

ABC Technologies Holdings Inc. Reports Fiscal Q4 and Fiscal Year 2022 Results

Toronto, September 2, 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 North American light vehicle industry, today announced results for the three months and fiscal year ended June 30, 2022 (“Q4 Fiscal 2022” and “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 Q4 Fiscal 2022 and Fiscal Year 2022 Management’s Discussion and Analysis (“MD&A”) or refer to the Company’s Audited Consolidated Financial Statements and MD&A for the year ended June 30, 2022 available on the Company’s profile at www.SEDAR.com and on the Company website.

Q4 Fiscal 2022 Highlights

- Q4 Fiscal 2022 revenue increased by 36.9% to \$319.2 million from \$233.2 million for the three months ended June 30, 2021 (“Q4 Fiscal 2021”).
- Q4 Fiscal 2022 net loss of \$13.6 million, compared to a net loss of \$11.7 million in Q4 Fiscal 2021¹.
- Q4 Fiscal 2022 Adjusted EBITDA^{2,3} of \$15.2 million, compared with \$26.9 million in Q4 Fiscal 2021, with the decrease primarily driven by a higher operating loss in the quarter.
- Q4 Fiscal 2022 Adjusted Free Cash Flow^{1,4} of \$0.6 million, up from negative \$17.1 million in the prior year.
- Dividend of C\$0.0375 per share declared.
- On June 28, 2022, ABC entered into an agreement to acquire the Washer Systems product line of Continental Automotive GmbH for approximately €20.5 million (\$21.5 million), which is expected to close in Q2 Fiscal 2023. The acquired portfolio consists of water reservoirs, pump systems, hoses, connectors, different types of nozzles as well as cleaning systems for headlight, cameras, and sensors.
- Subsequent to period end, on August 16, 2022, the Board of Directors appointed Terry Campbell as Chief Executive Officer and member of ABC’s Board, replacing Todd Sheppelman.
- Subsequent to period end, on August 31, 2022, the Company closed part of its previously announced sale and leaseback transaction of the Karl Etzel GmbH and SAM-GmbH real estate as well as the land and buildings acquired from a party related to the owner of Karl Etzel GmbH (collectively, “Etzel”). The Company received gross proceeds of €37.2 million (\$42.4 million). The remaining portion of the transaction is expected to close by the end of the second quarter of fiscal 2023.

¹ “Q4 Fiscal 2021” and “Fiscal 2021” refer to the three months reporting period and the fiscal year of the Company ended June 30, 2021, respectively.

² 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”, 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.

³ 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.

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.

