

ABC Technologies Holdings Inc. Reports Q3 Fiscal 2021 Results

Toronto, May 7, 2021 – 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 North American light vehicle industry, today announced results for the three months ended March 31, 2021 and that it has declared a quarterly cash dividend of C\$0.015833 per share. Additionally, the Company is announcing its updated guidance for Fiscal 2021. All amounts are shown in United States Dollars (“\$”), unless otherwise noted.

Please click [HERE](#) for full Third Quarter Fiscal 2021 MD&A

Q3 Fiscal 2021 Highlights

- Successful completion of initial public offering on the Toronto Stock Exchange on February 22, 2021 (the “IPO”).
- Concurrent with the IPO, successfully refinanced existing credit facilities to an all-revolver structure with more flexible terms around M&A, covenants, improved pricing and moved maturity to February 2025.
- Q3 Fiscal 2021 revenue of \$217.9 million, compared to prior year revenue of \$239.3 million, with the decline resulting from semiconductor shortages, winter storm shutdowns and other supply chain disruptions affecting OEM customers and suppliers during the period.
- Q3 Fiscal 2021 Adjusted EBITDA^{1,2} of \$25.5 million, compared to \$29.8 million in the prior year, with the decline resulting from supply chain disruptions tied to a shortage of semiconductor chips and winter storm shutdowns inhibiting our customer’s production and raw material demand/supply disruptions during the period.
- Despite these near-term headwinds, structural earnings power and elevated underlying consumer light vehicle demand remains strong.
- Dividend of C\$0.015833 per share declared, representing a partial quarter due to timing of the IPO

ABC Technologies’ President and Chief Executive Officer, Todd Sheppelman, commented: “Q3 Fiscal 2021 was transformative for us as we completed our initial public offering on the Toronto Stock Exchange on February 22, 2021. We are excited to engage with our new public shareholders as we embark on this journey and announce our first financial results as a public company. While the quarter had its challenges due to semiconductor-related production shutdowns for our OEM customers as well as other supply chain shortages, we are focused on building our business for the long-term and see the current industry supply chain issues as transient in nature. ABC is positioned well for the future and we are continuing to execute on our strategy of delivering innovative lightweighting solutions to address OEMs focus on customer comfort with improved utility, fuel efficiency and battery range.”

The Company expects these headwinds to be temporary and the long-term growth trajectory and fundamentals of ABC remain strong. However, based on customer production announcements as recently as last week, the

¹ The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”). However, the Company considers certain non-IFRS financial measures including “Adjusted EBITDA” 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 to measures determined in accordance with IFRS please see heading “Non-IFRS Measures and Key Indicators” below.

² Adjusted EBITDA is a non-IFRS measure. For a reconciliation of non-IFRS measures to measures determined in accordance with IFRS please see heading “Non-IFRS Measures and Key Indicators” below.

Company believes OEM production volatility may linger through the end of calendar year 2021 due to ongoing semiconductor shortages. Although resin production in the US Gulf Coast area has been restored to more normal supply levels following damage caused by the severe winter storms during the quarter, resin demand remains high, driven by supply chain issues in other regions, causing elevated prices. Management expects resin pricing will not remain at current levels over the long term, but saw a nominal impact from increased resin prices in the Q3 Fiscal 2021 results and expects a greater impact in the fiscal fourth quarter.

Q3 Fiscal 2021 Results of Operations

For Q3 Fiscal 2021, ABC reported revenue of \$217.9 million, compared to \$239.3 million in Q3 Fiscal 2020. The decline in revenue was due to lower customer production volume driven by supply chain shortages, primarily semiconductors, and weather-related disruptions. Revenue in the prior year period included a recovery of volume following the 2019 strike at a major OEM customer.

Cost of sales as a percentage of revenue was 85.8%, unchanged from the year ago period.

Selling, general & administrative expenses were \$38.2 million compared to \$17.0 million in the prior year period. Higher selling, general and administrative expenses were primarily the result of \$7.7 million in transaction costs related to the IPO, \$6.5 million of bonuses paid to management related to the IPO and the reversal of bonus accruals in the prior-year period as a result of the impact of COVID-19 on prior year's financial results.

