

## ABC Technologies Holdings Inc. Reports Q3 Fiscal 2022 Results

May 13, 2022 – ABC Technologies Holdings Inc. (TSX: ABCT) (“ABC Technologies”, “ABC”, or the “Company”), a leading manufacturer and supplier of custom, highly engineered, technical plastics and lightweighting innovations to the light vehicle industry, today announced results for the three and nine months ended March 31, 2022 (“Q3 Fiscal 2022” and “YTD Fiscal 2022”, respectively) and has declared a quarterly cash dividend of C\$0.0375 per share. All amounts are shown in United States Dollars (“\$”), unless otherwise noted.

Please click [HERE](#) for ABC’s Third Quarter Fiscal Year 2022 MD&A or refer to the Company’s Interim Condensed Consolidated Financial Statements for the three and nine months ended March 31, 2022 and the Company’s MD&A for same period on the Company’s profile at [www.SEDAR.com](http://www.SEDAR.com).

### Q3 Fiscal 2022 Highlights

- Q3 Fiscal 2022 revenue of \$285.8 million was up \$67.8 million, or 31.1% year over year, supported by slowly normalizing industry production as well as acquisition revenue.
- Q3 Fiscal 2022 net loss of \$6.3 million compared to net loss of \$20.7 million in Q3 Fiscal 2021.
- Q3 Fiscal 2022 Adjusted EBITDA<sup>1</sup> of \$30.3 million was up \$4.8 million, or 18.9% year over year, helped by strong profitability flow through on incremental revenue and EBITDA contributions from acquisitions during the quarter.
- Q3 Fiscal 2022 Adjusted Free Cash Flow<sup>1</sup> of \$7.7 million was down \$2.2 million against Q3 Fiscal 2021 due to higher capital expenditure.
- Dividend of C\$0.0375 per share declared.
- During the quarter, the Company completed two acquisitions; the first significantly bolsters ABC’s reach in Fluidics through the addition of dlhBowles, Inc. (“dlhBowles”) and the second expands interior capabilities through the addition of German-based Karl Etzel GmbH (“Etzel”). Total consideration paid for the dlhBowles and Etzel acquisitions were \$258.1 million and \$68.4 million, respectively.
- To fund the acquisitions, during the quarter, the Company completed a private placement and rights offering raising aggregate gross proceeds of \$289.4 million.
- Subsequent to the period-end, the Company entered into an agreement for the sale and lease back of its real estate properties in Mühlacker, Germany obtained through the recent acquisition of Etzel. Net proceeds from the transaction after commissions and fees are expected to be EUR 51.8 million. The Company entered into a foreign currency contract to hedge the net proceeds from the transaction and expects to receive approximately \$58.2 million.

### YTD Fiscal 2022 Highlights

- YTD Fiscal 2022 revenue declined to \$652.6 million from \$737.7 million in the prior year period due to the ongoing production interruptions at OEM customer facilities brought on by several macroeconomic challenges, including global semiconductor and other commodity shortages brought on by the COVID-19 pandemic and aftermath.
- YTD Fiscal 2022 net loss of \$50.9 million compared to a net profit of \$0.1 million in YTD Fiscal 2021.

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<sup>1</sup> The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”). However, the Company considers certain non-IFRS financial measures including “Adjusted EBITDA”, “Adjusted EBITDA Margin”, and “Adjusted Free Cash Flow” as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company’s performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. For a reconciliation of non-IFRS measures used in this news release, including “Adjusted EBITDA”, “Adjusted EBITDA Margin”, and “Adjusted Free Cash Flow” to measures determined in accordance with IFRS that are their closest analogues, please see heading “Non-IFRS Measures and Key Indicators” below.

