ABC Technologies Holdings Inc. Reports Fiscal Q4 and Fiscal Year 2023 Results

Toronto, September 7, 2023 – 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 for the fiscal year ended June 30, 2023 ("Q4 Fiscal 2023" and "Fiscal 2023") 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 2023 and Fiscal Year 2023 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, 2023 available on the Company's profile at www.SEDARPLUS.ca and on the Company website.

Q4 Fiscal 2023 Highlights

- Q4 Fiscal 2023 Revenue increased by 31.4% to $419.3 million from $319.2 million for the three months ended June 30, 2022 ("Q4 Fiscal 2022").
- Q4 Fiscal 2023 Net Income of $1.3 million, compared to a Net Loss of $13.6 million in Q4 Fiscal 2022[1].
- Q4 Fiscal 2023 Adjusted EBITDA[2,3] of $48.6 million, compared with $15.2 million in Q4 Fiscal 2022, with the increase primarily driven by higher sales and gross profit in Q4 Fiscal 2023 from both existing operations as well as acquisitions.
- Q4 Fiscal 2023 Adjusted Free Cash Flow[4] of negative $12.1 million compared to $0.6 in Q4 Fiscal 2022 primarily due to higher purchases of property, plant and equipment.
- On April 18, 2023, the Company completed a sale and leaseback of all the real estate properties acquired in connection with the acquisition of WMG Technologies Holdings Inc. ("WMGT") and one real estate property of the Company and received gross proceeds of $97.9 million.
- On May 18, 2023, the Company sold its 50% interest in Ningbo ABC INOAC Huaxiang Automotive Parts Co. Ltd. ("INOAC Huaxiang") for 60.0 million RMB ($8.4 million) and recorded a gain on disposition of $2.3 million.

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[1] Q4 Fiscal 2022 and "Fiscal 2022" refer to the three months reporting period and the fiscal year of the Company ended June 30, 2022, 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.

- On May 31, 2023, the Company sold its 50% interest in ABCOR Filters Inc., for CAD$3.8 million ($2.9 million) and recorded a gain on disposition of $0.9 million.
- Dividend of C$0.0375 per share declared.

Fiscal Year 2023 Highlights

- On December 5, 2022, to facilitate the financing of the acquisition of WMGT, the Company amended its Credit Agreement with syndicate of lenders to include a non-revolving Term Facility, under which the Company withdrew the maximum amount of $185.0 million upon the closing of WMGT acquisition. Concurrently, the Company merged Revolving Facility A and Revolving Facility B into a combined Revolving Facility within the amendment, inclusive of two swingline facilities in the aggregate amount of $550.0 million. Both the Term Facility and Revolving Facility mature in February 2027. On April 25, 2023, the Company amended its Credit Agreement with syndicate to add a $10.0 million swingline facility under the Revolving Facility, bringing the total aggregate amount of the swingline facilities to $33.0 million. The total size of Credit Facilities, however, remain at $550.0 million.
- On June 28, 2022, the Company entered into a conditional agreement to acquire the Washer Systems product line of Continental Automotive GmbH ("Continental") for approximately EUR 20.5 million ($20.2 million). On January 18, 2023, the Company paid Continental EUR 10.3 million ($11.1 million) to terminate the purchase agreement and proposed transaction.
- On February 1, 2023, the Company sold its 50% interest in ABC INOAC Exterior Systems Inc. for $13.0 million and its 50% interest in ABC INOAC Exterior Systems, LLC for $10.0 million, and recorded a gain on disposition of $8.8 million and $nil, respectively in Q3 Fiscal 2023. During Q2 Fiscal 2023, the Company noted indicators of impairment for its 50% interest in ABC INOAC Exterior Systems, LLC, such as significant cost increases in recent periods and a change in market conditions. As a result, the Company performed an impairment test and recorded an impairment loss of $20.8 million in Q2 Fiscal 2023 for the amount by which the carrying amount exceeded the recoverable amount
- On February 2, 2023, the Company exercised its option to purchase the remaining 10.1% interest in Karl Etzel GmbH and SAM-GmbH (collectively, "Etzel") for EUR 6.0 million ($6.0 million).
- On March 1, 2023, the Company acquired 100% of the shares of WMG Technologies Holdings Inc. and its subsidiaries (collectively, "WMGT") for $192.2 million in cash paid upfront, $13.9 million in estimated holdbacks and earn-outs with an estimated fair value of $0.3 million. Based in Windsor, Ontario, Canada, with facilities across North America, WMGT is a leading tier-1 and tier-2 supplier of exterior products, complex tooling for injection molded exterior and interior parts, and other products to global automotive OEMs. The acquisition of WMGT strengthens the Company's exterior products offering, expands its injection molding technical expertise, and brings additional value-added tooling in-house.
- During the year ended June 30, 2023, management committed to a plan to sell part of Poland operations. Consequently, part of Poland operations was classified as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected

in Fiscal year 2024. Impairment losses of $2.1 million for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell were recognized. The Company also recorded a $2.0 million write-down relating to the tooling inventories and incurred $1.1 million in severance costs during Fiscal 2023. During Fiscal 2022, the Company recorded an impairment charge relating to property, plant and equipment of $8.2 million.

Subsequent Events

- On September 05, 2023, the Company announced that it has entered into a definitive arrangement agreement (the "Arrangement Agreement") with AP IX Alpha Holdings (Lux) S.à.r.l. ("Alpha Holdings"), OCM Luxembourg OPPS XI S.à.r.l. ("OPPS XI") and OCM Luxembourg OPPS XB S.à.r.l. ("OPPS XB", and together with OPPS XI, the "Oaktree Funds" and together with Alpha Holdings, the "Purchasers"), pursuant to which the Purchasers, who own approximately 93.4% of the common shares of the Company (the "ABC Shares") in the aggregate intend to acquire all of the ABC Shares not already owned by them, subject to obtaining securityholder and other customary approvals (the "Transaction"). The Company intends to hold a special meeting of securityholders in October 2023, where the Transaction will be considered and voted upon by securityholders of record. Under the terms of the Arrangement Agreement, the Purchasers intend to acquire the ABC Shares that they do not currently own for CAD $6.75 in cash per ABC Share. Upon closing of the Transaction, the Purchasers intend to cause the ABC Shares to cease to be listed on the Toronto Stock Exchange and to cause the Company to submit an application to cease to be a reporting issuer under applicable Canadian securities laws.
- On August 23, 2023, the Company announced it has entered into an agreement to acquire an automotive business, ("Plastikon Automotive"), from Plastikon Industries, Inc. for $130.0 million (the "Plastikon Acquisition"). Plastikon Automotive's full-service portfolio ranges from the production of battery module housings, injection molding headliners, door assemblies, center console assemblies and cluster meters. The transaction is expected to close in the first quarter of Fiscal 2024 subject to the satisfaction of customary closing conditions.
- On August 17, 2023, to facilitate the financing of the acquisition of Plastikon Automotive, the Company amended its Credit Agreement to include an additional non-revolving Term Facility of up to $140.0 million. No amendments were made to key terms

“Our global team delivered some milestone achievements this fiscal year that has enabled an optimized baseline for the year ahead. We have rolled out a new global operating model that has catalyzed greater customer focus and positive commercial momentum. We made challenging but necessary decisions, including the dissolution of several JV partnerships and the streamlining of some of our operations. These decisions have bolstered our business’s strategic position, controlled costs and strengthened our run rate. Finally, we’ve augmented our portfolio of assets through the acquisition of WMGT’s complementary product and customer contributions,” said Terry Campbell, CEO of ABC Technologies. Adding to this, Mr. Campbell noted, “As you might have gleaned from our recent announcement regarding the agreement to purchase Plastikon Industries’ automotive business, we intend to maintain our momentum.”

Q4 Fiscal 2023 Results of Operations

Sales were $419.3 million in Q4 Fiscal 2023 compared with $319.2 million for Q4 Fiscal 2022, an increase of $100.1 million or 31.4%. Of this increase, $87.2 million is attributable to WMGT acquisition completed in Q4 Fiscal 2023, accounting for 87.1% of the increase. The Company also enjoyed slightly better than industry average growth due to its product mix relative to the industry and as a result of improved sales to a number of significant customers as they rebuild their inventory to historical levels. According to IHS Markit reports, industry production in North America increased by 5.7% in Q4 Fiscal 2023 compared to Q4 Fiscal 2022.

