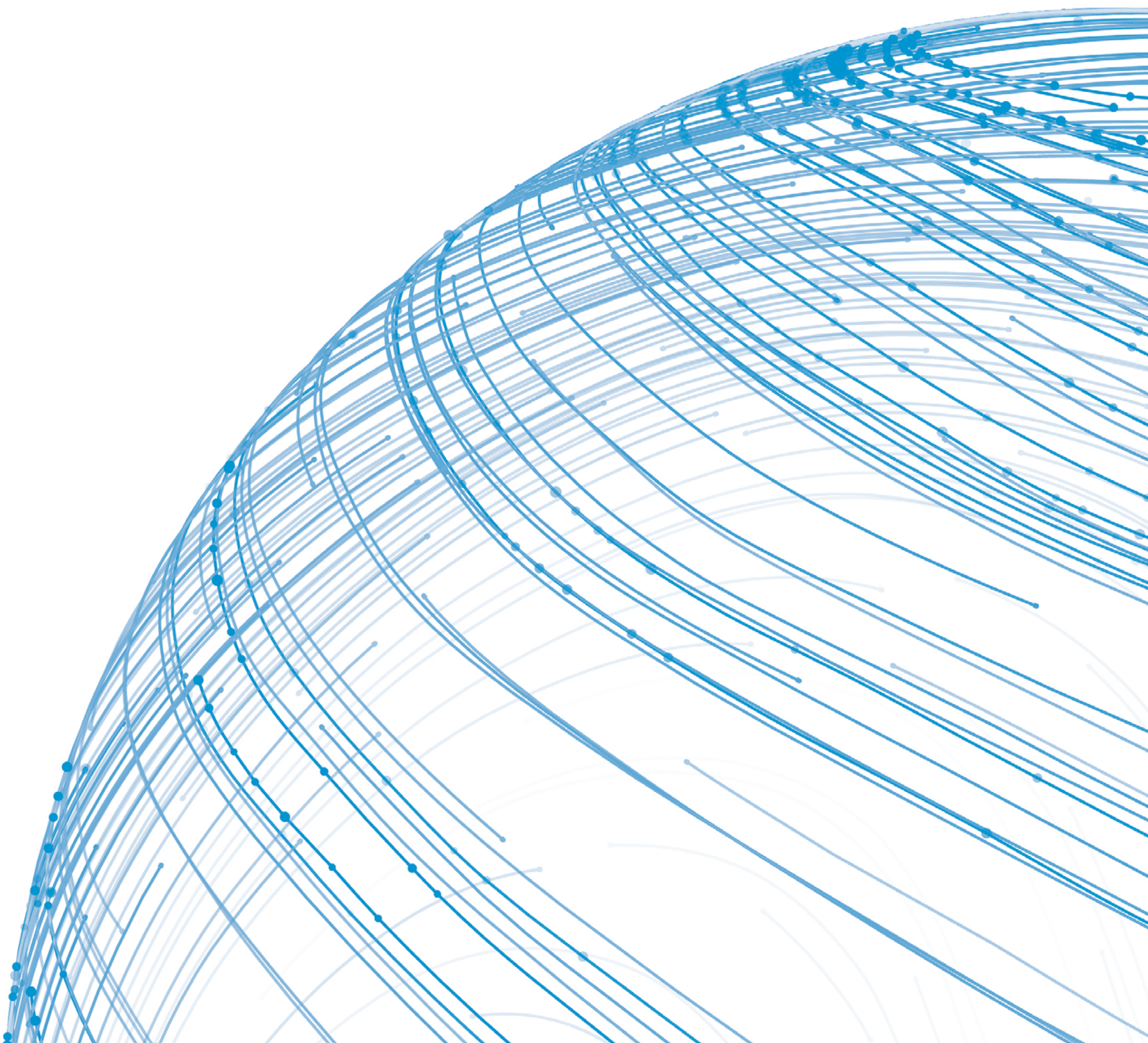
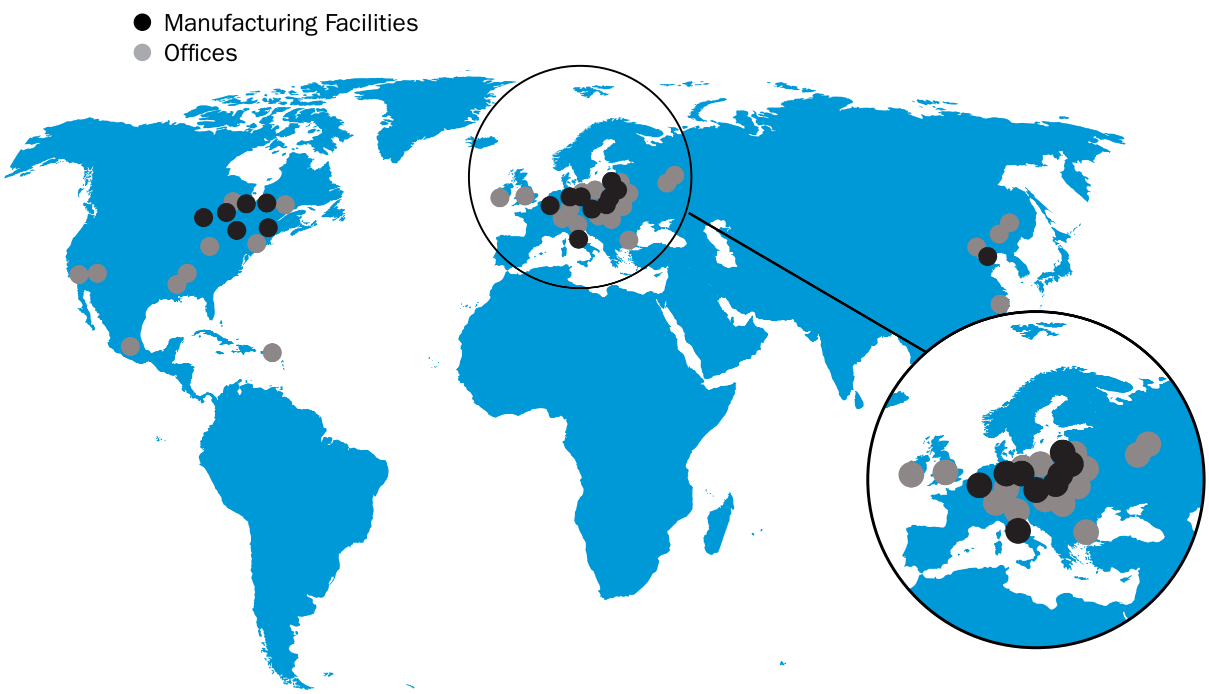
STRONGER TOGETHER

ATS

ATS Automation
Annual Report 2022





26,000+
Projects completed

50+
Facilities

75+
Offices

20+
Countries

ATS at-a-Glance

ATS delivered exceptional business results during the second year of the pandemic and effectively managed challenges relating to supply chain, inflation, recruitment and retention, and global uncertainty. ATS was able to successfully integrate seven acquisitions, leverage innovation, and deliver outstanding solutions and service to customers while positioning our Company for further growth. Backed by the ATS Business Model and a culture of continuous improvement, our people and businesses are **Stronger Together**.

$2.2B
Revenue

6,000+
Employees worldwide

ATA
Stock market listing

$3.3B
Market capitalization[1]

A Year of Strong Growth

52.6%
Revenue growth in F2022

16.6%
Five-year revenue CAGR

71.4%
Adjusted EBITDA growth in F2022[2]

25.2%
Five-year adjusted EBITDA CAGR

1 Market capitalization as of June 28, 2022.
2 Non-IFRS measure. See “Non-IFRS and Other Financial Measures” in the Company’s fiscal 2022 Management’s Discussion and Analysis on page 51 of this report.

This annual report contains certain statements that may constitute forward-looking information within the meaning of applicable securities laws (“forward-looking statements”). All forward-looking statements contained herein are qualified entirely by the information set out under “Forward-Looking Statements” in the Company’s fiscal 2022 Management’s Discussion and Analysis on page 50 of this annual report.

Once again, our people showed their commitment and resilience as the pandemic receded and other issues moved to the forefront. As a result, ATS delivered record results in many areas and ended the year with strong Order Bookings and a solid Order Backlog, positioning us for robust performance in fiscal 2023.