- YTD Fiscal 2022 Adjusted EBITDA<sup>1</sup> of \$30.4 million, compared to Adjusted EBITDA of \$106.5 million in the prior year period primarily on account of the above-mentioned revenue declines as well as continued elevated raw material costs, including resin, glass, rubber, paint, and steel, and higher freight and labor costs.
- YTD Fiscal 2022 Adjusted Free Cash Flow<sup>1</sup> of negative \$46.8 million, compared to Adjusted Free Cash Flow of positive \$96.4 million in the prior year period largely as a result of the above-mentioned negative operating results.
- The Credit Facility was increased to \$550.0 million from \$450.0 million and the maturity was extended to February 2027 for all facilities except Revolving Facility B of \$50.0 million, which is available until February 2023.
- Closed the sale by ABC Group Canada LP, an affiliate of funds managed by Cerberus Capital Management, L.P., of its remaining minority stake in the Company to funds affiliated with Oaktree Capital Management, L.P. for C\$9.00 per share (the “Oaktree Transaction”).

ABC Technologies’ President and Chief Executive Officer, Todd Sheppelman, commented: “ABC saw continued improvement in financial results in the quarter due to a combination of steady, though still depressed, production volumes at our OEM customers, and inclusion of our two recently closed acquisitions. Even with customer production improving slightly against Fiscal Q2, we continue to face increased raw material and labor costs, as well as lower OEM volumes due to semiconductor chip shortages, that negatively impacted results in the quarter. Despite these macro issues, our recent acquisitions have performed quite well, and we believe they will continue to improve ABC’s overall profitability margin. We are already seeing early signs of success in cross-sell to customers and synergy realizations that will build in the coming quarters. We expect that in Fiscal Q4 2022 and into Fiscal 2023 we’ll continue to see financial results improve as OEM volumes return, as well as seeing full year flow through of results from our recent acquisitions.”

### **Q3 Fiscal 2022 Results of Operations**

Sales were \$285.8 million in Q3 Fiscal 2022 compared with \$217.9 million in Q3 Fiscal 2021, an increase of \$67.8 million or 31.1%. Of this increase, \$18.9 million is attributable to acquisitions accounting for 8.7% of the increase. According to IHS Markit reports, industry production in North America decreased by 1.8% in Q3 Fiscal 2022 compared to Q3 Fiscal 2021, but the Company enjoyed improved sales to a number of significant customers due to its product mix relative to the industry.

Cost of sales was \$247.4 million in Q3 Fiscal 2022 compared with \$187.0 million in Q3 Fiscal 2021, an increase of \$60.4 million or 32.3%, a portion of which is attributable to acquisitions. As a percentage of sales, cost of sales was 86.6% in Q3 Fiscal 2022 compared with 85.8% in Q3 Fiscal 2021. Gross margin in Q3 Fiscal 2022 was lower than the comparable prior year quarter resulting from higher raw material costs, primarily resin, glass, rubber, paint, and steel, and other input costs such as labor and freight.

Selling, general and administrative expenses were \$29.3 million in Q3 Fiscal 2022 compared with \$38.2 million in Q3 Fiscal 2021, a decrease of \$8.9 million or 23.3%. As a percentage of sales, selling, general and administrative expenses were 10.2% in Q3 Fiscal 2022 compared with 17.5% in Q3 Fiscal 2021. Q3 Fiscal 2021 included \$7.7 million of initial public offering (“IPO”) costs and \$6.5 million of transactional, recruitment and other bonus costs related to the IPO, neither of which were present in the current quarter. This \$14.2 million reduction was partially offset by higher wages of \$2.8 million, higher depreciation expense of \$1.6 million, acquisition related costs of \$1.3 million and directors’ and officers’ insurance of \$0.8 million. A swing in foreign currency from a loss to a gain resulted in \$1.8 million of reduced SG&A expenses.

Net loss was \$6.3 million in Q3 Fiscal 2022 compared with net loss of \$20.7 million in Q3 Fiscal 2021, an improvement of \$14.4 million or 69.5%. Primary contributors to the change between periods are a \$7.4 million

increase in gross profit in Q3 Fiscal 2022 due to higher sales, \$8.9 million due to lower selling general and administration costs, and a reduction in interest expense of \$12.1 million, offset by a \$13.6 million swing to income tax expense from recovery.