Cost of sales was $356.4 million in Q4 Fiscal 2023 compared with $292.6 million for Q4 Fiscal 2022, an increase of $63.8 million or 21.8%, of which $80.3 million is attributable to WMGT acquisition completed in Q3 Fiscal 2023 partially offset by the reduction in prices for raw materials and commodities particularly resin. Gross profit was $62.9 million in Q4 Fiscal 2023 compared with $26.6 million in Q4 Fiscal 2022, an increase of $36.3 million as a result of higher production volumes, key platforms, and favourable operating performance. Although the prices for raw materials and commodities have reduced in Q4 Fiscal 2023 compared with Q4 Fiscal 2022, they are still higher than historical levels and continue to impact the gross profit.

Selling, general and administrative expenses were $47.1 million in Q4 Fiscal 2023 compared with $43.1 million for Q4 Fiscal 2022, an increase of $4.0 million or 9.4%. As a percentage of sales, selling, general and administrative expenses were 11.2% in Q4 Fiscal 2023 compared with 13.5% in Q4 Fiscal 2022.

Significant differences quarter over quarter include:

- wages, benefits and professional fees were $26.1 million in Q4 Fiscal 2023 as compared to $19.4 million in Q4 Fiscal 2022, an increase of $6.7 million mainly driven by normalized bonus in Q4 Fiscal 2023.
- A foreign exchange gain of $3.5 million in Q4 Fiscal 2023 compared to a foreign exchange loss of $0.2 million in Q4 Fiscal 2022.

During Q4 Fiscal 2023, the Company recorded a $3.1 million gain on disposal of its investments in INOAC Huaxiang and ABCOR Filters.

During Q4 Fiscal 2023, An impairment loss of $2.1 million was recorded to write-down the disposal group in Poland to the lower of its carrying amount and fair value less costs to sell.

Net income was $1.3 million in Q4 Fiscal 2023 compared with a net loss of $13.6 million in Q4 Fiscal 2022, an improvement of $14.9 million or 109.3%. Primary contributors to the change between periods are a $40.4 million increase in operating income for Q4 Fiscal 2023 due to the reasons noted above partially offset by a lower tax recovery of $16.4 and a $9.0 million increase in finance expense for Q4 Fiscal 2023 .

Adjusted EBITDA was $48.6 million in Q4 Fiscal 2023 compared with $15.2 million in Q4 Fiscal 2022, an increase of $33.4 million or 219.5%, primarily due to higher sales and gross profit from both existing operations as well as recently acquired companies.

Adjusted Free Cash Flow was $12.7 million lower for Q4 Fiscal 2023 compared with Q4 Fiscal 2022 primarily due to higher purchases of property, plant and equipment.

Fiscal 2023 Results of Operations

Sales were $1,432.7 million in Fiscal 2023 compared with $971.9 million in Fiscal 2022, an increase of $460.8 million or 47.4%. Of this increase, $332.4 million is attributable to the acquisitions of dlhBOWLES and Etzel which only had four months of results in the prior year, and the WMGT acquisition completed in Q4 Fiscal 2023, accounting for 72.1% of the increase. The Company also enjoyed better than industry average growth as a result of improved sales to a number of significant customers due to its product mix relative to the industry as the customers rebuild their inventory to historical levels. According to IHS Markit reports, industry production in North America increased by 13.5% Fiscal 2023 compared to Fiscal 2022. Additionally, the Company recovered amounts from certain of its customers during Fiscal 2023 to alleviate the inflationary pressures it had been experiencing due to the current economic conditions.

Cost of sales was $1,227.4 million in Fiscal 2023 compared with $891.8 million in Fiscal 2022, an increase of $335.6 million or 37.6%, of which $283.6 million or 84.5% is attributable to the acquisitions of dlhBOWLES and Etzel which only had four months of results in the prior year, and the WMGT acquisition completed in Q4 Fiscal 2023. Gross profit was $205.2 million in Fiscal 2023 compared with $80.1 million in Fiscal 2022, an increase of $125.1 million as a result of higher production volumes, key platforms, commercial recoveries and favourable operating performance. Although gross profit was higher in Fiscal 2023, it continued to be affected by higher labor and freight costs, and increased raw material costs, primarily resin, glass, rubber, paint and steel, which the Company attributes to inflationary trends seen throughout both the industry and general economy. Gross profit Fiscal 2023 was also higher due to recoveries received from customers in Fiscal 2023 that were recognized in sales.