Contents

(in millions of dollars, except per share data)	**Fiscal 2022**	Fiscal 2021	Fiscal 2020
Revenues	**$2,182.7**	$1,430.0	$1,429.7
Earnings from operations	**$186.6**	$119.6	$95.6
Adjusted earnings from operations[1]	**$292.4**	$163.2	$157.4
EBITDA[1]	**$302.0**	$190.6	$167.0
Adjusted EBITDA	**$343.9**	$200.7	$195.1
Net income	**$121.4**	$64.1	$52.9
Basic earnings per share	**$1.32**	$0.70	$0.57
Adjusted basic earnings per share[1]	**$2.17**	$1.07	$1.06
Order Bookings[1]	**$2,456**	$1,626	$1,468
Order Backlog[1]	**$1,438**	$1,160	$942

[1] Non-IFRS measure. See "Non-IFRS and Other Financial Measures" in the Company's fiscal 2022 Management's Discussion and Analysis on page 51 of this report.

ATS is listed on the Toronto Stock Exchange under the symbol "ATA."

Our Story

ATS is a global provider of automation solutions and service to companies around the world. Our industry-leading automation and integration solutions, our expanding range of services and products, including our increasingly sophisticated digital offering, help us streamline and optimize manufacturing operations in markets such as life sciences, food & beverage, transportation, consumer products and energy.

We work with our customers to ensure that tomorrow is better than today. Guided by the ATS Business Model, we have established a company-wide culture of accountability, innovation and continuous improvement. Effectively leveraging the experience and capabilities of our people and operations around the world to achieve growth in new markets and geographies shows that we are Stronger Together.

What We Do

ATS teams excel at delivering fully customized machines, systems and enterprise programs, as well as standardized products and modular capabilities, which can be scaled to meet demand.

We use our extensive knowledge base and global capabilities in custom automation, repeat automation, automation products and value-added services, including pre-automation and after-sales services, to address the sophisticated manufacturing automation systems and service needs of multinational customers.

Who We Serve

Our global customers are in five key markets: life sciences, food & beverage, energy, transportation and consumer products. While diversified by region and sector, our customers all need high-precision equipment to make their products at the highest levels of quality, on time and on budget.

Our **Life Sciences** customers produce a variety of medical devices, pharmaceuticals, radiopharmaceuticals and chemicals. Life sciences represents more than half of our business by revenue, up from one-third of our business a decade ago.

Our **Food & Beverage** customers process and package fresh food and beverages.

Our **Energy** customers include energy technology companies in nuclear and solar power.

We serve **Transportation** customers primarily in the electric and hybrid vehicle, and aerospace sectors.

Our **Consumer** market includes warehouse automation, personal care and cosmetics, electronics and durable goods manufacturers.

How We Operate

The ATS Business Model, or ABM, is our playbook. Since its introduction, it has become our organizational DNA. The ABM unites our decentralized operations by providing standard methods and metrics across international offices and building a shared culture of excellence and continuous improvement in all areas of our business.

As ATS grows, both organically and through acquisitions, the ABM enables us to welcome and integrate new teams at acquired companies. It helps to show how, through effective collaboration, we will expand into new markets, develop innovative solutions, services and products, and create shareholder value by being **Stronger Together**.

F2022 Revenue by Segment

$1,113.0M
Life Sciences

$395.0M
Food & Beverage

$293.8M
Transportation

$269.0M
Consumer Products

$111.9M
Energy

F2022 Revenue by Region

$1,114.3M
North America

$822.9M
Europe

$245.5M
Asia/Other

F2022 Total Revenue

$2,182.7M

United by Our Purpose

Creating solutions that positively impact lives around the world

Our Values

People

Having the best team and winning as a team

- We continuously work to develop, engage, empower and energize our people
- We support our people to foster a safe, positive and inclusive work environment where everyone is respected and given the opportunity to do their best

Process

Our commitment to continuous improvement

- We align around the ATS Business Model to pursue continuous improvement in all aspects of our business
- With a balance of strategic thinking and tactical execution, we ensure that we are creating value for our customers, today and in the future

Performance

Delivering results for our customers, shareholders and employees

- We compete to win every day, always with uncompromising integrity and holding ourselves to the highest ethical standards
- We develop innovative solutions to complex problems and provide unique value that fuels growth in our markets
- We own our results and have full accountability for creating value for our customers and shareholders

Message from Our CEO

Fiscal 2022 was, by any measure, an extraordinary year for ATS.

The passion and drive of our people enabled us to successfully negotiate the second year of the pandemic and the challenges of supply chain disruptions, rising inflation and global political uncertainty. We met them all head-on to deliver record performance across a range of metrics while remaining true to our purpose: creating solutions that positively impact lives around the world. Across the Company, our people continually showed resilience and ingenuity in overcoming obstacles while also demonstrating the commitment to customers, shareholders and each other that has defined our approach from the beginning. We persevered, overcame and delivered. We are **Stronger Together**.

Driving Value for Shareholders

Fiscal 2022 presented the world with an uncertain and challenging business environment. However, history shows that those conditions can also create opportunity, and, in that environment, ATS was able to deliver double-digit growth. At the same time, in line with our strategy, we achieved on-target contributions from our recent acquisitions. As a result, our total revenues for fiscal 2022 were up 53%, which includes 20% from organic growth. In addition, our net income increased by 89% on a year-over-year basis, and our full-year Order Bookings, boosted by contributions from our acquired businesses, were up by 51%. We also enjoyed a corresponding share performance. Our adjusted basic earnings per share were $2.17, compared to $1.07 a year ago.

During the year, critical wins from several divisions, including Life Sciences, Food & Beverage, and Transportation, made vital contributions to our booking performance. Life Sciences, in particular, delivered strong performance in the critical sectors of medical devices, pharma and radiopharma, accounting for more than 50% of our year-closing Order Backlog. We ended the year with a $1.4 billion Order Backlog and a book-to-bill ratio of 1.13x setting us up for favourable organic growth. The size and composition of the Order Backlog, which confirm strong demand across our product and service offering, provide ATS with a solid foundation for our business as we head into a new fiscal year.

- 16.6% compound annual revenue growth over five years
- 25.2% compound annual growth in adjusted EBITDA over five years
- 15.8% adjusted EBITDA margin

Delivering Strategic Growth

Throughout fiscal 2022, we continued to deploy capital strategically, maintaining an efficient balance sheet while acquiring companies that can quickly contribute to our bottom line. Over the course of the year, we invested approximately $745 million to complete seven acquisitions (see "Stronger through Acquisitions" on page 13) in areas where we see highly attractive opportunities in both the near and long term. These acquisitions provide us with greater reach and scale, and expand our capacity to meet the evolving needs of our customers. In fiscal 2022, our existing businesses also delivered strong organic growth. In addition, we are excited by the potential we see in the development of after-sales service, which provides predictable revenues while helping strengthen our client relationships further. Finally, we look forward to exciting opportunities across our lines of business as we further leverage digitalization and innovation.

Stronger with the ABM

The ATS Business Model – or the ABM, as it's better known – is now in its fifth year. And over that time, as we've grown, evolved our business, entered and exited markets and successfully met the challenge of a global pandemic, it has shown its value every day. It is not simply a management tool or approach; it is the defining element of our culture. Our playbook for solving problems, from the shop floor to a continent away, is an explainable, repeatable model for finding solutions and driving innovation. As we've grown, it has provided us with a common language, shared across our Company and operations, that has helped us to successfully pursue and integrate acquisitions (see story about M&A award on page 19) and to connect with new colleagues.

Supporting the People of Ukraine

As fiscal 2022 came to a close, we, like the rest of the world, were concerned and saddened by events in Ukraine. ATS has a small operation in Ukraine that serves as an internal supplier and employs 70 people. Since the crisis began, we have kept in contact with our employees and are extending additional assistance to our team members and their families to help during this challenging time. We also made a $200,000 donation to the Canadian Red Cross through our ATS Community Outreach program. 100% of the donated funds will go toward providing aid to Ukrainians: helping fund mobile health teams, meeting emergency needs and supporting families displaced by war.

By driving continuous improvement and innovation, and welcoming great ideas, wherever they come from, the ABM has also been instrumental in helping acquired companies bring the best of their culture to ATS.