Fiscal Year 2022 Highlights

- Fiscal 2022 revenue at \$971.9 million, remained flat to the \$970.9 million revenue for the fiscal year ended June 30, 2021 (“Fiscal 2021”). Excluding \$71.2 million of sales contribution from acquisitions, revenue was down 7.0% to prior year. ABC revenue, excluding the impact of acquisitions, decreased by 7.0%, but still outperformed industry production decline of 8.9% during the same period, according to IHS Markit⁵.
- Lost production due to original equipment manufacturer (“OEM”) plant closures, primarily driven by semiconductor shortages, resulted in a significant decrease in ABC revenue, excluding the impact of acquisitions, compared to the prior year where production had somewhat normalized after the initial COVID-19 lockdowns that occurred between March to May 2020.
- Fiscal Year 2022 Adjusted EBITDA^{1,2} of \$45.7 million was down compared to \$133.4 million the prior year, primarily as a result of operating losses which were driven by lower revenue as a result of semiconductor shortages, which affected OEM production. These production interruptions were exacerbated by higher input costs, and inefficient operations caused by short notification of OEM plant closures.
- Fiscal Year 2022 Adjusted Free Cash Flow^{1,3} usage was \$46.2 million. This result is largely attributable to a negative \$59.5 million Adjusted Free Cash Flow result in the first quarter of Fiscal 2022, which was clawed back to some degree over the rest of the year with three consecutive quarters of positive Adjusted Free Cash Flow.
- Record \$2.2 billion of life of production revenue⁶ during Fiscal 2022 portends strong future growth for ABC.
- On November 10, 2021, the Company announced the closing of the sale of a minority share in the Company by ABC Group Canada LP, an affiliate of funds managed by Cerberus Capital Management, L.P., to funds affiliated with Oaktree Capital Management, L.P. for C\$9.00 per share (the “Oaktree Transaction”).
- On February 24, 2022, the Company’s credit facility was increased to \$550.0 million from \$450.0 million and the maturity was extended to February 2027 for all facilities except the revolving B facility of \$50.0 million, which is available until February 2023.
- On March 1, 2022, the Company acquired Ohio-based dlhBowles, Inc. (“dlhBowles”), a recognized leader for camera and sensor cleaning systems, windshield washer systems, sunroof drains, powertrain, and chassis solutions. The acquisition significantly bolstered ABC’s reach in the washer systems market and strengthened its existing product portfolio.
- On March 4, 2022, ABC acquired German-based Etzel, which is a leading tier-1 and tier-2 supplier to the German luxury automotive market and expands ABC’s expertise in injection molding plastics for automotive interiors and exteriors.
- Total consideration paid for the dlhBowles and Etzel acquisitions was \$258.1 million and \$75 million (€66.8 million, which includes the fair value of the purchase option at €5.9 million or \$6.6 million), respectively. To fund the acquisitions, the Company completed a private placement and rights offering raising aggregate gross proceeds of \$289.3 million in Q3 Fiscal 2022.

ABC Technologies’ newly appointed President and Chief Executive Officer, Terry Campbell, commented: “I’m excited to be joining ABC at a pivotal time in its journey. With a macro environment that is still volatile due to the ongoing supply chain and semiconductor availability issues affecting our OEM customers, two recent

⁵ Based on August 2022 IHS Markit report. The IHS Markit reports, data and information referenced herein are the copyrighted property of IHS Markit Ltd. and its subsidiaries (“IHS Markit”), are subject to change without notice and IHS Markit has no duty or responsibility to update them. IHS Markit and other trademarks appearing in the IHS Markit reports are the property of IHS Markit or its respective owners.

⁶ ABC life of production revenue estimates based on IHS Markit volume projections for each platform in their respective month of award.

acquisitions and an active M&A pipeline as well as a core business that is competing and winning in the market, but faces the same challenges as many of our peers, I see an amazing amount of opportunity in front of everyone at ABC. We have some work ahead of us to further adapt to this new normal in the production environment and return ABC's financial results to target levels, but these are challenges I've seen many times before and successfully led organizations through in the past. We've got a strong and capable team here at ABC and I have no doubt we can return to, and even exceed, the results seen prior to the onset of the semiconductor crisis."

Q4 Fiscal 2022 Results of Operations

Sales were \$319.2 million in Q4 Fiscal 2022 compared with \$233.2 million in Q4 Fiscal 2021, an increase of \$86.1 million or 36.9%. Of this increase, \$52.3 million is attributable to acquisitions accounting for 59.4% of the overall increase. According to IHS Markit reports, industry production in North America increased by 11.7% in Q4 Fiscal 2022 compared to Q4 Fiscal 2021. The Company enjoyed better than industry growth as a result of improved sales to a number of significant customers due to its product mix relative to the industry.

Cost of sales was \$291.5 million in Q4 Fiscal 2022 compared with \$200.7 million in Q4 Fiscal 2021, an increase of \$90.8 million or 45.3%, of which \$47.2 million or 52.0% is attributable to acquisitions. As a percentage of sales, cost of sales was 91.3% in Q4 Fiscal 2022 compared with 86.1% in Q4 Fiscal 2021. Gross margin in Q4 Fiscal 2022 was lower than the comparable prior year quarter resulting from higher labor and freight costs, and increased raw material costs, primarily resin, glass, rubber, paint and steel.