Adjusted EBITDA was \$30.3 million in Q3 Fiscal 2022 compared with \$25.5 million in Q3 Fiscal 2021, an increase of \$4.8 million or 18.9%, primarily as a result of higher operating income due to the reasons described above.

Adjusted Free Cash Flow was \$2.2 million lower for Q3 Fiscal 2022 compared with Q3 Fiscal 2021, primarily due to higher net cash flows from operating activities of \$7.2 million offset by higher purchases of property plant and equipment of \$4.6 million and lower one-time advisory, bonus and other costs of \$4.2 million. As a result of cost pressures, the Company's joint ventures did not issue dividends in fiscal Q3 2022.

### **YTD Fiscal 2022 Results of Operations**

Sales were \$652.6 million for YTD Fiscal 2022 compared with \$737.7 million for YTD Fiscal 2021, a decrease of \$85.0 million or 11.5%. Excluding \$18.9 million in sales attributable to acquisitions in the period, sales were 14.1% lower than the comparable prior year period. According to IHS Markit reports, industry production in North America decreased by 1.8% in Q3 Fiscal 2022 compared to Q3 Fiscal 2021. Comparatively, North America production decreased 14.7% in Q2 Fiscal 2022 compared to Q2 Fiscal 2021, and 25.2% in Q1 Fiscal 2022 compared to Q1 Fiscal 2021. Lost production due to OEM plant closures due to semiconductor shortages resulted in a significant decrease in revenue compared to the comparable prior year period where production had approached near normal production levels after the initial COVID-19 lockdowns that had occurred in the period from March to May 2020.

Cost of sales was \$597.8 million for YTD Fiscal 2022 compared with \$610.7 million for YTD Fiscal 2021, a decrease of \$12.8 million or 2.1%. As a percentage of sales, cost of sales was 91.6% for YTD Fiscal 2022 compared with 82.8% for YTD Fiscal 2021. Gross margin in YTD Fiscal 2022 is lower as a result of higher labor and freight costs, increased raw material costs, primarily resin, glass, rubber, paint, and steel, and from inefficiencies due to frequent plant closures by OEMs. YTD Fiscal 2021 enjoyed the benefit of \$7.7 million in Canada Emergency Wage Subsidy ("CEWS") payments which reduced wages in the period, which was also partially offset by the increased costs around managing COVID-19 effects in the same period, versus YTD Fiscal 2022 where the Company was ineligible to receive CEWS.

Selling, general and administrative expenses were \$86.8 million for YTD Fiscal 2022 compared with \$95.8 million for YTD Fiscal 2021. As a percentage of sales, selling, general and administrative expenses were 13.3% for YTD Fiscal 2022 compared with 13.0% for YTD Fiscal 2021. Wages and salaries in YTD Fiscal 2022 were \$3.9 million lower than in YTD Fiscal 2021 as a result of adjustments to compensation due to lower sales. In addition, during YTD Fiscal 2022, the Company incurred expenses associated with being a public company for the full YTD period, whereas the Company was public only during Q3 Fiscal 2021. Some of these costs include higher insurance (increase of \$1.9 million) and higher share-based compensation (\$1.4 million). YTD Fiscal 2022 also includes \$5.3 million of acquisition related costs compared to \$nil in the previous YTD period. Comparatively, YTD Fiscal 2021 included IPO related costs amounting to \$7.7 million, \$4.4 million of higher transactional, recruitment and other bonus costs and \$1.6 million higher business transformation related costs than in the current YTD period.

Net loss was \$50.9 million for YTD Fiscal 2022 compared with net income of \$0.1 million for YTD Fiscal 2021, a decrease of \$51.0 million. Primary negative contributors to the change between periods is a \$72.2 million reduction in gross margin and a \$6.9 million reduction in income from joint ventures, offset by a favorable \$8.9

million reduction in selling, general and administration expenses, \$16.4 million of lower interest expense and \$4.3 million of lower tax expense.

Adjusted EBITDA was \$30.4 million for YTD Fiscal 2022 compared with \$106.5 million for YTD Fiscal 2021, a decrease of \$76.1 million or 71.4%, primarily as a result of \$71.8 million reduction in operating income due to the reasons described above.