Our Company culture was recognized this year with two notable top employer awards. First, *Forbes* magazine included ATS on its Canada's Best Employers list. This award is based on direct and indirect recommendations from employees and sector peers and a willingness of employees to suggest ATS as an employer to their friends. Later, Canada's Top 100 Employers named ATS as one of Waterloo Area's Top Employers for 2022. For over 40 years, Waterloo Region has been our home, and this award is a great honour for our organization.

Looking Ahead

For ATS, the pandemic was an important but not a defining factor of fiscal 2022. Using our "Forward Together" pandemic response playbook, developed in fiscal 2021, we collaborated effectively, responded rapidly and met our customers' needs. However, as the pandemic recedes and the world of work evolves, we need to remember the lessons we learned about adaptability and not being limited by geography, even as we embrace the opportunity to meet with our customers and join with colleagues face to face.

Moving into fiscal 2023, we will continue to look for growth in our strategic industries and sectors – such as life sciences, food & beverage, and energy – where there is a high barrier to entry and value placed on exceptional quality. Our performance over the year shows that we can support one another, colleagues and customers, across a range of evolving challenges, including inflation and supply chain issues. As companies move to grow their businesses, improve quality, find cost savings or de-risk their operation, they will come to ATS for proven solutions and support.

Innovation and the growing impact and importance of digitalization also present tremendous opportunities for ATS. Building on our global reputation as an automation solutions provider, we look forward to providing our customers with game-changing strategic intelligence.

I believe we will remember fiscal 2022 as a pivotal year for our Company. In 2017, we introduced the ABM. Reflecting on the last five years, it has been a remarkable journey for our Company. We have been able to drive change, create growth and deliver value through our focus on People, Process and Performance. In five years, we have been able to more than double our revenues and triple our profitability. We have entered new markets and segments, and invested in people and technology. In a few short years, we have laid a foundation for lasting growth. And in many ways, we are just getting started.

I want to thank our leaders and employees for the energy and commitment they put into making tomorrow better than today. I also want to thank our customers for their confidence in ATS. There is no doubt that, for our Company and the world, there are still many challenges on the horizon, but I also believe we will meet those challenges because, as this year has shown, we are Stronger Together.

Sincerely,

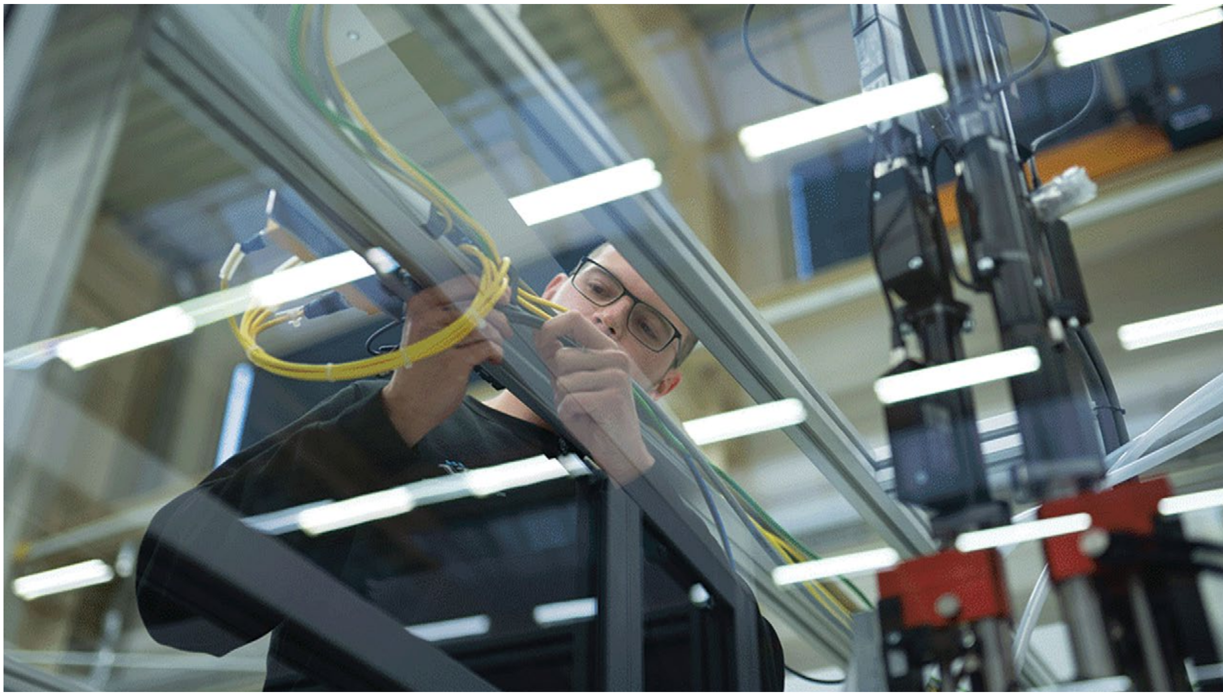
Andrew Hider
Chief Executive Officer
ATS Automation

The STRENGTH of Our Strategy

ATS is recognized in markets around the world for innovative solutions, outstanding service and exceptional quality. From this foundation, we expect to grow in scale and capabilities.

We are a global automation leader, with over 6,000 employees, more than 50 manufacturing facilities and over 75 offices in over 20 countries.

We are known for supporting our customers with practical solutions and strategic insight, and our value as a strategic partner will increase as we improve our capacity to leverage the insights that come through digitalization and the Industrial Internet of Things (IIoT). In a complex world, our strategy remains clear: to build our Company and create lasting value for our customers and shareholders, we will **Build**, **Grow** and **Expand**.



ATS Building Together

For over four decades, ATS has built sustainable value for our stakeholders – shareholders, customers, employees and communities – always working to make tomorrow better than today. Founded in Cambridge, Ontario, in 1978, we are recognized worldwide for developing innovative approaches and solutions to complex challenges. We help make our customers' businesses better. From that foundation, we have built a global company that employs over 6,000 people at more than 50 manufacturing facilities in over 75 offices in North America, Europe and Asia.

ATS is a solutions provider. Since our founding, we have been helping our customers evaluate, streamline and optimize the efficiency of their manufacturing operations. Our success is built on our people, our customer-first perspective and our core engineering and process automation skills. Like a good engineer, our team is characterized by adaptability, relentless curiosity, and an appetite for problem-solving.

Those characteristics are reflected in our playbook, the ABM, its three pillars of People, Process and Performance, and its focus on continuous improvement. The foundation that the ABM provides for our people, in turn provides ATS with a foundation for long-term growth and expansion. In addition, the ABM gives us a reliable and repeatable model for analyzing challenges, breaking them down and developing solutions.

The ABM aligns with and supports our effort to build an outstanding team and culture that can draw upon our people's diverse strengths and perspectives. In recent years, it has become increasingly clear that a strong and welcoming culture that fosters uniqueness and belonging is key to attracting and retaining the talent we need to grow. People are what make us successful. That is why we make it a priority to be sure we have the right people in the right roles making the right decisions at the right times.

We maintain a constant focus on talent management and personal development. People come to ATS with outstanding skills, and we do our best to support them in building upon those skills. Experience shows us that investing in employees – helping them develop their capabilities and achieve their potential – delivers an outstanding return. During the year, we tracked engagement and reached out to build even stronger connections with our employees. Engagement and open communication help to provide insights into every aspect of our operations, which, in turn, makes ATS more competitive and an employer of choice for talented people.