Selling, general and administrative expenses were $196.1 million in Fiscal 2023 compared with $128.6 million in Fiscal 2022, an increase of $67.5 million or 52.5%. As a percentage of sales, selling, general and administrative expenses were 13.7% in Fiscal 2023 compared with 13.2% in Fiscal 2022.

Significant differences period over period include:

- business transformation related costs were $47.9 in Fiscal 2023 as compared to $17.0 million in Fiscal 2022, an increase of $30.9 million mainly driven by higher restructuring and acquisition related costs.
- wages, benefits and professional fees were $80.1 million in Fiscal 2023 as compared to $59.2 million in Fiscal 2022, an increase of $20.9 million mainly driven by normalized bonus and higher salaries and benefits in Fiscal 2023 due to the acquisitions.

- payment of $11.1 million in Fiscal 2023 to terminate the proposed Continental acquisition. Refer to the recent developments section for details.
- depreciation and amortization expense was $35.5 million in Fiscal 2023 as compared to $27.8 million in Fiscal 2022, an increase of $7.7 million mainly due to the acquisitions of dlhBOWLES and Etzel which were included in Fiscal 2023 for the full period.

During Fiscal 2023, the Company recorded a $11.9 million gain on disposal of its investment in ABC INOAC Exterior Systems Inc., INOAC Huaxiang and ABCOR Filters.

During Fiscal 2023, an impairment loss of $20.8 million was recorded by the Company relating to its investment in ABC INOAC Exterior Systems, LLC prior to its disposal. Also, an impairment loss of $2.1 million was recorded to write-down the disposal group in Poland to the lower of its carrying amount and fair value less costs to sell

Net loss was $46.9 million in Fiscal 2023 compared with $64.5 million in Fiscal 2022, a decrease of $17.7 million or 27.4%. Primary contributors to the change between periods are a decrease of $54.6 million in operating loss, partially offset by higher finance expense of $20.4 million and lower tax recovery of $16.5 million.

Adjusted EBITDA was $158.5 million in Fiscal 2023 compared with $45.7 million in Fiscal 2022, an increase of $112.8 million primarily due to higher sales and gross profit from both existing operations as well as recently acquired companies.

Dividend

The Board of Directors today has declared a Q4 Fiscal 2023 quarterly cash dividend of C$0.0375 per share, payable on or about October 31, 2023 to shareholders of record on September 29, 2023.

Conference Call Information

In light of the Company's announcement of its proposed going-private transaction, all as described more fully in its September 5, 2023 news release, the Company will not be hosting a conference call for the investment community to discuss such financial results following their release.

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 finance 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, EBITDA from the Poland facility which will be exited, business transformation and related costs (which may include severance and restructuring expenses), impairment of investment in joint venture, Continental payment, and write-down of inventories, less: our share of loss (income) of joint ventures, plus the Company's proportionate share of the EBITDA generated by our joint ventures, gain on disposal of investment in joint ventures, share-based compensation expense (reversal), and government grants and other. 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 (used in) 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, 2023 and the Company's audited consolidated financial statements for the fiscal year ended June 30, 2023 can be found at www.sedarplus.ca.

