially offset by higher income tax recoveries.

Adjusted EBITDA

Adjusted EBITDA was $25.5 million in Q3 Fiscal 2021 compared with $29.8 million in Q3 Fiscal 2020, a decrease of $4.4 million or 14.7%. The change in Adjusted EBITDA was driven by the net effect of changes in sales, cost of sales, selling, general and administrative expenses, other expenses and share of income of joint ventures, as discussed above, as well as certain adjustments described under the heading “Selected Quarterly Consolidated Financial Information”. These adjustments have been made for events such as the IPO in Q3 Fiscal 2021 and the sales volume recovery after the 2019 OEM Strike in Q3 Fiscal 2020. After considering the impact of these adjustments, the year over year change is primarily attributed to lower sales volumes due to the semiconductor shortage throughout the industry which is an indirect result of the COVID-19 pandemic and to a lesser extent, certain shutdowns due to weather-related issues in the southern United States and other supply chain issues in Q3 Fiscal 2021. Additionally, wages and benefits were higher during Q3 Fiscal 2021 primarily due to the reversal of management bonus accruals during Q3 Fiscal 2020 from the impact of COVID-19 on the Company's financial results.

Results of Operations for YTD Fiscal 2021 compared with YTD Fiscal 2020

Sales

Sales were $737.7 million for YTD Fiscal 2021 compared with $740.9 million for YTD Fiscal 2020, a decrease of $3.2 million or 0.4%. According to IHS Markit reports, industry production in North America decreased by 1.2% for the same period. The impact of the industry-wide semiconductor shortage which is an indirect result of the COVID-19 pandemic and certain shutdowns due to weather-related issues in the southern United States and other supply chain issues during YTD Fiscal 2021 were generally offset by the impact of the 2019 OEM Strike during YTD Fiscal 2020. The Company estimates it lost approximately $27.3 million of sales during YTD Fiscal 2020 as a result of the 2019 OEM Strike.

Cost of sales

Cost of sales was $610.7 million for YTD Fiscal 2021 compared with $631.8 million for YTD Fiscal 2020, a decrease of $21.1 million or 3.3%. As a percentage of sales, cost of sales was 82.8% for YTD Fiscal 2021 compared with 85.3% for YTD Fiscal 2020. The decrease in cost of sales as a percentage of sales was primarily driven by higher costs incurred YTD Fiscal 2020 due to additional launch and related costs associated with new large programs at certain of the Company’s facilities and lower absorption of overhead as a result of the 2019 OEM Strike mentioned above. The Company recorded $9.3 million during YTD Fiscal 2021 related to CEWS. Of the amount recorded, $7.7 million was applied to cost of sales during YTD Fiscal 2021 and the remainder was applied to selling, general and administrative expenses. The CEWS benefit during YTD Fiscal 2021 helped the Company retain employees on its payroll when volumes were lower. This benefit was partially offset by additional costs incurred by the Company for personal protective equipment, increased absenteeism at certain sites, and additional safety protocols implemented by the Company to reduce the risk of COVID-19 spread and infection within its facilities.

Selling, general and administrative expenses

Selling, general and administrative expenses were $95.8 million for YTD Fiscal 2021 compared with $65.3 million for YTD Fiscal 2020, an increase of $30.4 million or 46.5%. As a percentage of sales, selling, general and administrative expenses were 13.0% for YTD Fiscal 2021 compared with 8.8% for YTD Fiscal 2020. Wages and benefits were $7.9 million higher for YTD Fiscal 2021 compared with YTD Fiscal 2020 primarily due to the reversal of management bonus accruals during YTD Fiscal 2020 due to the impact of COVID-19 on the Company's financial results. The increase in selling, general and administrative expenses was also driven by $7.7 million of IPO related costs recognized during YTD Fiscal 2021, $6.7 million of transactional, recruitment, and other bonuses recognized in YTD Fiscal 2021 primarily due to bonuses paid to management related to the IPO, $3.8 million of higher foreign exchange losses for YTD Fiscal 2021 compared with YTD Fiscal 2020, and $0.9 million of share based compensation expense recognized for YTD Fiscal 2021. Additionally, there was a $3.3 million gain recorded during YTD Fiscal 2020, which did not occur in YTD Fiscal 2021, related to the settlement of a liability payable to the former owners of the Company. Depreciation and amortization expense is $6.5 million higher for YTD Fiscal 2021 compared with YTD Fiscal 2020 due to the amortization of intangible assets related to programs that went into production in Fiscal 2020. This was partially offset by $2.7 million of lower professional fees primarily due to consultants used during YTD Fiscal 2020 to assist with large program launches at certain of the Company's facilities.

Other income or expenses

Other income or expenses includes gains or losses on derivative financial instruments, and losses on disposal of assets. Other income was $1.7 million for YTD Fiscal 2021 compared with an expense of $3.8 million for YTD Fiscal 2020. The changes were primarily driven by $2.1 million of gains on derivative financial instruments recorded during YTD Fiscal 2021 compared with $3.1 million of losses recorded in the comparative period. Losses on disposal of assets were $0.5 million and $0.7 million for YTD Fiscal 2021 and YTD Fiscal 2020, respectively, and are the result of writing off the remaining net book value of generally older equipment that is disposed of, net of any cash received.

Share of income of joint ventures

Share of income of joint ventures was $6.5 million for YTD Fiscal 2021 compared with $8.4 million for YTD Fiscal 2020, a decrease of $1.9 million or 22.8%. The decrease was primarily driven by the release of a $2.5 million valuation allowance during YTD Fiscal 2020 related to a deferred income tax asset in Mexico that was no longer required as the operations became profitable.