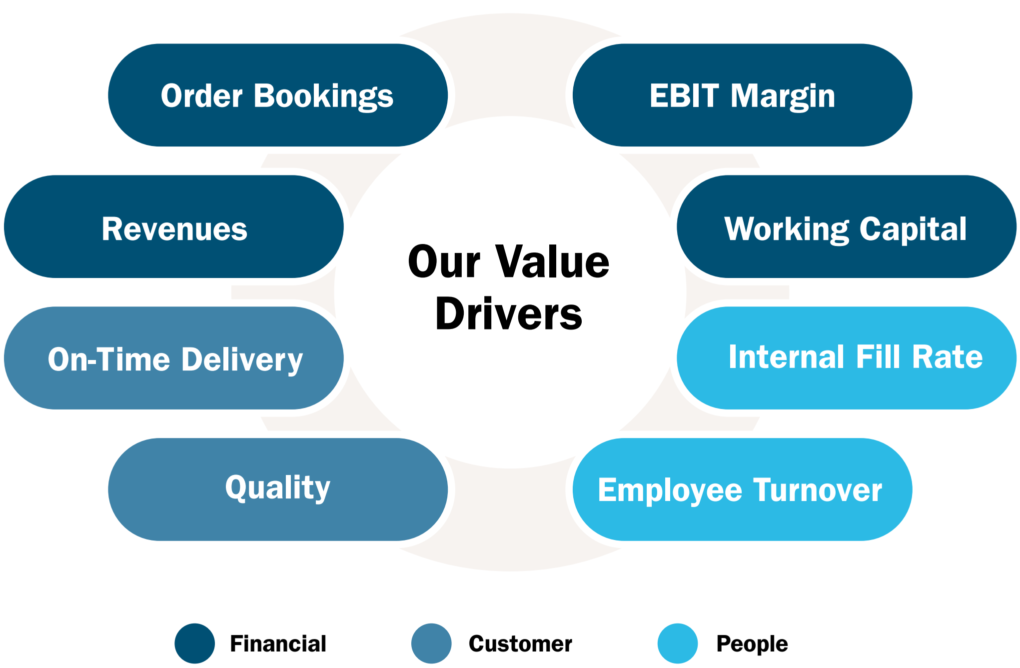
From this foundation, over the last five years we have doubled our revenue and tripled our profitability. These are remarkable achievements, but our goal is to build the best ATS, not the biggest. That goal is aligned with our "value drivers": eight metrics we use to gauge our performance in everything we do. Using standardized performance measurements allows us to compare "apples to apples" across our various businesses and activities. They show how we deliver attractive returns for our shareholders, help improve our customers' operations and provide value for our people as we pursue continuous improvement. The metrics also reveal where we may need to rethink our approach and where additional resources could be required. They also show what we're doing right. Our value drivers give us a star to aim for and a platform to build on.

Growing through Collaboration

In 2021, we introduced a leading-edge sterile filling system that leverages the capacity of several ATS businesses and products – notably, Comecer, ATS Life Sciences and the ATS SuperTrak PHARMA™ system. This is the first time SuperTrak PHARMA™, an innovative solution for fast asynchronous conveyance, has been integrated into a Comecer aseptic isolator. The benefits of this approach include:

- increased application and filling flexibility;
- improved automated manufacturing capacity, reducing the need for manual intervention;
- lowered particle generation as a result of minimal moving components;
- significantly increased speeds compared to traditional transport systems; and
- an isolator that complies with Grade A air quality requirements while in operation.

Together, Comecer, ATS Life Sciences and ATS SuperTrak PHARMA™ are providing a faster, cleaner, more efficient and more flexible solution than comparable offerings. From an ATS perspective, this also highlights how our distinct but complementary businesses and divisions can collaborate effectively while providing a compelling demonstration of our Build, Grow and Expand value creation strategy in action.



Driving Strong GROWTH

In a challenging year, our understanding of client needs, our capacity for making operations more efficient and productive, and our strong knowledge of the markets we serve, backed by the ABM, all helped drive strong growth for ATS.

Throughout fiscal 2022, our business evolved as we made accretive acquisitions and operating segments such as life sciences, food & beverage, electric vehicles, energy and after-sales service all demonstrated solid performance and exciting potential.

Energizing Growth in EV

There are currently 10 million electric vehicles (EV) on the road, and the number is steadily increasing. UBS Financial Group predicts that by 2040 all new cars will be battery-powered. In March 2022, ATS Industrial Automation opened a 240,000 sq. ft. electric battery assembly plant in Lewis Center, Ohio. The facility currently produces EV batteries for one of the world's leading automakers. In anticipation of growing demand for industrial automation in the fields of energy, mobility and specialty automation projects, the construction of an additional 240,000 sq. ft. facility is currently underway.

Manufacturers use ATS systems to build their products, and, to date, we've made and delivered over 70 EV battery assembly systems to customers worldwide. As a result, our systems and expertise play a crucial role in helping produce vehicles the world needs to achieve a decarbonized future.

Over the last five years, ATS has grown organically and through acquisition, thanks to our strategic efforts to identify and leverage what we can do best, which has led us out of sectors where we cannot create value and into the right market opportunities. We focus on closely regulated, technically sophisticated markets with a high entry barrier and where recognized quality is sought after and rewarded. In addition, these sectors also exact a high toll on failure. Consequently, while price is always a consideration, these factors allow us to compete on technical capacity and quality rather than just price. Our success in these markets further demonstrates the importance of the ABM and our commitment to continuous improvement.

We seek to grow by adding products and gaining clients in attractive segments such as life sciences, electric vehicles, food & beverage, and energy.

ATS Life Sciences provides high-quality, high-value automation solutions to manufacturers of medical technology and pharmaceutical products, where regulatory compliance is critical. In the first quarter of fiscal 2022, Life Sciences recorded a $120 million Order Booking from a global medical device company for a fully automated manufacturing solution. The order comprises the manufacture, build, delivery and installation of several fully automated manufacturing systems that will enable the customer to expand its worldwide operating footprint. A follow-on program that builds on our relationship with the customer incorporates many of our proprietary technologies and products, as well as post-installation training and support.

ATS has a long-standing relationship with Bruce Power, which owns and operates the Bruce Power nuclear reactor, and received a $30 million Order Booking, which was added to the Company's Order Backlog for the second quarter of fiscal 2022. The order relates to refurbishing Bruce Power's Unit 3 reactor, and includes an industry first: automating the installation and inspection of calandria tubes. ATS will also provide training and technical support to the Bruce Power team, as well as spare replacement parts.

Across all of our groups and divisions, we are growing our global service offerings, including complete life-cycle solutions – from spare parts during the pre-installation phase, to on-demand training using SmartCoach, after-sales service and system upgrades at the end of life.

Our focus on high-potential sectors guides us with respect to acquisitions. Since 2017, the year we adopted the ABM, ATS has acquired 14 companies aligned with our M&A strategy. Though we have acquired companies across a variety of sectors, the shared features of tight regulation, technical sophistication and a demand for quality make the ideal candidates for applying the ABM. The ABM is our playbook and provides us with a common language for communicating with new teams and organizations and successfully integrating them into our Company. Getting buy-in and support from acquired companies is crucial to our growth and expansion, allowing us to move forward together as one ATS.

Stronger through Acquisitions

Since the introduction of the ABM in 2017, ATS has acquired 14 companies, in addition to intellectual properties from various businesses, that complemented our operations in life sciences, food & beverage, and process automation.

Some of the companies, such as CFT and Comecer, were acknowledged leaders in their sector with large customer bases. Others were smaller specialist or consulting firms, with skills and expertise that would help improve the capacity of our businesses.

All of them align with our value creation strategy and our goal to enter new markets, establish new business platforms and expand the range of services, products and innovation that we can offer our customers. Our acquisitions have all created value, demonstrated potential synergies with our existing operations, and quickly adapted to and adopted the ABM.

Fiscal 2022

BioDot, Inc. – Manufactures automated fluid dispensing systems for point-of-care and clinical diagnostic labs. BioDot expands ATS Life Sciences' capabilities in precise, low-volume fluid dispensing.

NCC Automated Systems Inc. – Provides engineered-to-order sanitary automation solutions and stand-alone precision conveyance equipment that serves customers in several attractive sectors, including food & beverage.

SP Industries, Inc. – Designs and manufactures high-grade biopharma processing equipment, life sciences equipment and lab apparatus products. Extends our research and commercial capabilities.

Control and Information Management Ltd. – An industrial automation system integrator that will expand our automation and service capabilities for biopharma, pharmaceutical and other industries while also enhancing our digital strategy.

BLSG AG – A consulting company specializing in process engineering and operational excellence that adds to our PA business' capacity to serve customers from problem identification to solution implementation.

DF S.r.l. – A specialized manufacturer of pharmaceutical processing and packaging equipment and systems that complements our Comecer business and enhances its value proposition to customers.

HSG Engineering S.r.l. – An automation system integrator primarily serving the pharmaceutical sector. Now part of our process automation (PA) business, it deepens PA's domain knowledge in the biopharma and pharmaceutical sectors.

Fiscal 2021

CFT S.p.A. – A global supplier of automated processing and packaging equipment to the food & beverage equipment market that will help us establish a broader growth platform in the regulated food & beverage equipment market.

Inimco CV – Offers knowledge, resources and IoT-based solutions for the process and manufacturing industry. Allows customers to gain insights into their machine and productivity data, improve operational efficiency and engage with third parties.