The Company reported a Q3 Fiscal 2021 operating loss of \$6.3 million, compared to operating income of \$15.1 million in the prior year period.

The company reported a Q3 Fiscal 2021 net loss of \$20.7 million, or (\$0.39) per share (on a fully diluted basis), compared to net income of \$2.1 million, or \$0.04 per share (on a fully diluted basis) in Q3 Fiscal 2020. Note that current quarter earnings per share were negatively affected by \$0.38 per share⁵ (on a fully diluted basis, after tax) of one-time items, including \$7.7 million of IPO-related expenses which consists mainly of underwriter and professional fees, \$7.2 million of one-time advisory, bonus and other costs associated with the IPO and \$11.8 million of non-cash write-off of deferred financing costs and additional financing fees incurred as a result of the debt amendment, on a pre-tax basis.

Adjusted EBITDA^{1,2} for Q3 Fiscal 2021 was \$25.5 million, and Adjusted EBITDA Margin is 10.3%³, compared to \$29.8 million, or 11.2%³, respectively, in the prior year. Adjusted Free Cash Flow^{1,4} was \$9.9 million versus \$15.6 million in Q3 Fiscal 2020.

The Company's financial results were negatively impacted by disruptions and shortages in the supply of critical components and materials globally, primarily semiconductors impacting its OEM customer's production, which was an indirect outcome of the COVID-19 pandemic and to a lesser extent, certain weather-related shutdowns in the southern United States resulting in production interruptions in the resin supply base. Management estimates these issues, combined, reduced revenue by approximately \$40 million and Adjusted EBITDA^{1,2} by approximately \$13 million for the Q3 Fiscal period and as a result, revenue would have been about \$258 million and Adjusted EBITDA would have been about \$38 million for the quarter.

³ Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales adjusted to include the proportional share of joint venture sales attributable to ABC (Q3 2021: \$29.3 million, Q3 2020: \$30.5 million), as well as \$4.2 million of estimated recovered sales in Q3 Fiscal 2020 after 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.

⁴ Adjusted Free Cash Flow is a non-IFRS measure. For a reconciliation of non-IFRS measures to measures determined in accordance with IFRS please see heading "Non-IFRS Measures and Key Indicators" below.

⁵ Further details on one-time EPS adjustments can be found in the financial statements section of the press release

Mr. Sheppelman said: “ABC remains on great operational footing thanks to the hard work and dedication of our employees. Over a year into the pandemic, the employees of ABC have shown flexibility and resiliency that has allowed ABC to pivot to producing medical equipment to aid in the fight against COVID and back to producing parts for our OEM customers. We are ready to deliver at full capacity to our OEM customers when the current supply chain disruptions subside. In the meantime, we are continuing to push forward by booking record amounts of new business, several of which are new EV platforms, we are focused on controlling costs with our continuous improvement programs and we are actively evaluating a number of potential acquisition opportunities, all of which will allow ABC to drive the business forward and in-line with our previously presented direction.”

Sheppelman added, “As we work to position our Company for long-term success, underlying demand for vehicles, particularly for light trucks, remains exceptionally strong. As industry wide supply constraints begin to subside, we anticipate a strong uptick in production activity, particularly given the current days of on-hand vehicle inventory is at the lowest levels since just after the financial crisis of 2007-09.”

Fiscal 2021 Guidance Update

Key Metric	Original Fiscal 2021 Outlook	Updated Fiscal 2021 Outlook⁶
Sales	\$1,000 million to \$1,035 million	\$945 million to \$965 million ⁷
Adjusted EBITDA ^{1,2}	\$152 million to \$162 million	\$125 million to \$130 million ⁸
Adjusted Free Cash Flow ^{1,4}	\$85 million to \$95 million	\$70 million to \$75 million

6. 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" for further information, including information regarding our certain material factors, assumptions and material risks relating to this information.
7. 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.
8. 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.