Interest expense (net)

Interest expense (net) was $39.5 million for YTD Fiscal 2021 compared with $22.1 million for YTD Fiscal 2020, an increase of $17.4 million. The increase was primarily due to the non-cash write-off of unamortized deferred financing costs of $10.6 million related to the former credit facilities and financing costs incurred of $1.2 million as a result of amendments made to the Credit Agreement upon IPO. Additionally, a $5.9 million non-cash gain was recorded during YTD Fiscal 2020 related to the impact of changes in expected cash flows on deferred financing costs compared with $0.2 million gain during YTD Fiscal 2021. Interest on long-term debt was $1.7 million higher for YTD Fiscal 2021 relative to the comparative period due to higher interest rates and higher levels of average debt outstanding due to economic conditions caused by COVID-19; however, the $85.0 million revolver balance drawn as of June 30, 2020 was fully repaid during the first quarter of Fiscal 2021.

Total income tax expense (recovery)

Total income tax recovery was $0.2 million for YTD Fiscal 2021 compared with an income tax expense of $6.3 million for YTD FIscal 2020. The effective rate for YTD Fiscal 2021 was 201.2% compared with 24.0% during YTD Fiscal 2020. The increase in the effective tax rate was primarily due to the change in the mix of earnings between jurisdictions.

Net earnings

Net earnings were $0.1 million for YTD Fiscal 2021 compared with $20.0 million for YTD Fiscal 2020, a decrease of $19.9 million or 99.6%. The decrease was primarily driven by lower operating income due to the factors discussed above including higher selling, administrative and general expenses driven by lower wages and benefits, IPO related costs and transactional, recruitment, and other bonuses, and higher interest expense driven by the non-cash write-off of deferred financing costs associated with the amendment to the Company's Credit Agreement, which provided for improved terms and lower interest rates, partially offset by higher costs of sales incurred in YTD Fiscal 2020 due to additional launch and related costs associated with new large programs and lower absorption of overhead as a result of the 2019 OEM Strike mentioned above and lower income taxes.

Adjusted EBITDA

Adjusted EBITDA was $106.5 million for YTD Fiscal 2021 compared with $119.5 million for YTD Fiscal 2020, a decrease of $13.0 million or 10.9%. The change in Adjusted EBITDA was driven by the net effect of changes in sales, cost of sales, selling, general and administrative expenses, other expenses and share of income of joint ventures, as discussed above, as well as certain adjustments described under the heading "Selected Quarterly Consolidated Financial Information". These adjustments have been made for events such as the IPO during YTD Fiscal 2021, and events during YTD Fiscal 2020 such as the impact of the 2019 OEM Strike, additional launch costs associated with large programs at certain of the Company's facilities, partially offset by a gain recorded related to the settlement of a liability payable to the former shareholders of ABC. After considering the impact of these adjustments, the year over year change is primarily attributed to lower sales volumes due to the industry-wide semiconductor shortage which is an indirect result of the COVID-19 pandemic and to a lesser extent, certain shutdowns due to weather-related issues in the southern United States and other supply chain issues during YTD Fiscal 2021. Additionally, wages and benefits were higher during YTD Fiscal 2021 primarily due to the reversal of management bonus accruals during YTD Fiscal 2020 due to the impact of COVID-19 on the Company's financial results.

Segment Performance

Results of Operations for Q3 Fiscal 2021 compared with Q3 Fiscal 2020

For the three months ended March 31, 2021	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[1]	Total Reportable Segments
Revenue						
External customers	$ 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**
Operating income (loss)	$ (7,081)	$ (19)	$ 1,733	$ (5,367)	$ (932)	$ (6,299)
Adjusted EBITDA	$ 22,867	$ 487	$ 2,096	$ 25,450	$ —	$ 25,450

For the three months ended March 31, 2020	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[1]	Total Reportable Segments
Revenue						
External customers	$ 226,272	$ 13,066	$ 30,487	$ 269,825	$ (30,487)	$ 239,338
Inter-segment revenues	552	559	1,454	2,565	(2,565)	—
Total revenue	**$ 226,824**	**$ 13,625**	**$ 31,941**	**$ 272,390**	**$ (33,052)**	**$ 239,338**
Operating income (loss)	$ 15,559	$ (1,627)	$ 1,938	$ 15,870	$ (750)	$ 15,120
Adjusted EBITDA	$ 30,070	$ (1,460)	$ 1,239	$ 29,849	$ —	$ 29,849

1. The adjustments and eliminations include the reversal of the joint ventures at 50%, with the exception of Adjusted EBITDA.

North America

North America external customer revenue was $205.3 million in Q3 Fiscal 2021 compared with $226.3 million in Q3 Fiscal 2020, a decrease of $21.0 million or 9.3%. The decrease was primarily due to lower customer production volumes caused by semiconductor shortages throughout the industry which is an indirect result of the COVID-19 pandemic and to a lesser extent, certain shutdowns due to weather-related issues in the southern United States and other supply chain issues.

North America Adjusted EBITDA was $22.9 million in Q3 Fiscal 2021 compared with $30.1 million in in Q3 Fiscal 2020, a decrease of $7.2 million or 24.0%. After considering the impact of the 2019 OEM Strike in Fiscal 2020, the year over year change is primarily attributed to lower sales volumes noted above. Additionally, wages and benefits were higher during Q3 Fiscal 2021 primarily due to the reversal of management bonus accruals during Q3 Fiscal 2020 due to the impact of COVID-19 on the Company's financial results.

Rest of World

Rest of World external customer revenue was $12.7 million in Q3 Fiscal 2021 compared with $13.1 million in Q3 Fiscal 2020, a decrease of $0.4 million or 3.0%.

Rest of World Adjusted EBITDA was $0.5 million in Q3 Fiscal 2021 compared with a loss of $1.5 million in Q3 Fiscal 2020, an increase of $1.9 million. The increase in Adjusted EBITDA was primarily due to foreign exchange losses recognized in Brazil during Q3 Fiscal 2020 as the Real weakened against the USD due to economic conditions caused by COVID-19.