Adjusted Free Cash Flow was \$143.2 million lower for YTD Fiscal 2022 compared with YTD Fiscal 2021 primarily due to lower net cash flows from operating activities of \$118.7 million, higher purchases of property plant and equipment of \$6.1 million and the net impact of hedge monetization amounting to \$8.4 million. Fiscal 2021 results were positively impacted by working capital normalization following the first wave of COVID-19.

### **Fiscal 2022 Guidance**

Continued volatility in the market over the past several quarters, driven primarily by semiconductor chip shortages, has begun to abate. If this trend continues towards a more sustained and stable production environment, we expect ABC will be able to resume earnings guidance.

Management remains confident in the go-forward performance potential of ABC and maintains the view that with improvements in the current supply chain issues, ABC will be able to return to the superior absolute and relative margins it enjoyed prior to the COVID-19 pandemic.

### **Dividend**

The Board of Directors today has declared a Q3 Fiscal 2022 quarterly cash dividend of C\$0.0375 per share, payable on or about June 30, 2022 to shareholders of record on May 31, 2022.

### **Conference Call Information**

ABC will host a conference call today, May 13, 2022 at 9:30am ET to discuss the results. Participants may listen to the call via audio streaming at [www.abctechnologies.com/investors](http://www.abctechnologies.com/investors).

The dial-in number to participate in the call is:

Toll Free: 1-855-327-6837

Toll/International: 1-631-891-4304

A telephonic replay will be available approximately two hours after the call. The replay will be available until 11:59pm ET on Friday, May 27, 2022.

Replay Information:

Toll Free: 1-844-512-2921

Toll/International: 1-412-317-6671

Replay Pin Number: 10018878

A webcast replay will be available approximately one hour after the conclusion of the call at [www.abctechnologies.com/investors](http://www.abctechnologies.com/investors) under the Events & Presentations section.

### **Non-IFRS Measures and Key Indicators**

This news release 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 EBITDA Margin and Adjusted Free Cash Flow 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 and write-down of assets, unrealized loss (gain) on derivative financial instruments, transactional, recruitment, and other bonuses, acquisitions related cost, initial public offering related costs, business transformation and related costs (which may include severance and restructuring expenses), less: our share of income of joint ventures, plus the Company's proportionate share of the EBITDA generated by our joint ventures, and share-based compensation expense. 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.

**"Adjusted Free Cash Flow"** means Net Cash Flows from Operating Activities less: purchases of property, plant and equipment, additions to intangible assets, lease payments, net impact of hedge monetization, plus: proceeds from disposal of property, plant, and equipment, cash dividends received from joint ventures, and one-time advisory, bonus and other costs.

Additional information about the Company, including the Company's Management Discussion and Analysis of Operating Results and Financial Statements for the three and nine months ended March 31, 2022 can be found at [www.sedar.com](http://www.sedar.com).

## Fiscal Q3 2022 Financial Results

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

#### **Consolidated Statement of Financial Position**

(Expressed in thousands of United States dollars)