Apollo Transaction⁹

On April 13, 2021, ABC announced that Apollo Global Management had agreed to acquire a 51% controlling stake (on a fully-diluted basis) from majority holder ABC Group Canada LP¹⁰ for C\$10.00 per share. The transaction is subject to receipt of required regulatory approvals in jurisdictions where ABC conducts business. Mr. Sheppelman said, “The investment by Apollo is a strong endorsement of the tremendous near- and long-term value in the ABC platform. We look forward to a highly collaborative relationship with Apollo, which will enable ABC to accelerate the strategic industry consolidation goals laid out before the IPO while continuing to serve global automotive customers with industry-leading products.

⁹ For additional details, see press release “Apollo Funds to Acquire Majority Control of ABC Technologies Holdings Inc.” dated April 13, 2021.

¹⁰ ABC Group Canada LP is an affiliate of funds managed by Cerberus Capital Management, L.P.

Dividend

The Board of Directors today has declared a Q3 Fiscal 2021 quarterly cash dividend of C\$0.015833 per share, payable on or about June 30, 2021 to shareholders of record on May 25, 2021. The Q3 Fiscal 2021 dividend represents a partial quarter dividend due to the timing of ABC's IPO.

Conference Call Information

ABC will host a conference call today, May 7th, 2021 at 8:30am ET to discuss the results. Participants may listen to the call via audio streaming at 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 21, 2021.

Replay Information:

Toll Free: 1-844-512-2921

Toll/International: 1-412-317-6671

Replay Pin Number: 10013750

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

Non-IFRS Measures and Key Indicators

This press 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 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 payable, business transformation 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

Additional information about the Company, including the Company’s Management Discussion and Analysis of Operating Results and Financial Position for the three months ended March 31, 2021 the Company’s interim condensed consolidated financial statements for the three months ended March 31, 2021 can be found at www.sedar.com.

Q3 Fiscal 2021 Financial Results

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

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Assets	(Unaudited)	
Current assets		
Cash	\$ 48,847	\$ 74,058
Trade and other receivables	51,689	44,958
Inventories	75,911	71,364
Prepaid expenses and other	28,410	30,748
Total current assets	204,857	221,128
Property, plant and equipment	331,746	343,135
Right-of-use assets	153,603	155,745
Intangible assets	73,280	75,701
Deferred income taxes	—	1,785
Investment in joint ventures	49,395	48,396
Derivative financial assets	9,013	—

Goodwill	18,944	18,944
Deferred financing costs for revolving credit facilities	—	1,901
Other long-term assets	6,106	4,400
Total non-current assets	642,087	650,007
Total assets	\$ 846,944	\$ 871,135
Liabilities and equity		
Current liabilities		
Trade payables	\$ 101,007	\$ 56,285
Accrued liabilities and other payables	70,949	67,915
Provisions	17,257	14,539
Current portion of long-term debt ¹	—	379,200
Current portion of lease liabilities	9,636	8,926
Total current liabilities	198,849	526,865
Long-term debt	285,000	—
Lease liabilities	155,585	153,842
Deferred income taxes	29,092	25,110
Derivative financial liabilities	3,241	18,747
Other long-term liabilities	2,022	1,732
Total non-current liabilities	474,940	199,431
Total liabilities	673,789	726,296
Equity		
Capital stock	2,991	2,991
Other reserves	150	—
Retained earnings	164,373	164,286
Foreign currency translation reserve and other	(696)	(2,323)
Cash flow hedge reserve, including cost of hedging	6,337	(20,115)
Total equity	173,155	144,839
Total liabilities and equity	\$ 846,944	\$ 871,135