Joint Ventures

ABC's proportionate external customer revenue from Joint Ventures was $29.3 million in Q3 Fiscal 2021 compared with $30.5 million in Q3 Fiscal 2020, a decrease of $1.2 million or 4.0%. The decrease was primarily driven by lower sales volumes in Q3 Fiscal 2021 primarily due to lower customer production volumes due to the semiconductor shortage.

ABC's proportionate Adjusted EBITDA from joint ventures was $2.1 million in Q3 Fiscal 2021 compared with $1.2 million in Q3 Fiscal 2020, an increase of $0.9 million or 69.2%. After considering the impact of the Fiscal 2020 2019 OEM Strike, the year over year change is primarily attributed to higher foreign exchange losses recognized in Mexico during Q3 Fiscal 2020 as the MXN weakened against the USD due to economic conditions caused by COVID-19. This was partially offset by lower sales volumes as noted above.

Results of Operations for nine months ended March 31, 2021 compared with nine months ended March 31, 2020

For the nine months ended March 31, 2021	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[1]	Total Reportable Segments
Revenue						
External customers	$ 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**
Operating income (loss)	$ 34,103	$ (1,201)	$ 14,189	$ 47,091	$ (7,672)	$ 39,419
Adjusted EBITDA	$ 93,718	$ 1,843	$ 10,931	$ 106,492	$ —	$ 106,492

For the nine months ended March 31, 2020	North America	Rest of World	Joint Ventures[1]	Total	Adjustments[1]	Total Reportable Segments
Revenue						
External customers	$ 699,569	$ 41,320	$ 95,465	$ 836,354	$ (95,465)	$ 740,889
Inter-segment revenues	4,624	1,784	4,506	10,914	(10,914)	—
Total revenue	**$ 704,193**	**$ 43,104**	**$ 99,971**	**$ 847,268**	**$ (106,379)**	**$ 740,889**
Operating income (loss)	$ 41,860	$ (1,861)	$ 10,852	$ 50,851	$ (2,414)	$ 48,437
Adjusted EBITDA	$ 108,596	$ (76)	$ 11,016	$ 119,536	$ —	$ 119,536

1. The adjustments and eliminations include the reversal of the joint ventures at 50%, with the exception of Adjusted EBITDA.

North America

North America external customer revenue was $699.7 million for YTD Fiscal 2021 compared with $699.6 million for YTD Fiscal 2020. The impact of the industry-wide semiconductor shortage which is an indirect result of the COVID-19 pandemic and certain shutdowns due to weather-related issues in the southern United States and other supply chain issues during YTD Fiscal 2021 were offset by the impact of the 2019 OEM Strike during YTD Fiscal 2020.

North America Adjusted EBITDA was $93.7 million for YTD Fiscal 2021 compared with $108.6 million for YTD Fiscal 2020, a decrease of $14.9 million or 13.7%. After considering the impact of the 2019 OEM Strike in Fiscal 2020, the year over year change is primarily attributed to lower sales volumes due to the industry-wide semiconductor shortage which is an indirect result of the COVID-19 pandemic and to a lesser extent, certain shutdowns due to weather-related issues in the southern United States and other supply chain issues in Fiscal 2021. Additionally, wages and benefits were higher during YTD Fiscal 2021 primarily due to the reversal of management bonus accruals during YTD Fiscal 2020 due to the impact of COVID-19 on the Company's financial results.

Rest of World

Rest of World external customer revenue was $37.9 million for YTD Fiscal 2021 compared with $41.3 million for YTD Fiscal 2020, a decrease of $3.4 million or 8.3%. The decrease was primarily driven by lower tooling sales.

Rest of World Adjusted EBITDA was $1.8 million for YTD Fiscal 2021 compared with a loss of $0.1 million for YTD Fiscal 2020, an increase of $1.9 million. The increase in Adjusted EBITDA was primarily due to foreign exchange losses recognized in Brazil during YTD Fiscal 2020 as the Real weakened against the USD due to economic conditions caused by COVID-19.

Joint Ventures

ABC's proportionate external customer revenue from Joint Ventures was $97.5 million YTD Fiscal 2021 compared with $95.5 million YTD Fiscal 2020, an increase of $2.1 million or 2.2%. The increase was primarily driven by the negative effect of the 2019 OEM Strike on YTD Fiscal 2020, partially offset by lower sales volumes during YTD Fiscal 2021 due to the semiconductor shortage.

ABC's proportionate Adjusted EBITDA from joint ventures was $10.9 million for YTD Fiscal 2021 compared with $11.0 million for YTD Fiscal 2020, a decrease of $0.1 million or 0.8%.

Quarterly Results

The following table summarizes the results of ABC's operations for the eight most recently completed fiscal quarters. This unaudited quarterly information has been prepared in accordance with IFRS, with the exception of EBITDA and Adjusted EBITDA.

Due to seasonality and other factors, the results of operations for any quarter are not necessarily indicative of the results of operations for the full fiscal year, as Sales in the first six months of the fiscal year are usually lower than the last six months. See "*Summary of Factors Affecting Our Performance*" and "*Seasonality*" sections within this MD&A.

	Fiscal 2021			Fiscal 2020				Fiscal 2019
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Quarterly results								
Sales	$ 217,926	$ 261,327	$ 258,403	$ 81,998	$ 239,338	$ 250,035	$ 251,516	$ 281,536
Net earnings (loss)	(20,695)	11,461	9,321	(46,151)	2,080	10,008	7,943	10,070
EBITDA	13,295	42,360	42,190	(26,042)	31,546	35,052	28,928	27,958
Adjusted EBITDA	25,450	40,802	40,240	(30,510)	29,849	48,090	41,597	43,419

Liquidity and Capital Resources

Overview

The Company's primary sources of liquidity and capital resources are cash generated from operating activities, as well as borrowings and amounts available to be drawn under its credit facilities. The principal uses of funds are operating expenses, working capital and capital expenditures (together, the "Funding Requirements").