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

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

**Consolidated Statement of Comprehensive Income (Loss)**

*(Expressed in thousands of United States dollars)*

	For the three months ended March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
(Unaudited)				
Sales	\$ 285,775	\$ 217,926	\$ 652,629	\$ 737,656
Cost of sales	247,390	186,983	597,839	610,650
<b>Gross profit</b>	<b>38,385</b>	<b>30,943</b>	<b>54,790</b>	<b>127,006</b>
Selling, general and administrative	29,252	38,156	86,820	95,755
Loss on disposal and write-down of assets	632	15	737	479
Gain on derivative financial instruments	(1,055)	(128)	(742)	(2,130)
Share of loss (income) of joint ventures	(57)	(801)	349	(6,517)
<b>Operating income (loss)</b>	<b>9,613</b>	<b>(6,299)</b>	<b>(32,374)</b>	<b>39,419</b>
Interest expense, net	7,842	19,896	23,064	39,505
<b>Income (loss) before income tax</b>	<b>1,771</b>	<b>(26,195)</b>	<b>(55,438)</b>	<b>(86)</b>
<b>Income tax expense (recovery)</b>				
Current	4,900	1,142	6,755	3,844
Deferred	3,192	(6,642)	(11,260)	(4,017)
<b>Total income tax expense (recovery)</b>	<b>8,092</b>	<b>(5,500)</b>	<b>(4,505)</b>	<b>(173)</b>
<b>Net income (loss)</b>	<b>\$ (6,321)</b>	<b>\$ (20,695)</b>	<b>\$ (50,933)</b>	<b>\$ 87</b>
<b>Other comprehensive income (loss)</b>				
Items that may be recycled subsequently to net earnings (loss):				
Foreign currency translation of foreign operations and other	(561)	(1,755)	(1,646)	1,627
Cash flow hedges, net of taxes	6,748	1,535	4,951	22,881
Cash flow hedges recycled to net earnings, net of taxes	426	639	1,382	2,416
<b>Other comprehensive income</b>	<b>\$ 6,613</b>	<b>\$ 419</b>	<b>\$ 4,687</b>	<b>\$ 26,924</b>
<b>Total comprehensive income (loss) for the period</b>	<b>\$ 292</b>	<b>\$ (20,276)</b>	<b>\$ (46,246)</b>	<b>\$ 27,011</b>
<b>Earnings (loss) per share - basic and diluted</b>	<b>\$ (0.07)</b>	<b>\$ (0.39)</b>	<b>\$ (0.80)</b>	<b>\$ 0.00</b>

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

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



## **Reconciliation of net income (loss) to Adjusted EBITDA**

(Expressed in thousands of United States dollars)

	For the three months ended		For the nine months ended	
	March 31,		March 31,	
	2022	2021	2022	2021
<b>Reconciliation of net income (loss) to Adjusted EBITDA</b>				
<b>Net income (loss)</b>	\$ (6,321)	\$ (20,695)	\$ (50,933)	\$ 87
<i>Adjustments:</i>				
Income tax expense (recovery)	8,092	(5,500)	(4,505)	(173)
Interest expense	7,842	19,896	23,064	39,505
Depreciation of property, plant and equipment	13,028	11,512	36,986	34,263
Depreciation of right-of-use assets	3,991	3,507	11,307	10,397
Amortization of intangible assets	6,154	4,575	16,797	13,766
<b>EBITDA</b>	\$ 32,786	\$ 13,295	\$ 32,716	\$ 97,845
Loss on disposal and write-down of assets	632	15	737	479
Unrealized loss (gain) on derivative financial instruments	(1,058)	522	(841)	(160)
Acquisitions related cost	1,287	—	5,319	—
Transactional, recruitment and other bonuses <sup>1</sup>	—	6,502	2,374	6,745
Business transformation related costs <sup>2</sup>	1,152	1,055	4,004	5,600
Share of loss (income) of joint ventures	(57)	(801)	349	(6,517)
EBITDA from joint ventures <sup>3</sup>	1,141	2,096	1,935	10,931
Initial public offering ("IPO") related costs	—	7,736	—	7,736
Share-based compensation expense	826	881	2,307	881
Lease payments	(6,457)	(5,851)	(18,467)	(17,048)
<b>Adjusted EBITDA</b>	\$ 30,252	\$ 25,450	\$ 30,433	\$ 106,492

1. These costs include \$2.4 million that was paid by the Company out of the Value Creation Plan ("VCP") in Q2 Fiscal 2022 and YTD Fiscal 2022 in connection with the Oaktree Transaction.

2. These costs include services provided by Cerberus Operations and Advisory LLC and some of ABC's directors in the amount of \$nil for Q3 Fiscal 2022 (Q3 Fiscal 2021: \$0.4 million), and \$0.0 million for YTD Fiscal 2022 (YTD Fiscal 2021: \$0.9 million).

3. Represents 50% of joint ventures' EBITDA, which corresponds to the Company's proportionate share of ownership in the joint ventures.