Fiscal 2020

Marco Limited – Provides yield control and recipe formulation systems to help customers in the food, nutraceuticals and cosmetics sectors increase productivity and meet stringent industry regulations. Supports our entry into a product-based, niche segment of the food industry.

IXLOG Unternehmensberatung GmbH – A specialist in business process optimization, business intelligence and analytics, primarily for large and medium-sized industrial manufacturing customers. Expands PA's data analytics and business intelligence offerings.

Industrial Automation Partners BV – Supplies process automation services to international companies and enhances PA's overall offering.

Fiscal 2019

Comecer S.p.A – A leader in designing, engineering, manufacturing and servicing advanced aseptic containment and processing systems for the nuclear medicine and pharmaceutical industries. Strengthens our offering to the pharma and biopharma sectors while adding radiopharmaceuticals to our life sciences platform.

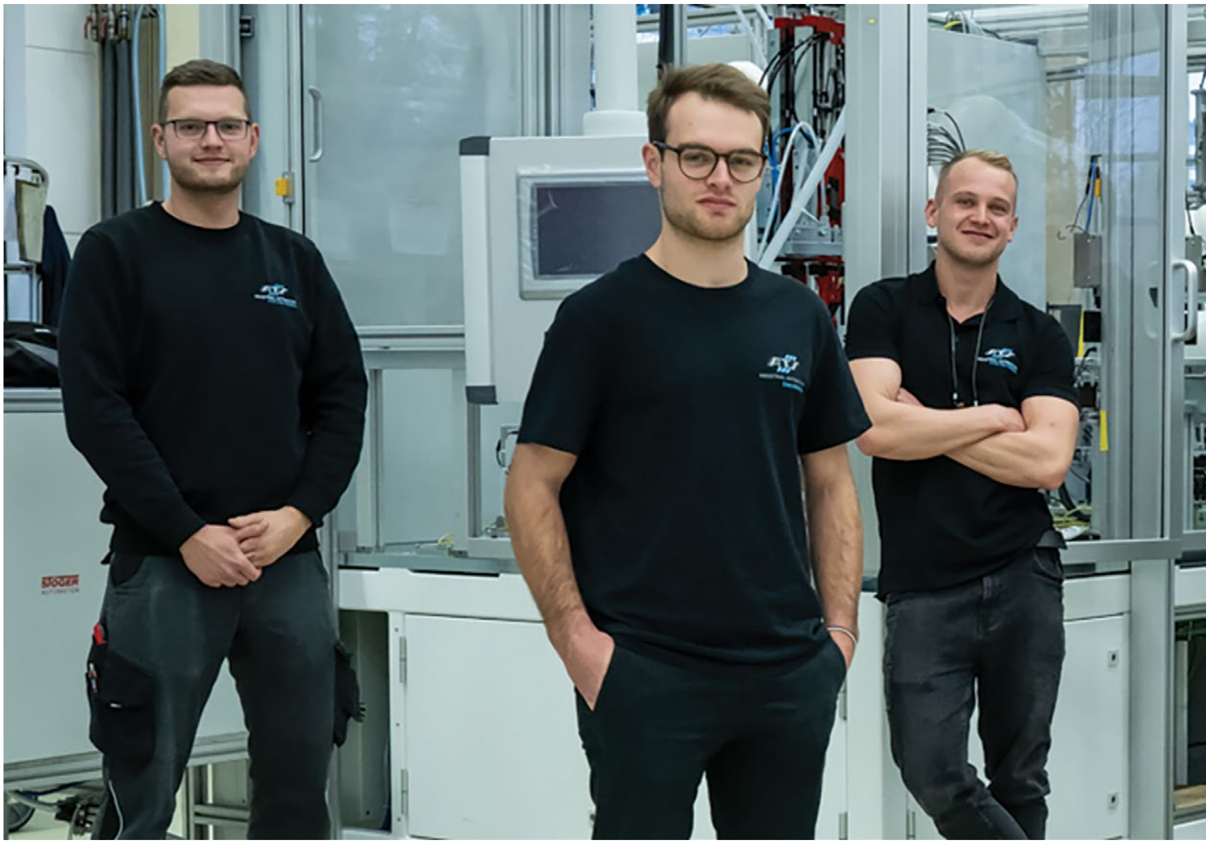
KMW GmbH – A supplier of custom micro-assembly systems, critical to components in electric vehicles, and test equipment solutions that significantly enhances our offering in the EV market.

Expanding OPPORTUNITY

ATS continues to evolve in line with our strategy to expand our reach and offering. Within the last five years, we have significantly grown our presence in life sciences, entered new markets, such as food & beverage, and made significant investments in innovation to accelerate the development of fresh thinking into practical solutions, products and services for our customers.

We have achieved growth through diligent acquisitions and will continue to pursue that model. By extending our global presence and scale, ATS is better positioned to serve multinational customers. With over 75 locations worldwide, we have a competitive edge when it comes to winning large, globe-spanning customer programs and providing life-cycle-oriented service programs to customers' global operations. Our scale also opens the door to help customers looking to take risk out of their supply chains by leveraging the market insight and relationships that come with a global presence.


ATS



Our offerings continue to broaden and diversify. While our roots are in systems integration, which remains an integral part of our work, ATS has a growing range of proprietary technology and original equipment that we can offer customers. We are also home to an expanding number of widely recognized and well-regarded brands, including SP, NCC, BioDot, IWK, Comecer and MARCO. The presence of these brands in our portfolio enhances our global reputation and provides us with equity we can leverage to attract and win new customers.

Increasingly, companies and their key stakeholders are acknowledging the links between sustainability, innovation and superior long-term performance across various metrics. ATS is committed to operating sustainably. We also offer many solutions and services that help our customers achieve or progress toward their sustainability goals. Using electromagnetic gates (rather than pneumatic gates) to direct parts and products on assembly systems, for example, is faster and much more energy efficient. Recently, we also helped develop a digital offering that will enable a customer to measure their carbon footprint across their factory floor, and we are working on similar products for other customers. Sustainability is a key priority and an exciting opportunity for ATS.

In 2020, we opened the first ATS Innovation Centre at our Cambridge Campus. Innovation, the ability to identify obstacles and opportunities others cannot see, and to create answers and solutions others cannot provide, is an essential contributor to our long-term growth. Guided by the ABM, we are investing time and resources into further strengthening our organization-wide culture of innovation and continuous improvement.

After-sales service is becoming another critical avenue of growth for ATS. By drawing upon our knowledge of customers' needs and systems, we will make it clear that after-sales service is better understood as strategic support. We are not simply replacing parts or even anticipating obsolescence. Instead, we are helping clients to combine their data with ours so that they can leverage an understanding of their systems and processes to find opportunities to become more efficient, pursue growth and open new markets.

Across ATS, we are gaining momentum as we move toward digitalization, drawing machine and systems data from our automation products and other services, as well as the Industrial Internet of Things (IIoT), and using data analytics to provide customers with real-time, actionable reporting and insight into their business. Our capacity to leverage data on behalf of our customers and drive improvements in their operations will expand our relationship with customers from that of a trusted supplier to becoming a true strategic resource and partner.

Stronger with the ABM

Fiscal 2022 marked the fifth year of the ATS Business Model – the ABM – a business management system that ATS developed to enable the Company to pursue its strategies, outpace growth in our chosen markets and drive continuous improvement in everything we do.

The ABM is focused on delivering results in three essential areas:

People — Developing, engaging and empowering ATS' people to build the best team.

Process — Aligning ATS' people to implement and continuously improve robust and disciplined business processes throughout the organization.

Performance — Consistently measuring results in order to yield world-class performance for our customers and shareholders.

Our success in integrating acquisitions during the pandemic provides a powerful confirmation that the ABM – designed to be expansive and flexible – is much more than an approach to process improvement. The ABM is a lens for looking at any organizational challenge and a proven method for quickly generating, evaluating and applying ideas and solutions.

It is also an essential tool for embedding a problem-solving mindset across the Company – as applicable to sales and service as it is to addressing production bottlenecks.

When the pandemic was declared in March 2020, we used the ABM to help develop a company-wide response, focused on ensuring the health and mental wellness of our employees while still supporting our customers. Subsequently, we have taken a similar approach to managing urgent issues such as inflation and the supply chain crisis.