Selling, general and administrative expenses were \$44.1 million in Q4 Fiscal 2022 compared with \$36.3 million in Q4 Fiscal 2021, an increase of \$7.8 million or 21.4%. As a percentage of sales, selling, general and administrative expenses were 13.8% in Q4 Fiscal 2022 compared with 15.6% in Q4 Fiscal 2021.

Significant differences quarter over quarter include:

- higher business transformation related costs in Q4 Fiscal 2022 of \$7.4 million
- higher wages, benefits and professional fees in Q4 Fiscal 2022 of \$2.9 million
- higher depreciation and amortization expense in Q4 Fiscal 2022 of \$3.4 million
- foreign exchange loss of \$0.5 million in Q4 Fiscal 2022 as compared to a gain of \$2.1 million in Q4 Fiscal 2021 largely offset by;
- costs related to the Company's Initial Public Offering (the "IPO") and Apollo transaction were incurred in Q4 Fiscal 2021 of \$7.9 million and \$3.6 million respectively, not recurring in Q4 Fiscal 2022

Net loss was \$13.6 million in Q4 Fiscal 2022 compared with \$11.7 million in Q4 Fiscal 2021, an increase of \$1.9 million or 15.8%. Primary contributors to the change between periods are a \$4.8 million decrease in gross profit in Q4 Fiscal 2022 due to higher costs, \$7.8 million due to higher selling general and administration costs, an \$8.2 million impairment charge, \$1.7 million from improved joint venture performance and a \$18.5 million swing to income tax recovery from expense.

Adjusted EBITDA was \$15.2 million in Q4 Fiscal 2022 compared with \$26.9 million in Q4 Fiscal 2021, a decrease of \$11.7 million or 43.4%, primarily resulting from a higher operating loss due to the reasons described above.

Adjusted Free Cash Flow¹ was \$17.7 million higher for Q4 Fiscal 2022 compared with Q4 Fiscal 2021 primarily due to higher net cash flows from operating activities of \$30.1 million offset by higher purchases of property plant and equipment and additions to intangible assets of \$1.9 million and \$2.7 million respectively and lower one-time advisory, bonus and other costs of \$8.1 million.

Fiscal 2022 Results of Operations

Sales were \$971.9 million for Fiscal Year 2022 compared with \$970.9 million for Fiscal 2021, an increase of \$1.0 million or 0.1%. Excluding \$71.2 million in sales attributable to acquisitions in the year, sales were 7.0% lower than the prior year. According to IHS Markit reports, industry production in North America decreased by 8.9% in Fiscal 2022 compared to Fiscal 2021. Lost production due to OEM plant closures driven by semiconductor shortages resulted in a significant decrease in revenue compared to the prior year where production had approached near normal production levels after the initial COVID-19 lockdowns that had occurred in the period from March 2020 to May 2020.

Cost of sales was \$889.4 million for Fiscal 2022 compared with \$811.3 million for Fiscal 2021, an increase of \$78.0 million or 9.6%. As a percentage of sales, cost of sales was 91.5% for Fiscal 2022 compared with 83.6% for Fiscal 2021. Gross margin in Fiscal 2022 is lower resulting from 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. Fiscal 2021 enjoyed the benefit of \$10.2 million in Canada Emergency Wage Subsidy ("CEWS") payments reducing wage expense in the period, which was also partially offset by the increased costs around managing COVID-19 effects in the same period, versus Fiscal 2022 where the Company was ineligible to receive CEWS.

Selling, general and administrative expenses were \$131.0 million for Fiscal 2022 compared with \$132.1 million for Fiscal 2021. As a percentage of sales, selling, general and administrative expenses were 13.5% for Fiscal 2022 compared with 13.6% for Fiscal 2021.