As at March 31, 2021, the Company's Trade Working Capital and Net Working Capital position was $26.6 million and $(33.2) million, respectively, with cash on hand including the Company's proportionate share of cash held at joint ventures totaling $61.5 million. The Company actively manages its working capital and believes it is prudent practice to keep its Net Working Capital low or even negative. As such, it manages its trade and other receivables very closely and has low amounts past due and low levels of bad debt. The Company also actively manages its inventory levels, in order to keep low levels of inventory for parts so as to reduce the risk of part obsolescence, and this practice contributes to the Company's low or negative Net Working Capital Levels. The Company expects that its current resources, including funds available to it under the Credit Agreement and an ability to sell a portion of its receivables, will be sufficient to fund the Company's operations and capital expenditures for at least the next 12 months.

We believe that our current sources of liquidity and capital will be sufficient to finance our continued operations, our growth strategy and the additional expenses we expect to incur as a public company. There can be no assurance, however, that our business will generate sufficient cash flows from operating activities or that future borrowings will be available under our credit facility or otherwise to enable us to service our indebtedness or to make capital expenditures in the future. Our future operating performance and our ability to service or extend our indebtedness will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

Credit Agreement

Prior to the IPO, the Company had a Credit Agreement with a syndicate of lenders which consisted of (i) a $293.0 million term facility maturing on May 9, 2023 (June 30, 2020: $305.0 million), (ii) a $130.0 million revolving credit facility and two swingline facilities in the aggregate amount of $20.0 million (the "Revolver A") maturing on May 9, 2023, (iii) an additional $50.0 million revolving credit facility maturing on April 16, 2021 (the "Revolver B" and together with the Revolver A and the term facility, the "Credit Facilities"). Prior to the IPO, no amounts were drawn on either Revolver A or Revolver B (June 30, 2020: $85.0 million drawn on Revolver A).

On February 22, 2021, immediately after the closing of the IPO, the Credit Agreement was amended to increase the size of Revolver A to $450.0 million, including two swingline facilities in the aggregate amount of $20.0 million. On the same day, $293.0 million of Revolver A was used to settle the outstanding term facility. The $50.0 million unused Revolver B was terminated. As a result of the amendment, the unamortized balance of the deferred financing costs on the former term facility of $9.3 million was written off, as well as $1.3 million of unamortized deferred financing costs on the former revolving credit faciilities. $1.2 million of financing fees were incurred for the amendment. These amounts were included as interest expense in the interim condensed consolidated statement of comprehensive income.

At March 31, 2021, the Company had aggregate amounts outstanding under the Credit Facilities of $285.0 million, maturing February 22, 2025.

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. As at March 31, 2021, the average interest rate on the Credit Facilities was 3.15% (June 30, 2020: 3.36%) and $2.6 million (June 30, 2020: $2.5 million) of letters of credit were issued against the Credit Facilities.

The Credit Facilities require the Company to maintain certain financial covenants and contain other covenants that, subject to certain exceptions, restrict the ability of the Company and its subsidiaries to create security interests, incur additional indebtedness or dispose of all or substantially all of its assets. As at March 31, 2021, the Company was in compliance with all of its covenants.

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

As at March 31, 2021, the Company had cash balances of $48.8 million (June 30, 2020: $74.1 million) and $162.4 million available on its Credit Facilities (June 30, 2020: $112.5 million). The Company had total liquidity of $211.2 million as at March 31, 2021 (June 30, 2020: $186.6 million).

As at March 31, 2021, the Company had interest rate swap agreements with a total notional amount of $225.0 million (June 30, 2020: $225.0 million) 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.

Debt covenants at June 30, 2020

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

The amendments provide that, among other things, the Company's calculation of Total Net Debt to EBITDA Ratio (as defined in the Credit Agreement) which is based on the trailing 12 months, would exclude EBITDA from the quarter ended June 30, 2020, and instead would be based on the annualized total of the remaining three applicable quarters (i.e. the sum of the three applicable quarters divided by three fourths). As a result, the impact of the COVID-19 related shutdown of the industry, including most of the Company's and its customers' operations, which occurred during the fourth quarter of the Company's fiscal 2020, would be ignored for the purpose of financial covenant calculations under the Credit Agreement during the period of relief. The Company understands that the same or similar formula for covenant relief was provided to several other Canadian automotive suppliers related to the disruption caused by COVID-19. The Company's scenario planning currently demonstrates that the Company will remain within covenant compliance through the maturity of the Credit Agreement in February 2025.

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

Cash Flows

The following tables and discussion show the significant cash transactions impacting the cash flows of the Company for the three and nine months ended March 31, 2021 and 2020.

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	**2020**	**2021**	**2020**
Summary cash flow statements				
Net cash flows from operating activities	**$ 15,323**	$ 36,920	**$ 126,346**	$ 75,587
Net cash flows used in investing activities	**(10,335)**	(19,294)	**(30,848)**	(78,347)
Net cash flows from (used in) financing activities	**(19,091)**	32,988	**(120,783)**	29,556
Net increase (decrease) in cash	**(14,103)**	50,614	**(25,285)**	26,796
Net foreign exchange difference	**(439)**	(700)	**74**	(790)
Cash, beginning of period	**63,389**	40,686	**74,058**	64,594
Cash, end of period	**$ 48,847**	$ 90,600	**$ 48,847**	$ 90,600

Reconciliation of net earnings (loss) to net cash flows from operating activities

The table below provides a reconciliation of the adjusting items to reconcile net earnings (loss) to net cash flows from operating activities for the three and nine months ended March 31, 2021 and 2020.