We have learned over the last five years that the ABM plays a crucial role in successfully integrating acquired companies. The fundamentals of the ABM include agreeing on metrics that align with our eight value drivers, putting daily visual management in place so that we see problems and solutions, and using Kaizen techniques to solve problems and seize opportunities. By providing common frameworks and references, the ABM becomes a shared language, spoken throughout ATS, which is invaluable for a decentralized organization.

In fiscal 2022, we conducted a mix of virtual and onsite ABM bootcamps and Kaizen. Initially, the onsite bootcamps were intensive three-day sessions that contributed to team building as well as problem solving. Subsequently, driven by the pandemic and an evolving training mindset, we developed a virtual bootcamp that takes place over seven weeks. The new format emphasizes the importance of both teamwork and self-learning and allows for more activities that can be applied to the business and more time spent on building case studies for implementing improvements in a particular business segment.

We held 89 events over the year, across our geographies, including our annual week-long President's Kaizen events, focusing on issues ranging from responding to supply chain challenges, improving engineering efficiency, targeted value selling, capture rate improvement and optimizing sales processes at three businesses: Comecer, SP and DF. Our Electric Vehicle team also held a joint Kaizen with a leading automotive client aimed at enhancing machine throughput and supporting customer growth.

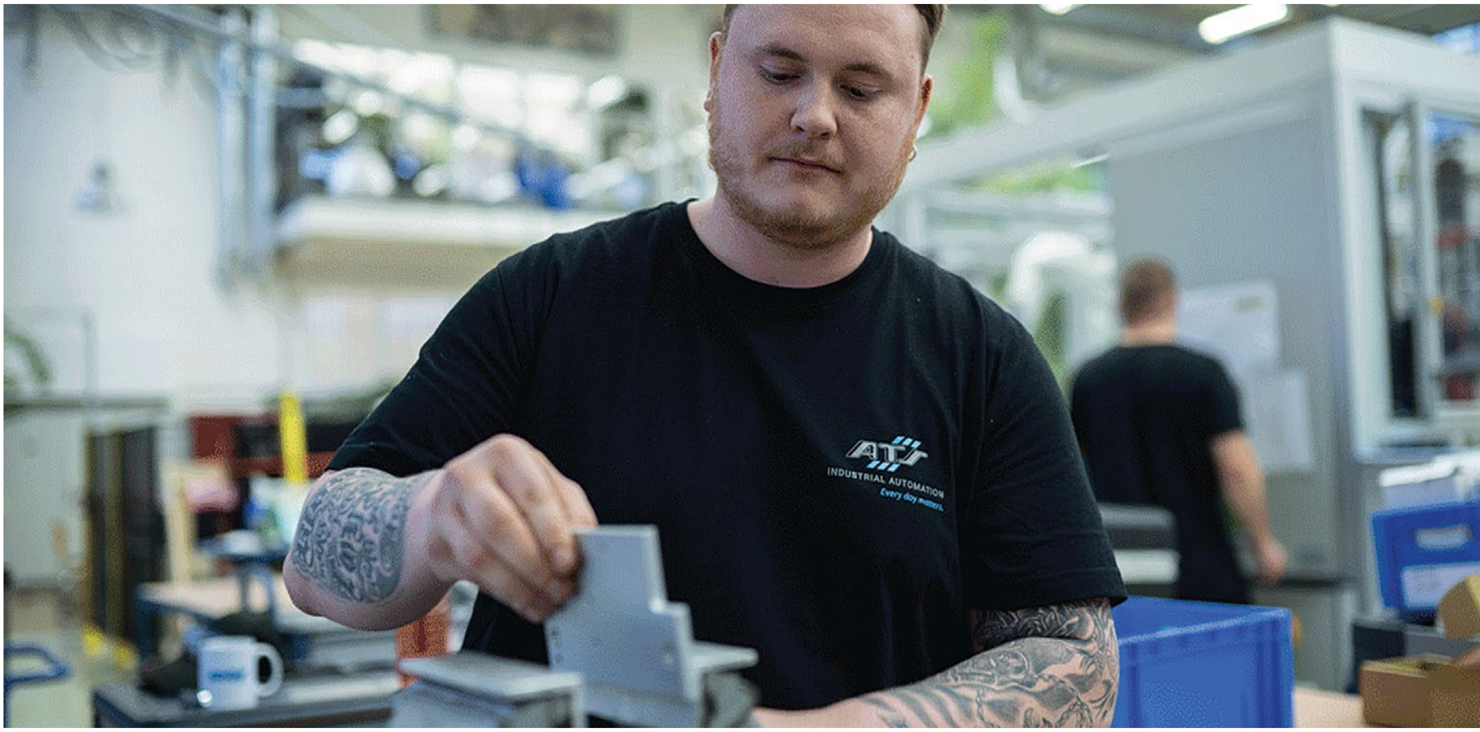
Best Cross-Border M&A Award for CFT Acquisition

On May 12, 2022, ATS was honoured to receive the award for "Top Cross-Border M&A Deal into Italy" given by KPMG, Fineurop Soditic and Class Editori.

The award was given in recognition of our 2021 acquisition of CFT S.p.A., an established global supplier of processing and packaging equipment to the food & beverage industry. Operating in a highly regulated sector with a high cost of failure and low cyclicality, as well as exciting growth potential, CFT aligned perfectly with our acquisition strategy. It also aligned with ATS through its strong embrace of the ABM, which was introduced to CFT as a "common language to create a widespread culture." During a visit to CFT, Jeremy Patten, President, Products and Food Technology, observed, "I'm extremely excited to see ABM become part of the CFT Group because we can really make this the best place to work." In his 2021 Christmas message to staff, CFT CEO Alessandro Merusi also noted that the "ABM can make a fundamental contribution to continuous improvement." Acquisitions are notoriously challenging business arrangements. The ABM, which unites all ATS companies, has been a decisive factor in delivering positive outcomes for our acquisition strategy.

> **"I'm extremely excited to see ABM become part of the CFT Group because we can really make this the best place to work."**
>
> **– Jeremy Patten, President, Products and Food Technology**

> **"The ABM can make a fundamental contribution to continuous improvement."**
>
> **– Alessandro Merusi, CEO, CFT Group**



Management's Discussion and Analysis

For the Year Ended March 31, 2022

This Management's Discussion and Analysis ("MD&A") for the year ended March 31, 2022 (fiscal 2022) is as of May 18, 2022. It provides information on the operating activities, performance and financial position of ATS Automation Tooling Systems Inc. ("ATS" or the "Company") and should be read in conjunction with the audited consolidated financial statements of the Company for fiscal 2022, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and are reported in Canadian dollars. All references to "$" or "dollars" in this MD&A are to Canadian dollars unless otherwise indicated. Additional information is contained in the Company's filings with Canadian securities regulators, including its Annual Information Form for fiscal 2022, found on the Company's website at www.atsautomation.com and on SEDAR at www.sedar.com.

Important Notes

Forward-looking statements

This document contains forward-looking information within the meaning of applicable securities laws. Please see "Forward-Looking Statements" for further information on page 50.

Non-IFRS and other financial measures

Throughout this document, management uses certain Non-IFRS financial measures, Non-IFRS ratios and supplementary financial measures within the meaning of applicable securities laws to evaluate the performance of the Company. See "Non-IFRS and Other Financial Measures" on page 51 for an explanation of such measures and "Reconciliation of Non-IFRS Measures to IFRS Measures" beginning on page 41 for a reconciliation of Non-IFRS measures.

Company Profile

ATS is an industry-leading automation solutions provider to many of the world's most successful companies. ATS uses its extensive knowledge base and global capabilities in custom automation, repeat automation, automation products and value-added solutions including pre-automation and after-sales services, to address the sophisticated manufacturing automation systems and service needs of multinational customers in markets such as life sciences, food & beverage, transportation, consumer products and energy. Founded in 1978, ATS employs over 6,000 people at more than 50 manufacturing facilities and over 75 offices in North America, Europe, Southeast Asia and China. Visit us at www.atsautomation.com or find us on social media.

Strategy

To drive the creation of long-term sustainable shareholder value, the Company employs a three-part value creation strategy: Build, Grow and Expand.

Build: To build on the Company's foundation and drive performance improvements, management is focused on the advancement of the ATS Business Model ("ABM"), the pursuit and measurement of value drivers and key performance indicators, a rigorous strategic planning process, succession planning, talent management, employee engagement, and instilling autonomy with accountability into its businesses.