Fiscal 2023 Financial Results

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

ABC Technologies Holdings Inc.
Consolidated Statement of Financial Position

	June 30, 2023	June 30, 2022[1]
Assets		
Current assets		
Cash	**$ 32,909**	$ 25,400
Trade and other receivables	**155,000**	122,192
Inventories	**255,994**	152,461
Prepaid expenses and other	**55,242**	42,094
Assets held for sale	**1,364**	—
Total current assets	**500,509**	342,147
Property, plant and equipment	**468,040**	425,645
Right-of-use assets	**331,529**	165,679
Intangible assets	**144,529**	156,844
Deferred income taxes	**30,255**	9,445
Investment in joint ventures	—	45,556
Derivative financial assets	**1,822**	3,996
Goodwill	**112,367**	112,369
Other long-term assets	**15,521**	16,392
Total non-current assets	**1,104,063**	935,926
Total assets	**$ 1,604,572**	$ 1,278,073
Liabilities and equity		
Current liabilities		
Trade payables	**$ 183,970**	$ 147,981
Accrued liabilities and other payables	**216,755**	98,280
Provisions	**17,110**	24,132
Current portion of lease liabilities	**7,874**	13,087
Purchase option	—	6,206
Total current liabilities	**425,709**	289,686
Long-term debt	**428,790**	400,000
Lease liabilities	**352,232**	175,940
Deferred income taxes	**14,985**	33,097
Derivative financial liabilities	**1,587**	1,453
Other long-term liabilities	**57,954**	2,137
Total non-current liabilities	**855,548**	612,627
Total liabilities	**1,281,257**	902,313
Equity		
Capital stock	**292,547**	291,960
Other reserves	**1,104**	3,094
Retained earnings	**17,829**	77,453
Foreign currency translation reserve and other	**(4,784)**	(7,524)
Cash flow hedge reserve, including cost of hedging	**16,619**	10,777
Total equity	**323,315**	375,760
Total liabilities and equity	**$ 1,604,572**	$ 1,278,073

[1] The Company revised its June 30, 2022 balances to incorporate the measurement period adjustments as a result of the finalization of purchase price allocations.

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

	For the year ended June 30,	
	2023	2022
Sales	$ 1,432,694	$ 971,878
Cost of sales	1,227,446	891,778
Gross profit	205,248	80,100
Selling, general and administrative	196,114	128,550
Gain on disposal of investment in joint ventures	(11,918)	—
Impairment of investment in joint venture	20,797	—
Impairment loss on remeasurement of disposal group	2,116	—
Loss on disposal and write-down of assets	1,332	9,979
Gain on derivative financial instruments	(3,605)	(2,525)
Share of loss (income) of joint ventures	1,177	(498)
Operating loss	(765)	(55,406)
Finance expense	52,015	31,582
Loss before income tax	(52,780)	(86,988)
Income tax expense (recovery)		
Current	25,981	10,385
Deferred	(31,882)	(32,833)
Total income tax recovery	(5,901)	(22,448)
Net loss	$ (46,879)	$ (64,540)
Other comprehensive income (loss)		
Items that may be recycled subsequently to net earnings (loss):		
Foreign currency translation of foreign operations and other	1,454	(7,800)
Cash flow hedges, net of tax expense of $4,005 (2022 : $844)	12,018	2,531
Cash flow hedges recycled to net earnings (loss), net of tax recovery of $982 (2022 : tax expense of $578)	(2,946)	1,733
Other comprehensive income (loss)	$ 10,526	$ (3,536)
Total comprehensive loss for the period	$ (36,353)	$ (68,076)
Loss per share - basic and diluted	$ (0.41)	$ (0.85)

ABC Technologies Holdings Inc.
Consolidated Statement of Cash Flows

	For the year ended June 30,	
	2023	**2022**
Net loss	**$ (46,879)**	$ (64,540)
Adjustments for:		
Depreciation of property, plant and equipment	**68,850**	53,344
Depreciation of right-of-use assets	**18,993**	15,570
Amortization of intangible assets	**32,167**	24,612
Gain on disposal of investment in joint ventures	**(11,918)**	—
Impairment of investment in joint venture	**20,797**	—
Loss on disposal and write-down of assets	**1,332**	9,979
Unrealized gain on derivative financial instruments	**(3,605)**	(2,695)
Finance expense, net	**52,015**	31,582
Share of loss (income) of joint ventures	**1,177**	(498)
Income tax expense (recovery)	**(5,901)**	(22,448)
Share-based compensation expense (reversal)	**(545)**	2,576
Write-down of inventories	**2,030**	—
Impairment on measurement of disposal group	**2,116**	—
Changes in:		
Trade and other receivables and prepaid expenses and other	**17,170**	(10,142)
Inventories	**(37,868)**	(15,251)
Trade payables, accrued liabilities and other payables, and provisions	**47,407**	38,469
Cash generated from operating activities	**157,338**	60,558
Interest received	**518**	445
Income taxes paid	**(8,295)**	(1,988)
Interest paid on leases, net of interest received	**(17,622)**	(13,629)
Financing paid on long-term debt and other	**(31,237)**	(18,581)
Net cash flows from operating activities	**100,702**	26,805
Acquisition of subsidiaries, net of cash acquired	**(178,797)**	(314,597)
Purchases of property, plant and equipment	**(81,876)**	(44,118)
Proceeds on disposal of joint ventures	**34,330**	—
Dividends received from joint ventures	**1,304**	1,884
Additions to intangible assets	**(21,975)**	(21,818)
Net cash flows used in investing activities	**(247,014)**	(378,649)
Net drawings (payments) on revolving credit facilities	**(155,000)**	120,000
Drawings from long-term debt	**185,000**	—
Principal payments of lease liabilities, net of sublease receipts	**(11,112)**	(11,498)
Financing costs	**(2,081)**	(2,630)
Proceeds from other financing arrangement	**149,433**	—
Dividends paid to shareholders	**(12,745)**	(9,943)
Proceeds from issuance of shares, net of issuance cost	**—**	288,853
Repayment of acquired loan	**—**	(21,376)
Net cash flows from financing activities	**153,495**	363,406
Net increase in cash	**7,183**	11,562
Net foreign exchange difference	**326**	(1,074)
Cash, beginning of period	**25,400**	14,912
Cash, end of period	**$ 32,909**	$ 25,400