Significant differences year over year include:

- lower transactional, recruitment and other bonuses in 2022 of \$12.3 million
- Costs related to the IPO and Apollo transaction were incurred in Fiscal 2021 of \$8.3 million and \$3.6 million respectively, not recurring in Fiscal 2022

largely offset by;

- higher depreciation and amortization expense in Fiscal 2022 of \$6.5
- higher acquisition related costs in Fiscal 2022 of \$5.1 million
- higher business transformation related costs in Fiscal 2022 of \$5.8 million
- higher directors' and officers' insurance expense and professional fees in Fiscal 2022 of \$4.3 million

Net loss was \$64.5 million for Fiscal 2022 compared with \$11.7 million for Fiscal 2021, an increase of \$52.9 million. Primary contributors to the change between years is a \$77.0 million reduction in gross margin in Fiscal 2022 due to the combination of lower revenue as a result of lower OEM production largely caused by semiconductor shortages, higher raw material costs primarily attributable to increased resin, glass, rubber, paint, and steel costs as well as higher labor and freight costs, and inefficient plant operations caused by short notification by OEMs of their own plant closures, \$8.2 million for the impairment of non-financial assets, and

\$5.2 million due to lower income from joint ventures, largely offset by a favorable \$1.2 million reduction in selling, general and administration expenses, \$14.8 million due to lower interest expense and \$22.9 million lower tax expense.

Adjusted EBITDA was \$45.7 million for Fiscal 2022 compared with \$133.4 million for Fiscal 2021, a decrease of \$87.7 million or 65.8%, primarily as a result of higher operating loss due to the reasons described above.

Adjusted Free Cash Flow was \$125.5 million lower for Fiscal 2022 compared with Fiscal 2021 primarily due to lower net cash flows from operating activities of \$88.5 million, higher purchases of property plant and equipment and additions to intangible assets of \$7.9 million and \$5.4 million respectively, lower dividends received from joint ventures of \$5.2 million, lower one-time advisory, bonus and other costs of \$8.0 million. Fiscal 2021 results were positively impacted by working capital normalization following the first wave of COVID-19.

Market Dynamics

The Company's financial results during the last half of Fiscal 2021 and Fiscal 2022 have been significantly impacted by disruptions and shortages in the supply of critical components and materials globally, particularly semiconductors, which were indirect outcomes 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 global semiconductor shortage resulted in temporary shutdowns or slowdowns of the production lines at the majority of our OEM customers beginning in February and March 2021, which impacted the production levels in our plants that supply those customers. In Fiscal 2022, primarily Q1 and Q2, COVID-19 had a more direct effect on operations. Outbreaks in major semiconductor manufacturing countries, such as Malaysia, resulted in the temporary shutdown of the manufacturing sector in the countries. As a result, the lost production exacerbated the shortage of semiconductors, leading to increased shutdowns by nearly all OEMs. These shutdowns, frequently with very short notice, resulted in inefficiencies at the Company's production facilities. In Q3 and Q4 Fiscal 2022, supply chain disruptions to OEM customers abated to some extent, but not completely. Supply chain disruptions and economic conditions, which include the conflict between Russia and Ukraine and increasing global inflationary rates and increasing interest rates, have resulted, among other things, price increases and higher costs in respect of, but not limited to, labor, freight, utilities, resin, glass, rubber, paint and steel.

Dividend

The Board of Directors today has declared a Q4 Fiscal 2022 quarterly cash dividend of C\$0.0375 per share, payable on or about October 31, 2022 to shareholders of record on September 30, 2022.

Conference Call Information

ABC will host a conference call today, September 2, 2022 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, September 16th, 2022.

Replay Information:
Toll Free: 1-844-512-2921
Toll/International: 1-412-317-6671
Replay Pin Number: 10020056

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 EBITDA, Adjusted EBITDA, 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.