Grow: To drive organic growth, ATS develops and implements growth tools under the ABM, provides innovation and value to customers and works to grow recurring revenues.

Expand: To expand the Company's reach, management is focused on the development of new markets and business platforms, the expansion of service offerings, investment in innovation and product development, and strategic and disciplined acquisitions that strengthen ATS.

The Company pursues all of its initiatives using a strategic capital allocation framework in order to drive the creation of long-term sustainable shareholder value.

ATS Business Model ("ABM")

The ABM is a business management system that ATS developed with the goal of enabling the Company to pursue its strategies, outpace the growth of its chosen markets, and drive continuous improvement year-over-year. The ABM emphasizes:

- **People:** developing, engaging and empowering ATS' people to build the best team;
- **Process:** aligning ATS' people to implement and continuously improve robust and disciplined business processes throughout the organization; and
- **Performance:** consistently measuring results in order to yield world-class performance for our customers and shareholders.

The ABM is ATS' playbook, serving as the framework to achieve business goals and objectives through disciplined, continuous improvement. The ABM is employed by ATS divisions globally and is supported with extensive training in the use of key problem-solving tools, and applied through various projects to drive continuous improvement. When ATS makes an acquisition, the ABM is quickly introduced to new companies as a means of supporting cultural and business integration.

Key ABM drivers include:

- **Strengthening the core:** adopting a customer-first mindset; implementing a robust performance management system; adhering to eight value drivers; managing using key performance indicators; and leveraging daily management to measure at the point of impact;
- **Delivering growth:** aligning with customer success; developing organizational talent; constantly confirming that progress is being made toward stated goals; and creating annual operating and capital deployment plans for each ATS division;
- **Pursuing excellence:** deploying specific goals that segment strategies into relevant areas of concentration; and improving continuously using Kaizen events, problem solving and other continuous improvement initiatives, which increase performance annually; and
- **Pioneering innovation:** driving automation market technology leadership; creating innovative platforms and analytics that benefit customers by reducing complexity, shortening development cycles and improving production efficiencies; and expanding the reach and scope of ATS' capabilities for competitive advantage.

Business Overview

ATS and its subsidiaries serve customers in the following industrial markets: (a) life sciences, which includes medical devices, pharmaceuticals, radiopharmaceuticals and chemicals; (b) food & beverage, which includes processing, packaging and filling for fresh produce and liquid food & beverage; (c) transportation, which includes electric vehicles, automotive and aerospace; (d) consumer products, which includes warehousing automation, cosmetics, electronics and durable goods; and, (e) energy, which includes oil & gas, in addition to nuclear, solar, and other green energy applications. With broad and in-depth knowledge across multiple industries and technical fields, ATS delivers single-source solutions to customers designed to lower their production costs, accelerate product delivery, and improve quality control. ATS engages with customers on both greenfield programs, such as equipping new factories, and brownfield programs including capacity expansions, production relocations, equipment upgrades, software upgrades, efficiency improvements and factory optimizations. ATS is selective in its choice of markets and favours regulated industries where quality and reliability are mandatory.

ATS engages at varying points in customers' automation cycles. During the pre-automation phase, ATS offers comprehensive services, including discovery and analysis, concept development, simulation and total cost of ownership modelling, all of which help customers to verify the feasibility of different types of automation, set objectives for factors such as line speed and yield, assess production processes for manufacturability and calculate the total cost of ownership.

For customers that have decided to proceed with an automation project, ATS offers specialized equipment for specific applications or industrial markets, as well as automation and integration services, including engineering design, prototyping, process verification, specification writing, software and manufacturing process controls development, equipment design and build, standard automation products/platforms, third-party equipment qualification, procurement and integration, automation system installation, product line commissioning, validation and documentation. Following the installation of custom automation, ATS may supply duplicate or similar automation systems that leverage engineering design completed in the original customer program. For customers seeking complex equipment production or build-to-print manufacturing, ATS provides value engineering, supply-chain management, integration and manufacturing capabilities, and other automation products and solutions.

Post automation, ATS offers a number of services, including training, process optimization, preventative maintenance, emergency and on-call support, spare parts, retooling, retrofits and equipment relocation. Service agreements are often attached at the time of new equipment sale or are available on an after-market basis on installed equipment. The Company employs service strategies to serve customers and increase the revenue derived from these activities. Its *Illuminate™ Manufacturing Intelligence* serves as a connected factory floor management system that captures, analyzes and uses real-time machine performance data to quickly and accurately troubleshoot, deliver process and product solutions, prevent equipment downtime, drive greater operational efficiency and unlock performance for sustainable production improvements.

Contract values for individual automation systems vary and are often in excess of $1 million, with some contracts for enterprise-type programs well in excess of $10 million. Due to the custom nature of customer projects, contract durations vary, with typical durations ranging from six to 12 months, and some larger contracts extending up to 18 to 24 months. Contracts for pre- and post-automation services range in value and can exceed $1 million with varying durations, which can sometimes extend over several years.

Competitive strengths

Management believes ATS has the following competitive strengths:

Global presence, size and critical mass: ATS' global presence and scale provide advantages in serving multinational customers, as many of the Company's competitors are smaller and operate with a narrower geographic and/or industrial market focus. ATS and its subsidiaries have locations in Canada, the United States, Italy, Germany, Belgium, Thailand, United Kingdom, Netherlands, Czech Republic, China, Slovakia, Ireland, India, Singapore, Mexico, Spain, France, Ukraine, Malaysia, Brazil, Switzerland and Austria. ATS can deliver localized service through its network of over 75 locations globally. Management believes that ATS' scale and global footprint provide it with competitive advantages in winning large, multinational customer programs and in delivering a lifecycle-oriented service platform to customers' global operations. In addition, customers seeking to de-risk or enhance the resiliency of their supply chains also provide future opportunities for ATS to pursue by leveraging its global presence and the inherent advantages of automation on production reliability and cost.

Technical skills, capabilities and experience: ATS has designed, manufactured, assembled and serviced over 26,000 automation systems worldwide and has an extensive knowledge base and accumulated design expertise. Management believes ATS' broad experience in many different industrial markets and with diverse technologies, its talented workforce, which includes over 2,000 engineers and over 400 program management personnel, and its ability to provide custom automation, repeat automation, automation products and value-added services, position the Company well to serve complex customer programs in a variety of markets.

Product and technology portfolio: By bringing thousands of unique automation projects to market, ATS owns an extensive product and technology portfolio. ATS has a number of standard automation platforms and products, including: innovative linear motion transport systems; pallet handling and sanitary conveyance systems; robust cam-driven assembly platforms; advanced vision systems used to ensure product or process quality; optical sorting and inspection technologies; test systems; factory management and intelligence and other software solutions; proprietary weighing hardware and process control software technologies; precision fluid-dispensing equipment; aseptic containment technologies; biopharma processing equipment and high-performance tube filling and cartoning systems. Management believes the Company's extensive product and technology portfolio provides advantages in developing unique and leading solutions for customers and in maintaining competitiveness.

Recognized brands: Management believes ATS is well known within the global automation industry due to its long history of innovation and broad scope of operations. In addition, ATS' subsidiaries include several strong brands, such as: "SP", a specialized designer and manufacturer of pharmaceutical and packaging equipment and systems in the life sciences market; "NCC", a provider of engineered-to-order sanitary automation solutions and stand-alone precision conveyance equipment in the food & beverage industries; "BioDot", a leading manufacturer of automated fluid-dispensing systems in the life sciences market; "CFT", a specialist in the development and production of turn-key machines and systems for the food & beverage industries; "IWK", a specialist in the packaging market; "Process Automation Solutions", a provider of innovative automation solutions for process and production sectors; "Comecer", a provider of high-tech automation systems for nuclear medicine and pharmaceutical industries; and "MARCO", a provider of yield control and recipe formulation systems in the food, nutraceuticals and cosmetics sectors. Management believes that ATS' brands and global reputation improve sales prospecting, allowing the Company to be considered for a wide variety of customer programs.

Trusted customer relationships: ATS serves some of the world's largest multinational companies. Most customer relationships are long-standing, often spanning a decade or more, and many customers return to ATS and its subsidiaries time after time to meet their automation manufacturing, assembly, processing, and services needs.