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	**2020**	**2021**	**2020**
Reconciliation of net earnings (loss) to net cash flows from operating activities				
Net earnings (loss)	**$ (20,695)**	$ 2,080	**$ 87**	$ 20,031
Adjustments for:				
Depreciation of property, plant and equipment	**11,512**	10,217	**34,263**	29,508
Depreciation of right-of-use assets	**3,507**	3,443	**10,397**	10,036
Amortization of intangible assets	**4,575**	2,766	**13,766**	7,545
Loss on disposal of assets	**15**	138	**479**	691
Unrealized loss (gain) on derivative financial instruments	**522**	3,585	**(160)**	4,744
Interest expense	**19,896**	9,545	**39,505**	22,088
Share of income of joint ventures	**(801)**	(1,190)	**(6,517)**	(8,439)
Income tax expense (recovery)	**(5,500)**	3,495	**(173)**	6,318
Share-based compensation expense	**881**	—	**881**	—
IPO related costs	**7,736**	—	**7,736**	—
Changes in:				
Trade and other receivables and prepaid expenses and other	**(2,137)**	9,778	**(10,092)**	28,518
Inventories	**(8,043)**	(1,716)	**(4,504)**	521
Trade payables, accrued liabilities and other payables, and provisions	**11,810**	4,112	**62,420**	(20,098)
Cash generated from operating activities	**23,278**	46,253	**148,088**	101,463
Interest received	**67**	234	**191**	925
Income taxes recovered (paid)	**177**	(2,824)	**3,407**	(5,629)
Interest paid on leases	**(3,584)**	(3,801)	**(10,737)**	(11,161)
Interest paid on long-term debt and other	**(4,615)**	(2,942)	**(14,603)**	(10,011)
Net cash flows from operating activities	**$ 15,323**	$ 36,920	**$ 126,346**	$ 75,587

Net cash flows from operating activities for Q3 Fiscal 2021 were $15.3 million compared with $36.9 million for Q3 Fiscal 2020, a decrease of $21.6 million or 58.5%. The decrease in net cash flows from operating activities was driven primarily by lower net earnings excluding interest expense in Q3 Fiscal 2021 compared with Q3 Fiscal 2020 and changes in net working capital.

Net cash flows from operating activities for YTD Fiscal 2021 were $126.3 million compared with $75.6 million YTD Fiscal 2020, an increase of $50.8 million or 67.2%. The increase in net cash flows from operating activities was driven primarily by a decrease in net working capital, particularly due to the variance in changes in trade payables, accrued liabilities and other payables and provisions of $82.5 million, partially offset by the variance in changes in trade and other receivables and prepaid expenses and other of $38.6 million, as operations returned to more customary levels during YTD Fiscal 2021 following the significant reduction of business activity in the fourth quarter of Fiscal 2020 due to COVID-19. Cash flow for YTD Fiscal 2021 also benefited from the receipt of $9.2 million from certain tax refunds.

Net cash flows used in investing activities

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2020	**2021**	2020
Cash flows from (used in) investing activities				
Purchases of property, plant and equipment	**$ (7,148)**	$ (14,540)	**$ (25,201)**	$ (62,949)
Payment of acquisition-related payable	**—**	—	**—**	(5,455)
Dividends received from joint ventures	**1,500**	—	**5,991**	2,854
Proceeds from disposals of property, plant and equipment	**—**	141	**171**	141
Additions to intangible assets	**(4,687)**	(4,895)	**(11,809)**	(12,938)
Net cash flows used in investing activities	**$ (10,335)**	$ (19,294)	**$ (30,848)**	$ (78,347)

Net cash flows used in investing activities for Q3 Fiscal 2021 were $10.3 million compared with $19.3 million Q3 Fiscal 2020. Net cash flows used in investing activities were $30.8 million for YTD Fiscal 2021 compared with $78.3 million for YTD Fiscal 2020. The decrease was primarily due to lower purchases of property, plant and equipment during YTD Fiscal 2021 compared with YTD Fiscal 2020. Capital spending during YTD Fiscal 2021 was primarily maintenance driven as compared with YTD Fiscal 2020, when capital expenditures were made to support several large programs that were launching at certain of the Company's facilities, and significant investments were made to increase capacity. Additionally, there was a payment of a liability to the former owners of the Company during YTD Fiscal 2020 of $5.5 million. Dividends received from joint ventures were higher by $1.5 million and $3.1 million in Q3 Fiscal 2021 and YTD Fiscal 2021 relative to their comparative periods, respectively.

Net cash flows from (used in) financing activities

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2020	**2021**	2020
Cash flows from (used in) financing activities				
Change in revolving credit facilities	**$ 285,000**	$ 35,000	**$ 200,000**	$ 35,000
Repayment of long-term debt	**(293,000)**	—	**(305,000)**	—
Principal payments of lease liabilities	**(2,267)**	(2,012)	**(6,311)**	(5,444)
Financing costs	**(1,088)**	—	**(1,736)**	—
IPO related costs	**(7,736)**	—	**(7,736)**	—
Net cash flows from (used in) financing activities	**$ (19,091)**	$ 32,988	**$ (120,783)**	$ 29,556

Net cash flows used in financing activities for Q3 Fiscal 2021 were $19.1 million compared with net cash flows from financing of $33.0 million for Q3 Fiscal 2020, an increase of $52.1 million. During Q3 Fiscal 2021, the Company amended its credit facility as part of its IPO, which increased the total size of its available revolving credit facilities to $450.0 million. Drawings from the revolving credit facilities were then used to settle the outstanding $293.0 million term facility. During Q3 Fiscal 2021, the Company also made repayments on its revolving credit facilities of $8.0 million and incurred $7.7 million of costs associated with its IPO. During Q3 Fiscal 2020, the Company pre-emptively drew $35.0 million on its revolving credit facilities to ensure it had ample liquidity to fund its operations during the COVID-19 pandemic.