"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), impairment of non-financial assets, Apollo transaction cost less: our share of income of joint ventures, plus the Company's proportionate share of the EBITDA generated by our joint ventures, bargain purchase gain on the acquisition, 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").

“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 Position for the three months and fiscal year ended June 30, 2022 and the Company’s consolidated financial statements for the fiscal year ended June 30, 2022 can be found at www.sedar.com.

Fiscal 2022 Financial Results

(Expressed in thousands of United States dollars, unless otherwise specified)

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent Inc.) **Consolidated Statement of Financial Position**

	June 30, 2022	June 30, 2021
Assets		
Current assets		
Cash	\$ 25,400	\$ 14,912
Trade and other receivables	123,429	76,653
Inventories	154,661	82,170
Prepaid expenses and other	42,094	34,472
Assets held for sale	54,351	—
Total current assets	399,935	208,207
Property, plant and equipment	371,294	334,775
Right-of-use assets	165,679	153,628
Intangible assets	156,844	73,346
Deferred income taxes	9,445	5,237
Investment in joint ventures	45,556	47,412
Derivative financial assets	3,996	10,053
Goodwill	109,131	18,944
Other long-term assets	16,392	4,027
Total non-current assets	878,337	647,422
Total assets	\$ 1,278,272	\$ 855,629
Liabilities and equity		
Current liabilities		
Trade payables	\$ 147,981	\$ 118,723
Accrued liabilities and other payables	97,712	71,339
Provisions	24,132	16,063
Current portion of lease liabilities	13,087	10,351
Purchase option	6,206	—
Total current liabilities	289,118	216,476
Long-term debt	400,000	280,000
Lease liabilities	175,940	156,400
Deferred income taxes	33,864	32,673
Derivative financial liabilities	1,453	2,483
Other long-term liabilities	2,137	2,393
Total non-current liabilities	613,394	473,949
Total liabilities	902,512	690,425
Equity		
Capital stock	291,960	2,991
Other reserves	3,094	972
Retained earnings	77,453	151,936
Foreign currency translation reserve and other	(7,524)	276
Cash flow hedge reserve, including cost of hedging	10,777	9,029
Total equity	375,760	165,204
Total liabilities and equity	\$ 1,278,272	\$ 855,629

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent Inc.)
Consolidated Statement of Comprehensive Income (Loss)

	For the year ended June 30,	
	2022	2021
Sales	\$ 971,878	\$ 970,850
Cost of sales	889,371	811,333
Gross profit	82,507	159,517
Selling, general and administrative	130,957	132,100
Impairment of non-financial assets	8,185	—
Loss on disposal and write-down of assets	1,794	516
Gain on derivative financial instruments	(2,525)	(2,518)
Share of income of joint ventures	(498)	(5,669)
Operating income (loss)	(55,406)	35,088
Interest expense, net	31,582	46,336
Loss before income tax	(86,988)	(11,248)
Income tax expense (recovery)		
Current	10,385	6,106
Deferred	(32,833)	(5,693)
Total income tax expense (recovery)	(22,448)	413
Net loss	\$ (64,540)	\$ (11,661)
Other comprehensive income (loss)		
Items that may be recycled subsequently to net earnings		
Foreign currency translation of foreign operations and other	(7,800)	2,599
Cash flow hedges, net of tax expense of \$844 (2021: \$8,744)	2,531	26,232
Cash flow hedges recycled to net earnings, net of tax expense of \$578 (2021: \$974)	1,733	2,922
Other comprehensive income (loss)	\$ (3,536)	\$ 31,753
Total comprehensive income (loss) for the period	\$ (68,076)	\$ 20,092
Earnings (loss) per share - basic and diluted	\$ (0.85)	\$ (0.22)

ABC Technologies Holdings Inc. (previously ABC Group Holdings Parent Inc.)
Consolidated Statement of Cash Flows