## **Reconciliation of net cash flows from operating activities to Adjusted Free Cash Flow**

(Expressed in thousands of United States dollars)

	For the three months ended March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
<b>Reconciliation of net cash flows from operating activities to Adjusted Free Cash Flow</b>				
<b>Net cash flows from operating activities</b>	\$ 22,506	\$ 15,323	\$ 7,677	\$ 126,346
Purchases of property, plant and equipment	(11,748)	(7,148)	(31,253)	(25,201)
Proceeds from disposals of property, plant and equipment	—	—	—	171
Additions to intangible assets <sup>1</sup>	(4,147)	(4,687)	(14,470)	(11,809)
Principal payments of lease liabilities	(2,978)	(2,267)	(8,176)	(6,311)
Dividends received from joint ventures	—	1,500	553	5,991
One-time advisory, bonus and other costs <sup>2</sup>	2,950	7,179	7,248	7,179
Net impact of hedge monetization	1,125	—	(8,412)	—
<b>Adjusted Free Cash Flow</b>	<b>\$ 7,708</b>	<b>\$ 9,900</b>	<b>\$ (46,833)</b>	<b>\$ 96,366</b>

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

2. Includes \$2.3 million paid from the VCP in connection with the Oaktree Transaction, and \$2.7 million paid in connection with the acquisitions, which mainly consisted of professional fees.

## Forward Looking Statements

Some of the information contained in this news release 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-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 hereof. 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 the light vehicle industry and in light vehicles, both in North America and globally;
- other risks related to the automotive industry such as: economic cyclicalities; regional production volume declines; 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;
- the global semi-conductor shortage;
- 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, and including as a result of COVID-19 pandemic-caused OEM and supplier bankruptcies;
- our assessments of, and outlook for Fiscal 2022 to Fiscal 2026, including expected sales, Adjusted EBITDA, and Adjusted Free Cash Flow for Fiscal 2022;
- our business plans and strategies;
- our competitive position in our industry;
- prices and availability of raw materials, commodities and other supplies necessary for the Company to conduct its business; including any changes to prices and availability of supply components related to the effects of COVID-19 pandemic and to ongoing geopolitical conflicts and related international economic sanctions;
- labor disruptions or labor 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 including

disruptions caused by the COVID-19 pandemic and ongoing geopolitical conflicts and applicable costs related to supply disruption mitigation initiatives, including as a result of the COVID-19 and ongoing geopolitical conflicts; attraction/retention of skilled labor including as a result of the COVID-19 pandemic;

- 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, Japan, Mexico, member states of the European Union, Brazil and other markets, including risks related to the effects of ongoing and future geopolitical conflicts on the economies of these foreign countries and international economic sanctions;
- cybersecurity threats;
- our dividend policy and changes thereto;
- our ability to provide earnings guidance in the future;
- policies of our creditors concerning any existing or potential credit arrangements between them and the Company; and
- the potential volatility of the Company's share price.

Forward-looking information in this document includes, but is 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; potential adjustments to our production plans to align with our customers' production plans, governmental orders and legal requirements, including the ability to meet customers' demands in the event of rapid ramping-up of production volumes following cessation of the COVID-19 pandemic-related slowdowns; the ability to attract and retain the workforce required to maintain or grow the Company's operations in the context of the effects of the COVID-19 pandemic on the workforce in certain markets in which the Company operates; the timing of program launches; the growth of the Company and pursuit of, and belief in, its strategies and development and implementation of new product and business; continued investments in its business and technologies; the ability of the Company to complete future business acquisitions; the ability to successfully hedge risks related to currency exchange rates; the 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](http://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.

**About ABC Technologies**

ABC Technologies 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 customers globally through a strategically located footprint. ABC Technologies' integrated service offering includes manufacturing, design, engineering, material compounding, machine, tooling and equipment building that are supported by an experienced engineering team of approximately 600 skilled professionals and 6,150 employees worldwide. Figures represent ABC prior to the acquisitions of dlhBOWLES and Etzel. The Company offers six product groups: HVAC Systems, Interior Systems, Exterior Systems, Fluid Management, Air Induction Systems, and Flexible & Other.

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