Net cash flows used in financing activities for YTD Fiscal 2021 were $120.8 million compared with net cash flows from financing activities of $29.6 million for YTD Fiscal 2020, an increase of $150.3 million. In addition to the Q3 Fiscal 2021 factors noted above, the increase primarily relates to the repayment of the revolving credit facilities in Q1 Fiscal 2021 of $85.0 million which was borrowed during Q3 and Q4 Fiscal 2020 to support cash flow during the reduction of business activities caused by COVID-19. Additionally, there was a repayment of $12.0 million made on the term facility in Q2 Fiscal 2021.

Reconciliation of net cash flows from operating activities to Adjusted Free Cash Flow	For the three months ended March 31, 2021	For the three months ended March 31, 2020	For the nine months ended March 31, 2021	For the nine months ended March 31, 2020
Net cash flows from operating activities	**$ 15,323**	**$ 36,920**	**$ 126,346**	**$ 75,587**
Purchases of property, plant and equipment	**(7,148)**	(14,540)	**(25,201)**	(62,949)
Proceeds from disposals of property, plant and equipment	**—**	141	**171**	141
Additions to intangible assets[1]	**(4,687)**	(4,895)	**(11,809)**	(12,938)
Principal payments of lease liabilities	**(2,267)**	(2,012)	**(6,311)**	(5,444)
Dividends received from joint ventures	**1,500**	—	**5,991**	2,854
One time advisory, bonus and other costs associated with the IPO	**7,179**	—	**7,179**	—
Adjusted Free Cash Flow	**$ 9,900**	$ 15,614	**$ 96,366**	$ (2,749)
Adjusted Free Cash Flow Conversion	**38.9%**	**52.3%**	**90.5%**	**(2.3)%**

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

Adjusted Free Cash Flow was $5.7 million lower for Q3 Fiscal 2021 compared with Q3 Fiscal 2020 primarily due to lower net cash flows from operating activities as discussed above. This was partially offset by lower purchases of property, plant and equipment.

Adjusted Free Cash Flow was $99.1 million higher for YTD Fiscal 2021 compared with YTD Fiscal 2020 primarily due to higher net cash flows from operating activities as described above, as well as lower purchases of property, plant and equipment.

Contractual obligations

Our contractual obligations consist of principal repayments on long-term debt, interest on long-term debt, and leases for certain facilities, office equipment and vehicles. Our contractual obligations and commitments as of March 31, 2021 are shown in the following table.

Contractual obligations	Within one year	1 - 3 years	3-5 years	Thereafter	Total
Long-term debt	$ —	$ —	$ 285,000	$ —	$ 285,000
Interest on long-term debt	8,965	17,930	8,218	—	35,113
Lease payments	$ 23,316	$ 44,642	$ 40,872	$ 172,794	$ 281,624

The Company has committed to purchase, within the next 12 months, machinery and equipment for $11.1 million. These commitments will be funded with cash flow from operating activities.

Off balance sheet arrangements

As at March 31, 2021, the Company had letters of credit in place, which were issued under our Credit Facilities, amounting to $2.6 million (June 30, 2020: $2.5 million). These arrangements are in place for certain rental and self insurance agreements.

Risks and Uncertainties

The Company has a risk management program in place, as approved by the Board, which seeks to limit the impact of these risks on the financial performance of the Company and it is the policy to manage these risks in a non-speculative manner.
The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Interest rate risk and sensitivity
- Foreign currency risk and sensitivity
- Commodity price risk and sensitivity
- Credit risk

- Liquidity risk
- Concentration risk

The sections below present information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing the risk.

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.

Interest rate risk and sensitivity

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. At March 31, 2021, after taking into account the effect of interest rate swaps, approximately 79% (June 30, 2020: 58%) of the Company's borrowings were at a fixed rate of interest.

With all other variables held constant, an increase in interest rate of 50 basis points would have had a negative impact on pre-tax earnings for the three and nine months ended March 31, 2021 of $0.4 million and $1.2 million respectively (2020: $0.4 million and $1.2 million respectively) on an unhedged basis.

Foreign currency risk and sensitivity

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

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

Excluding the impact of hedge accounting, a 5% strengthening of the CAD against the USD would have decreased earnings before income tax for the three and nine months ended March 31, 2021 by approximately $0.9 million and $2.4 million, respectively,(2020: $0.9 million and $2.5 million, respectively). A 5% strengthening of the MXN against the USD would have decreased earnings before income tax for the three and nine months ended March 31, 2021 by approximately $0.6 million and $1.5 million, respectively (2020: $0.8 million and $2.4 million, respectively). 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 Board 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 and nine months ended March 31, 2021 by approximately $2.0 million and $6.1 million, respectively (2020: $2.0 million and $6.4 million, respectively), 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

	Total	Current and <30 days	30–60 days	61–90 days	>90 days
As at March 31, 2021	**$ 51,689**	**$ 50,596**	**$ 705**	**$ 79**	**$ 309**
As at June 30, 2020	44,958	42,737	1,526	243	452

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.

An impairment analysis is performed at each reporting date on an individual basis for each customer. The calculation is based on actual incurred historical data and forward-looking information available. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company is exposed to concentration of risk with respect to trade receivables. As at March 31, 2021, the Company's three largest customers accounted for 14.5%, 5.3% and 3.0%, respectively, of all receivables owing (June 30, 2020: 22.7%, 13.7%, and 2.6%, respectively).

Deposits with banks and financial institutions

Cash and derivative financial instruments are primarily held with large financial institutions with investment-grade credit ratings. The Company's maximum exposure to credit risk for deposits with banks and financial institutions and derivative financial instruments is their carrying amounts. The Company does not hold collateral as security.