	For the year ended June 30,	
	2022	2021
Cash flows from (used in) operating activities		
Net loss	\$ (64,540)	\$ (11,661)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	53,344	46,000
Depreciation of right-of-use assets	15,570	14,291
Amortization of intangible assets	24,612	18,324
Loss on disposal and write-down of assets	1,794	516
Unrealized loss (gain) on derivative financial instruments	(2,695)	95
Interest expense	31,582	46,336
Share of income of joint ventures	(498)	(5,669)
Income tax expense (recovery)	(22,448)	413
Share-based compensation expense	2,576	1,925
IPO related costs	—	8,278
Impairment of non-financial assets	8,185	—
Changes in:		
Trade and other receivables and prepaid expenses and other	(10,142)	(40,206)
Inventories	(15,251)	(10,448)
Trade payables, accrued liabilities and other payables, and	38,469	75,534
Cash generated from operating activities	60,558	143,728
Interest received	445	385
Income taxes recovered (paid)	(1,988)	2,784
Interest paid on leases, net of interest income	(13,629)	(14,115)
Interest paid on long-term debt and other	(18,581)	(17,445)
Net cash flows from operating activities	26,805	115,337
Cash flows from (used in) investing activities		
Purchases of property, plant and equipment	(44,118)	(36,178)
Acquisition of subsidiaries, net of cash acquired	(314,597)	—
Dividends received from joint ventures	1,884	7,109
Proceeds from disposals of property, plant and equipment	—	171
Additions to intangible assets	(21,818)	(16,433)
Net cash flows used in investing activities	(378,649)	(45,331)
Cash flows from (used in) financing activities		
Net drawings on revolving credit facilities	120,000	195,000
Repayment of long-term debt	—	(305,000)
Principal payments of lease liabilities, net of sublease receipts	(11,498)	(8,800)
Financing costs	(2,630)	(1,835)
IPO related costs	—	(8,278)
Dividends paid to shareholders	(9,943)	(689)
Proceeds from issuance of shares, net of issuance cost	288,853	—
Repayment of acquired loan	(21,376)	—
Net cash flows from (used in) financing activities	363,406	(129,602)
Net increase (decrease) in cash	11,562	(59,596)
Net foreign exchange difference	(1,074)	450
Cash, beginning of period	14,912	74,058
Cash end of period	\$ 25,400	\$ 14,912

Reconciliation of Net loss to Adjusted EBITDA

	For the three months ended June 30,		For the year ended June 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Reconciliation of Net loss to Adjusted EBITDA				
Net loss	\$ (13,607)	\$ (11,748)	\$ (64,540)	\$ (11,661)
<i>Adjustments:</i>				
Income tax expense (recovery)	(17,943)	586	(22,448)	413
Interest expense	8,518	6,831	31,582	46,336
Depreciation of property, plant and equipment	16,358	11,737	53,344	46,000
Depreciation of right-of-use assets	4,263	3,894	15,570	14,291
Amortization of intangible assets	7,815	4,558	24,612	18,324
EBITDA	\$ 5,404	\$ 15,858	\$ 38,120	\$ 113,703
Loss on disposal and write-down of assets	1,057	37	1,794	516
Unrealized loss (gain) on derivative financial	(1,854)	255	(2,695)	95
Acquisitions related cost	(219)	—	5,100	—
Transactional, recruitment and other bonuses ¹	—	7,908	2,374	14,653
Business transformation related costs ²	7,863	459	11,867	6,059
Share of loss (income) of joint ventures	(847)	848	(498)	(5,669)
EBITDA from joint ventures ³	2,020	2,230	3,955	13,161
Impairment of non-financial assets	8,185	—	8,185	—
Initial public offering ("IPO") related costs ⁴	—	542	—	8,278
Share-based compensation expense	269	1,044	2,576	1,925
Apollo transaction costs ⁵	—	3,553	—	3,553
Lease payments, net of sublease receipts	(6,660)	(5,867)	(25,127)	(22,915)
Adjusted EBITDA	\$ 15,218	\$ 26,867	\$ 45,651	\$ 133,359

1. These costs include \$2.4 million that was paid by the Company out of the Value Creation Plan ("VCP") in YTD Fiscal 2022 in connection with the Oaktree transaction. Costs incurred in YTD Fiscal 2021 represents transactional and recruitment bonuses including bonuses paid to management related to the IPO and Apollo transaction.