Reconciliation of Net Loss to Adjusted EBITDA

	For the three months ended June 30,				For the year ended June 30,			
		2023		2022		**2023**		2022
Net income (loss)	**$**	**1,271**	$	(13,607)	**$**	**(46,879)**	$	(64,540)
Adjustments:								
Income tax recovery		**(1,501)**		(17,943)		**(5,901)**		(22,448)
Finance expense, net		**17,562**		8,518		**52,015**		31,582
Depreciation of property, plant and equipment		**16,697**		16,358		**68,850**		53,344
Depreciation of right-of-use assets		**5,803**		4,263		**18,993**		15,570
Amortization of intangible assets		**8,207**		7,815		**32,167**		24,612
EBITDA	**$**	**48,039**	$	5,404	**$**	**119,245**	$	38,120
Loss on disposal and write-down of assets		**436**		9,242		**1,332**		9,979
Unrealized gain on derivative financial instruments		**(537)**		(1,854)		**(3,605)**		(2,695)
Transactional, recruitment and other bonuses		**—**		—		**1,020**		2,374
EBITDA from Poland facility[1]		**1,112**		—		**2,822**		—
Write-down of inventories[2]		**—**		—		**2,030**		—
Business transformation related costs[3]		**8,632**		7,644		**47,868**		16,967
Share of loss (income) of joint ventures		**(382)**		(847)		**1,177**		(498)
EBITDA from joint ventures[4]		**493**		2,020		**2,559**		3,955
Impairment of investment in joint venture[5]		**—**				**20,797**		
Impairment loss on remeasurement of disposal group[8]		**2,116**		—		**2,116**		—
Share-based compensation expense (reversal)		**213**		269		**(545)**		2,576
Continental payment[6]		**—**		—		**11,076**		—
Gain on disposal of investment in joint ventures[7]		**(3,146)**		—		**(11,918)**		—
Lease payments, net of sublease receipts		**(8,356)**		(6,660)		**(28,734)**		(25,127)
Government grants and other[8]		**—**		—		**(8,713)**		—
Adjusted EBITDA	**$**	**48,620**	$	15,218	**$**	**158,527**	$	45,651

1. Represents net impact on EBITDA from the Poland facility, which has been classified as held for sale. Refer to the recent developments section for details.
2. A write-down relating to Poland tooling inventories was recorded in Q1 Fiscal 2023.
3. Includes $3.7 million (2022: $0.3) and $16.6 million (2022: $0.4 million) of costs incurred in Q4 Fiscal 2023 and Fiscal 2023, respectively, in connection with restructuring activities, which mainly relate to severance and asset relocation expenses. Refer to the recent developments section for details. In addition, $1.0 million (2022: $3.5 million) and $18.6 million (2022: $10.3 million) of costs were incurred in Q3 Fiscal 2023 and Fiscal 2023, respectively, in connection with completed acquisitions as well as ongoing work to evaluate potential acquisition targets and $4.0 million (2022: $3.9 million) and $8.4 million (2022: $7.0 million), respectively, of consulting and legal costs were incurred for business transformation.
4. Represents 50% of joint ventures' EBITDA, which corresponds to the Company's proportionate share of ownership in the ventures. Refer to recent developments section.
5. Refer to the recent developments section for details on the impairment loss recorded in Q2 Fiscal 2023 relating to the Company's investment in ABC INOAC Exterior Systems, LLC and disposal of investment in joint ventures.
6. Refer to the recent development section for details on the Continental payment in Q3 Fiscal 2023.
7. Represents cash receipts for government grants and other expense related concessions.
8. Represents impairment losses for write-downs of the Poland disposal group to the lower of its carrying amount and its fair value less costs to sell. Refer to recent development sections for details.