Liquidity risk

The Company is exposed to liquidity risk related to its ability to fund its Funding Requirements, 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 meet its Funding Requirements, including its obligations as they fall due while minimizing interest expense.

Concentration risk

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

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.

Disclosure of Outstanding Shares

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

On February 22, 2021, the Company completed an IPO by way of secondary offering of 11,000,000 common shares of the Company by its shareholder at a price of CAD $10.00 per share, for total proceeds to the shareholder of CAD $110.0 million. The Company did not receive any proceeds from the secondary offering.

As at May 6, 2021, there were 52,522,392 shares, 1,110,768 stock options, 119,255 deferred share units, and 602,777 restricted shares outstanding. Each option will become exercisable for one share at an exercise price of CAD $10.00 per share.

Transactions with Related Parties

Joint Ventures

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

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

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

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

During the three and nine months ended March 31, 2021, the Company received dividends from its joint ventures in the amount of $1.5 million (2020: $0) and $6.0 million (2020: $2.9 million), respectively.

Cerberus Operations and Advisory LLC

Cerberus Operations and Advisory LLC, a company under common control with ABC, and some of ABC's directors provided consulting services to the Company. An amount of $0.4 million (2020: $0.5 million) for the three months ended March 31, 2021, and $0.9 million (2020: $1.5 million) for the nine months ended March 31, 2021 was charged to profit or loss related to these services. As at March 31, 2021, an amount due to related parties of $0.1 million (June 30, 2020: $0.3 million) was included in trade payables and accrued liabilities and other payables.

Critical Accounting Estimates

There were no changes to our critical accounting estimates and judgments since the fiscal year ended June 30, 2020. See "Critical Accounting Estimates" section within the MD&A in our Prospectus.

Accounting Standards Changes

For information pertaining to accounting changes effective in Fiscal 2020 and Fiscal 2021 and for future fiscal years, please see the Company's interim condensed consolidated financial statements for the period ended March 31, 2021.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

As we recently became a reporting issuer, we are filing abbreviated CEO and CFO certifications in respect of our first interim period ending after becoming a reporting issuer in accordance with National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). In particular, the certifying officers filing the certificates required under NI 52-109 are not making any representations relating to the establishment and maintenance of:

– controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
– a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Forward-Looking Statements

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

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

- the light vehicle industry, including expectations regarding industry trends, growth opportunities, market demand, industry forecasts, overall market growth rates and our growth rates and strategies in light vehicle industry and in light vehicles, both in North America and globally;

- other risks related to Automotive Industry such as: economic cyclicality regional production volume declines, including as a result of the COVID-19 pandemic; intense competition; potential restrictions on free trade; trade disputes/tariffs;

- our research and development, innovation, product categories, ongoing development, and our future platforms and programs;

- our OEM customers, including future relationships with our OEM customers and new OEM customers;

- other risks related to customer and suppliers, including: OEM consolidation and cooperation; shifts in market shares among vehicles or vehicle segments; shifts in demand for products offered by our OEM customers; dependence on outsourcing; quarterly sales fluctuations; potential loss of any material purchase orders; a deterioration in the financial condition of our supply base, including as a result of the COVID-19 pandemic increased financial pressure, including as a result of COVID-19 pandemic-caused OEM bankruptcies;

- our assessments of, and outlook for Fiscal 2021 to Fiscal 2025, including expected sales, Adjusted EBITDA, and Adjusted Free Cash Flow for Fiscal 2021;

- our business plans and strategies;

- our competitive position in our industry;

- prices of raw materials, commodities and other supplies necessary for the Company to conduct its business;

- labour disruptions or labour shortages in our facilities, or those of our customers and suppliers, as a result of the COVID-19 pandemic; COVID-19 pandemic-related shutdowns; supply disruptions and applicable costs related to supply disruption mitigation initiatives, including as a result of the COVID-19; attraction/retention of skilled labour;

- climate change risks;
- risks associated with private or public investment in technology companies;
- changes in governmental regulations or laws including any changes to trade;
- risks of conducting business in foreign countries, including China, Mexico, members of the European Union, Brazil and other markets;
- cybersecurity threats;
- our dividend policy; and
- the potential volatility of the Company's share price.

Forward-looking information in this document includes, but are not limited to, statements relating to: any of the Company's actions made in response to or in connection with the COVID-19 pandemic, including with respect to: employee health and safety; and potential adjustments to our production plans to align with our customers' production plans, governmental orders and legal requirements; and the timing of program launches, the growth of the Company and pursuit of, and belief in, its strategies, the ramping up and launching of new business, continued investments in its business and technologies, our ability to finance future capital expenditures, and ability to fund anticipated working capital needs, debt obligations and other commitments, the Company's views on its liquidity and operating cash flow and ability to deal with present or future economic conditions, the potential for fluctuation of operating results, and the payment of any dividends as well as other forward-looking statements.

In evaluating forward-looking statements or forward-looking information, we caution readers not to place undue reliance on any forward-looking statement or forward-looking information expressed herein, and readers should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by such forward-looking statements, including the risk factors listed above as well as these and other risks and uncertainties as may be described in greater detail in the Company's public filings made with the Canadian Securities Administrators and publicly available on the Company's profile at www.sedar.com, or other factors that may fall outside any list of risks and uncertainties. We do not undertake to update any forward-looking information whether as a result of new information, future events or otherwise, or to update the reasons why actual results could differ from those reflected in the forward-looking statements except as required under applicable securities laws in Canada.

Outlook

We compete in the light vehicle segment of the global auto parts industry with a principal focus on North America, including Canada, the United States and Mexico. Based on IHS Markit industry production volume data and management's estimate of CPV, management estimates that the global light vehicle auto parts market size in calendar 2019 was in excess of $1 trillion. North American light vehicle production comprised approximately 18.3% of global light vehicle production in that same time period.