2. Represents costs including consulting fees associated with enhancing business operations, organizational capability and related processes. These costs include services provided by Cerberus Operations and Advisory LLC and some of ABC's directors in the amount of \$nil for Q4 Fiscal 2022 (Q4 Fiscal 2021: \$0.2 million), and \$0.0 million for YTD Fiscal 2022 (YTD Fiscal 2021: \$1.1 million). Cerberus Operations and Advisory LLC was a related party of the Company until November 10, 2021.

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

4. Represents IPO related expenses incurred by the Company consisting mainly of underwriter and professional fees.

5. Represents Apollo transaction costs incurred by the Company consisting mainly of advisory fees paid to unrelated parties.

Reconciliation of net cash flows from (used in) operating activities to Adjusted Free Cash Flow

	For the three months ended June 30,		For the year ended June 30,	
	2022	2021	2022	2021
Reconciliation of net cash flows from operating activities to Adjusted Free Cash Flow				
Net cash flows from operating activities	\$ 19,128	\$ (11,009)	\$ 26,805	\$ 115,337
Purchases of property, plant and equipment	(12,865)	(10,977)	(44,118)	(36,178)
Proceeds from disposals of property, plant and equipment	—	—	—	171
Additions to intangible assets ¹	(7,348)	(4,624)	(21,818)	(16,433)
Principal payments of lease liabilities	(3,322)	(2,489)	(11,498)	(8,800)
Dividends received from joint ventures	1,331	1,118	1,884	7,109
One-time advisory, bonus and other costs ²	2,798	10,899	10,046	18,078
Net impact of hedge monetization	894	—	(7,518)	—
Adjusted Free Cash Flow	\$ 616	\$ (17,082)	\$ (46,217)	\$ 79,284

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 \$5.9 million paid in connection with the acquisitions, which mainly consisted of professional fees during the year ended June 30, 2022. The amount for the year ended June 30, 2021 included one-time advisory, bonus and other costs associated with IPO and Apollo transaction.

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 continuing global semi-conductor shortage;
- the impact and duration of the conflict in Ukraine and the related sanctions on, and retaliatory measures taken by, Russia;
- 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 increased financial pressure related to COVID-19 and other global pandemics and outbreaks of contagious diseases, and including as a result of COVID-19 pandemic-caused OEM and supplier bankruptcies, effects of ongoing global conflicts on supply chain, raw material costs and costs of logistics;
- our business plans and strategies, including our expected sales growth, ability to benefit from our business model and capitalize on our acquisitions;
- our competitive position in our industry;
- our acquisition of Etzel and the expansion of our presence in the European market;

- 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, Russia's invasion of Ukraine 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 and other global pandemics and outbreaks of contagious diseases; 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 and other global pandemics and outbreaks of contagious diseases;
- effects of ongoing global conflicts and economic sanctions associated with them on logistics and the cost of raw materials and components, and supply chain;
- climate change risks;
- increasing inflation and/or rising interest rates;
- 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 and other global pandemics and outbreaks of contagious diseases, 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 and other global pandemics and outbreaks of contagious diseases 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 ability of the Company to counteract or successfully adjust for the effects of increasing inflation in the markets in which the Company operates; the effects of, and the measures the Company may take to address, the effects of ongoing global conflicts and economic sanctions related to them; 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 OEM 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 a by a team of skilled professionals (including professional practicing engineers and 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. The Company offers six product groups: HVAC Systems, Interior Systems, Exterior Systems, Fluid Management, Air Induction Systems, and Flexible & Other.

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