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

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2020	2021	2020
(Unaudited)				
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
Loss on disposal of assets	15	138	479	691
Loss (gain) on derivative financial instruments	(128)	3,024	(2,130)	3,060
Share of income of joint ventures	(801)	(1,190)	(6,517)	(8,439)
Operating income (loss)	(6,299)	15,120	39,419	48,437
Interest expense (net)	19,896	9,545	39,505	22,088
Earnings (loss) before income tax	(26,195)	5,575	(86)	26,349
Income tax expense (recovery)				
Current	1,142	5,891	3,844	15,295
Deferred	(6,642)	(2,396)	(4,017)	(8,977)
Total income tax expense (recovery)	(5,500)	3,495	(173)	6,318
Net earnings (loss)	(\$ 20,695)	\$ 2,080	\$ 87	\$ 20,031
Other comprehensive income (loss)				
Items that may be recycled subsequently to net earnings:				
Foreign currency translation of foreign operations and other	(1,755)	739	1,627	(402)
Cash flow hedges, net of taxes	1,535	(30,293)	22,881	(26,855)
Cash flow hedges recycled to net earnings, net of taxes	639	239	2,416	87
Other comprehensive income (loss)	\$ 419	(\$ 29,315)	\$ 26,924	(\$ 27,170)
Total comprehensive income (loss) for the period	(\$ 20,276)	(\$ 27,235)	\$ 27,011	(\$ 7,139)
Earnings (loss) per share - basic and diluted	(\$ 0.39)	\$ 0.04	\$ 0.00	\$ 0.38

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

(Unaudited)	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2020	2021	2020
Cash flows from (used in) operating activities				
Net earnings (loss)	(\$ 20,695)	\$ 2,080	\$ 87	\$ 20,031
<i>Adjustments for:</i>				
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
Cash flows from (used in) investing activities				
Purchases of property, plant and equipment	(7,148)	(14,540)	(25,201)	(62,949)
Payment of acquisition-related payable	—	—	—	(5,455)
Dividends received from joint ventures	1,500	—	5,991	2,854
Proceeds from disposals of property, plant and equipment	—	141	171	141
Additions to intangible assets	(4,687)	(4,895)	(11,809)	(12,938)
Net cash flows used in investing activities	(10,335)	(19,294)	(30,848)	(78,347)
Cash flows from (used in) financing activities				
Change in revolving credit facilities	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 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 Adjusted EBITDA
(Expressed in thousands of United States dollars)

(Unaudited)	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
<i>Adjustments:</i>				
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 on behalf of its shareholder consisting mainly of underwriter and professional fees.

Reconciliation of net cash flows from operating activities to Adjusted Free Cash Flow
(Expressed in thousands of United States dollars)

(Unaudited)	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2020	2021	2020
Reconciliation of net cash flows from operating activities to Adjusted Free Cash Flow				
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.

One-Time Adjustments to Earnings Per Share
(Expressed in thousands of United States dollars)

(Unaudited)	Pre-Tax Amount	Tax Effect	After-tax	Shares O/S	After- tax EPS
Net earnings (loss), as reported	\$ (26,195)	\$5,500	\$ (20,695)	52,522,392	\$ (0.39)
Deferred financing cost write-off and financing fees incurred	11,811	(2,953)	8,858	52,522,392	0.17
IPO related costs	7,736	(2,050)	5,686	52,522,392	0.11
One-time advisory, bonus and other costs associated with IPO	7,179	(1,795)	5,384	52,522,392	0.10
Adjusted earnings (loss) per share					\$ (0.01)

Forward Looking Statements

Some of the information in this news release may contain 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 may 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 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 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 updated guidance for Fiscal 2021, including expected sales, Adjusted EBITDA, and Adjusted Free Cash Flow for Fiscal 2021;
- our business plans and strategies, including any plans involving potential acquisition opportunities;
- our competitive position in our industry;
- any decisions by the Company's joint venture partners that may affect our obligations under existing joint venture agreements;
- prices of raw materials, commodities and other supplies necessary for the Company to conduct its business;
- 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 and applicable costs related to supply disruption mitigation initiatives, including as a result of the COVID-19; attraction/retention of skilled labor;
- 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, member states 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 any potential new business, review of potential acquisitions of assets or companies, obligations to the Company's joint ventures' partners under the current joint venture arrangements, continued investments in its business and technologies, our ability to finance future capital expenditures, and ability to fund anticipated working capital needs, our ability to make any recommended or competitive bonus payments on reaching certain milestones, 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.

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. The Company offers six product groups: HVAC Systems, Interior Systems, Exterior Systems, Fluid Management, Air Induction Systems, and Flexible & Other.

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