According to IHS Markit data, North American light vehicle production volumes grew by approximately 4.7% per year, on average, between Fiscal 2010 and Fiscal 2019, reflecting a recovery following the global financial crisis and more stable volumes during the last few years of this period. While there was a significant reduction in volumes in Fiscal 2020 as a result of the impact of the COVID-19 pandemic, according to IHS Markit data, they have rebounded strongly following the end of COVID-19-related shutdowns and are ramping back up to near pre-COVID-19 levels. Since June 30, 2020, IHS Markit has made several updates to its North American light vehicle production forecast for calendar years 2020, 2021 and 2022, increasing the aggregate production forecast for those years by 3.3 million units, or 7.7%. Accordingly, based on current IHS Markit data, volumes are expected to grow at a compound annual growth rate of 5.0% from Fiscal 2020 through Fiscal 2025, reflecting a gradual rebound in Fiscal 2021 followed by more stable volumes during the remaining years of the period. We believe we are well positioned to continue driving Sales growth, profitability and Adjusted Free Cash Flow over the next five years. We expect:

(i) our Sales growth to continue outperforming industry volumes, as forecast by IHS Markit, which are currently rebounding from the trough of the COVID-19-related 2020 shutdown and are anticipated to grow at a compound annual rate of 5.0% between Fiscal 2020 and Fiscal 2025;
(ii) to target improvement in Adjusted EBITDA Margin from pre-COVID-19 historical levels;
(iii) to benefit from a capital efficient business model through improvements in capital expenditures versus historical levels and continued working capital initiatives; and

(iv) to opportunistically execute on strategic and accretive acquisitions.

Fiscal 2021 Outlook Update

The North American automotive industry experienced a number of headwinds during the latter part of our Q3 Fiscal 2021, which have significantly impacted auto industry production volumes, with a reduction of current estimated light vehicle production volumes for 2021 of almost 1.0 million vehicles based on current IHS Markit production estimates. Based on recent customer announcements, the Company anticipates that reduction in volumes could be higher, particularly through its Q4 Fiscal 2021. These impacts were primarily related to OEM production shutdowns and/or curtailments due to global semiconductor shortages, temporary weather-related impacts of severe weather storms in the southern United States and other global supply chain disruptions and materials shortages resulting from the on-going COVID-19 pandemic. These developments have resulted in, among other things, temporary production slow-downs or curtailments, temporary plant closures and delays in planned production resulting in a reduction of output of certain vehicles which have led to reduced customer orders for parts and assemblies supplied by ABC to its OEM customers. While the global semiconductor shortages and other supply chain disruptions are expected to be shorter term in nature, timing to return to normal production levels is uncertain, and are expected to continue through the end of our Fiscal 2021, and into Q1 Fiscal 2022.

The on-going and intensified semiconductor-related OEM production shutdowns, curtailments and delays began to impact ABC's platforms in Q3 Fiscal 2021 and have continued into Q4 Fiscal 2021 as OEM customers announced and initiated curtailment of high-volume CUV and full-size pickup truck production where a significant portion of the Company's business is focused. In addition, to a lesser extent, winter storms Uri and Viola in Q3 Fiscal 2021 resulted in the closure of major Gulf Coast refineries, exacerbating COVID-19-related resin supply shortages and cost pressures and the shut-down of OEM and supplier assembly plants in certain states in the southern United States as the effects of the storms significantly and adversely impacted usual transportation networks in the southern United States.

The Company is confident these developments and the resulting operational and financial impacts represent temporary and extraordinary or non-recurring events and that they will fully abate, but the full extent of which they will impact its business and operations and those of its OEM customers, including the duration, severity and scope thereof, remain uncertain and cannot be predicted at this time. The Company estimates that these exogenous factors have impacted its Q3 Fiscal 2021 Sales by approximately $40 million (approximately $34 million related to the global semiconductor shortages and $6 million related to the impact of the severe winter storms) and its Q3 Fiscal 2021 Adjusted EBITDA by approximately $13 million (approximately $10 million related to the global semiconductor shortages, approximately $3 million related to resin supply/demand issues and weather-related impacts). The Company anticipates semiconductor shortages and resin related issues will continue to negatively impact its Sales, Adjusted EBITDA and Adjusted Free Cash Flow metrics for the balance of Fiscal 2021.

YTD Fiscal 2021 the Company has reported Sales, Adjusted EBITDA and Adjusted Free Cash Flow of $737.7 million, $106.5 million and $96.4 million, respectively. Accordingly, the Company has updated its previously provided Fiscal 2021 outlook as follows:

Key Metric	Original Fiscal 2021 Outlook	Updated Fiscal 2021 Outlook[1]
Sales	$1,000 million to $1,035 million	$945 million to $965 million[2]
Adjusted EBITDA	$152 million to $162 million	$125 million to $130 million[3]
Adjusted Free Cash Flow	$85 million to $95 million	$70 million to $75 million

(1) The updated outlook figures for Fiscal 2021 provided are based on management's estimates, assumptions and expectations, including its assumptions relating to IHS Markit industry volume forecasts, the expected impacts of the continuing industry-wide global semiconductor shortage and other global supply chain disruptions and materials shortages, as well as other continuing COVID-19 risks to various aspects of our business and the automotive industry for the remainder of our Fiscal 2021. Please see "Forward-Looking Statements" and "Summary of factors affecting our performance" for further information, including information regarding our certain material factors, assumptions and material risks relating to this information.

(2) The updated Sales range includes a reduction of $87 million for the estimated impact of the semiconductor shortage, and $6 million for the estimated impact of the weather-related issues.

(3) The updated Adjusted EBITDA range includes a reduction of $28 million from the estimated impact of the semiconductor shortage, and $8 million from the estimated impact of the weather-related issues and resin pricing.