Reconciliation of Net Cash Flows From Operating Activities to Adjusted Free Cash Flow

	For the three months ended June 30,		For the year ended June 30,	
	2023	**2022**	**2023**	**2022**
Net cash flows from operating activities	**$ 14,629**	$ 19,128	**$ 100,702**	$ 26,805
Purchases of property, plant and equipment	**(26,761)**	(12,865)	**(81,876)**	(44,118)
Additions to intangible assets1	**(7,020)**	(7,348)	**(21,975)**	(21,818)
Principal payments of lease liabilities, net of sublease receipts	**(1,617)**	(3,322)	**(11,112)**	(11,498)
Dividends received from joint ventures	**—**	1,331	**1,304**	1,884
One-time advisory, bonus and other costs	**10,409**	2,798	**31,063**	10,046
Net impact of hedge monetization	**(1,701)**	894	**(8,529)**	(7,518)
Adjusted Free Cash Flow	**$ (12,061)**	$ 616	**$ 9,577**	$ (46,217)

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

Forward-Looking Statements

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

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

- the light vehicle industry, including expectations regarding industry trends, growth opportunities, market demand, industry forecasts, overall market growth rates and our growth rates and strategies in light vehicle industry and in light vehicles, both in North America and globally;
- other risks related to automotive industry such as: economic cyclicality regional production volume declines, 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 economic sanctions on Russia, and retaliatory measures taken by Russia, including disruption in supply, or raising prices, of commodities or energy for the member states of the EU and globally;
- 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 effects of past or future pandemics and outbreaks of contagious disease, including the effect of measures taken by local governments to counter such pandemics and outbreaks of contagious diseases on the local and global economy, including OEM and supplier bankruptcies related to disruption to supply chain and labor markets caused by such outbreaks of contagious diseases and pandemics;

effects of ongoing or future global conflicts on supply chain, raw material costs and costs of logistics

- our assessments of, and outlook for Fiscal 2024, including expected sales, Adjusted EBITDA, and Adjusted Free Cash Flow for Fiscal 2024;
- 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;
- expansion of our presence in the European market through the acquisitions completed by the Company in Fiscal 2023;
- prices 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 past outbreaks and risks of new outbreaks of global pandemics, Russia's invasion of Ukraine and related international economic sanctions, related disruption of supply of, and increase in prices of energy, commodities and logistical services for the member states of the EU and globally, and other actual or potential ongoing geopolitical conflicts;
- labor disruptions or labor shortages in our facilities, or those of our customers and suppliers, including but not limited those occurring in the context of strikes called by the labor unions and including those related to effects of past or potential future outbreaks of global pandemics and their effects; supply disruptions and costs of supply disruption mitigation initiatives; attraction/retention of skilled labor including changes to the labor market sustained during the past or potential future global pandemics and outbreaks of contagious diseases and other social, political and economic factors;
- effects of ongoing global conflicts and economic sanctions associated with them on logistics and cost of raw materials and components and supply chains;
- increasing inflation and/or rising interest rates;
- 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 EU, 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 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; the ability to attract and retain the workforce required to maintain or grow the Company's operations in the context of the prevailing labor markets , or any further changes to the labor markets as a result of potential future outbreaks of global pandemics and contagious diseases or any effects of prevailing or future inflationary pressures may have on the local and global labor markets; 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, any plans to acquire additional business or grow existing business, 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 that 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 https://www.sedarplus.ca, 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 worldwide team. 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 three product groups: Interior Systems, Exterior Systems and HVAC, Fluids & Other.

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