Total-solutions capabilities: Management believes the Company gains competitive advantages because it often provides total turnkey solutions in automation. This allows customers to single source their most complex projects to ATS rather than rely on multiple engineering firms, equipment builders and/or service/component suppliers. In addition, ATS provides customers with other value-added services including pre-automation consulting, total cost-of-ownership studies, lifecycle material management, and post-automation service, training and support.

Financial Highlights

(In millions of dollars, except per share and margin data)

	Q4 2022	Q4 2021	Variance	Fiscal 2022	Fiscal 2021	Variance
Revenues	$ 603.2	$ 399.9	50.8%	$ 2,182.7	$ 1,430.0	52.6%
Net income	$ 39.9	$ 23.8	67.6%	$ 121.4	$ 64.1	89.4%
Adjusted earnings from operations[1]	$ 85.8	$ 49.5	73.3%	$ 292.4	$ 163.2	79.2%
Adjusted earnings from operations margin[1]	14.2%	12.4%	183 bps	13.4%	11.4%	198 bps
Adjusted EBITDA[1]	$ 99.1	$ 58.8	68.5%	$ 343.9	$ 200.7	71.4%
Adjusted EBITDA margin[1]	16.4%	14.7%	173 bps	15.8%	14.0%	172bps
Basic earnings per share	$ 0.43	$ 0.26	65.4%	$ 1.32	$ 0.70	88.6%
Adjusted basic earnings per share[1]	$ 0.64	$ 0.34	88.2%	$ 2.17	$ 1.07	102.8%
Order Bookings[1]	$ 638.0	$ 463.0	37.8%	$ 2,456.0	$ 1,626.0	51.0%

As at	March 31, 2022	March 31, 2021	Variance
Order Backlog[1]	$ 1,438	$ 1,160	24.0%

1 *Non-IFRS financial measure. See "Non-IFRS and Other Financial Measures."*

Executive Summary: Growth Organically and from Acquisitions

- Fourth quarter revenues increased 50.8% or $203.3 million year over year, reflecting $172.1 million from strategic acquisitions and $41.8 million of organic revenue primarily within the life sciences market (excluding foreign exchange translation changes). (Organic revenue is a non-IFRS financial measure; see "Non-IFRS and Other Financial Measures".)
- Fourth quarter net income grew 67.6% or $16.1 million year over year reflecting growth in revenues.
- Growth in Order Bookings in the fourth quarter primarily reflected contributions from acquired companies while annual Order Bookings included contributions from both acquisitions and strong organic growth across all industrial markets.
- Order Backlog of $1,438 million at year-end provides good revenue visibility in the short run, is distributed across diversified, regulated industries where quality and reliability are highly valued, and positions ATS well in an uncertain economic environment.
- The balance sheet remained strong with cash on hand of $135.3 million and a net debt to adjusted EBITDA ratio of 2.8 times, despite capital deployment for seven strategic acquisitions totalling $798.1 million in Fiscal 2022. (Net debt to adjusted EBITDA is a non-IFRS ratio; see "Non-IFRS and Other Financial Measures".)
- ATS teams have met the ongoing challenges caused by the COVID-19 pandemic and the geopolitical environment while growing the Company's capabilities, market presence and new customer relationships. The Company has continued to achieve strong customer loyalty through repeat orders.

For further discussion on the quarterly and year to date results, see "Consolidated Results".

Strategic Business Acquisitions

In executing its strategy, in fiscal 2022 the Company completed the following acquisitions:

Acquisition and Date	Profile	Purpose	Consideration/ Accounting Method[1]
BioDot, Inc. ("BioDot") June 1, 2021 (Q1 FY22)	Leading manufacturer of automated fluid dispensing systems for point of care and clinical diagnostic labs	Expand life sciences capabilities in precise, low volume fluid dispensing	$107.1 million (U.S. $88.7 million); business combination/ purchase method
NCC Automated Systems, Inc. ("NCC") September 1, 2021 (Q2 FY22)	Provider of engineered to order sanitary automation solutions and stand-alone precision conveyance systems	Enhance position in food & beverage end market	$56.9 million (U.S. $45.1 million), $56.0 million paid in Q2 FY 22 excluding cash acquired of $6.3 million (balance based on fair value earn-out paid within 2 fiscal years if performance targets met); business combination/ purchase method
SP Industries, Inc. ("SP") December 3, 2021 (Q3 FY22)	Designer and manufacturer of high-grade biopharma processing equipment, life sciences equipment, and lab apparatus products	Expand life sciences capabilities in research and commercial lyophilizers, aseptic fill-finish equipment and systems, provide meaningful recurring revenues through its labware and glassware business	$583.9 million (U.S. $454.9 million); business combination/ purchase method

1 *The consideration amount at the time of acquisition has been converted to Canadian dollars using the exchange rate at the date of acquisition.*

Other acquisitions

On June 2, 2021, the Company acquired Control and Information Management Ltd. ("CIM"), an industrial automation system integrator based in Ireland. With the acquisition of CIM, the Company added to its automation and service capabilities for biopharma, pharmaceutical, and other manufacturing and services industries and enhanced its digitization strategy.

On August 6, 2021, the Company acquired BLSG AG ("BLSG"), a consulting company specializing in process engineering and operational excellence. The acquisition of BLSG expanded the Company's Process Automation Solutions ("PA") business' ability to holistically serve customers from problem identification to solution implementation.

On November 30, 2021, the Company acquired DF S.r.l. ("DF"), a specialized manufacturer of pharmaceutical processing and packaging equipment and systems. The acquisition of DF complements the Company's Comecer business and enhances its value proposition to customers, particularly in aseptic fill-finish manufacturing.

On December 30, 2021, the Company acquired HSG Engineering S.r.l. ("HSG") an Italian-based industrial automation system integrator primarily serving the pharmaceutical sector. HSG joined ATS' PA business, and strengthens its regional presence in Italy and deepens its domain knowledge in the biopharma and pharmaceutical sectors.

Total purchase price for these four acquisitions was $52.0 million and cash consideration paid in fiscal 2022 for these four acquisitions was $38.2 million. The balance of the purchase price is comprised of contingent consideration of up to $1.8 million payable if certain performance targets are met within a year of acquisition date, $6.4 million to be paid upon finalization of working capital and $5.6 million of deferred consideration to be paid within 48 months of the acquisition date. These acquisitions were accounted for as business combinations with the Company as the acquirer. The purchase method of accounting was used.

Order Bookings by Quarter

(In millions of dollars)

	Fiscal 2022	Fiscal 2021
Q1	$ 637	$ 325
Q2	510	403
Q3	671	435
Q4	638	463
Total Order Bookings	$ 2,456	$ 1,626

Fourth quarter fiscal 2022 Order Bookings were $638 million, a 37.8% year-over-year increase. This reflected organic growth of 1.0% and 39.5% growth from acquired companies, partially offset by a 2.7% decrease due to foreign exchange rate translation of Order Bookings by ATS' global subsidiaries, primarily reflecting the strengthening of the Canadian dollar relative to the Euro. Growth in Order Bookings from acquired companies totalled $182 million, of which CFT contributed $81 million and SP contributed $66 million. By market, Order Bookings in life sciences increased due to the addition of SP. Order Bookings in food & beverage increased due to the addition of CFT. Order Bookings in consumer products increased due to the combination of acquired companies and the timing of customer projects. Organic growth was offset by lower Order Bookings in transportation compared to a year ago, when the Company secured a large EV program, and lower Order Bookings in energy due to timing of customer projects.

Fiscal 2022 Order Bookings were $2,456 million. The 51.0% increase reflected organic growth of 21.0% and 34.4% from acquired companies, partially offset by a 4.4% decrease due to foreign exchange rate translation, primarily reflecting the strengthening of the Canadian dollar relative to the U.S. dollar and Euro. Growth in Order Bookings from acquired companies totalled $559 million, of which CFT contributed $378 million and SP contributed $80 million. By market, Order Bookings in life sciences increased due to a combination of a $120 million Order Booking from a global medical device company for a fully automated manufacturing solution secured in the first quarter of fiscal 2022 and contributions from acquired companies. Order Bookings in food & beverage increased due primarily to the addition of CFT. Order Bookings in transportation increased due to multiple large EV program awards and timing of customer orders. Order Bookings in consumer products increased due to large customer project awards and through acquisitions, with SP contributing $26 million of consumer products bookings. Order Bookings in energy increased due to timing of customer projects, primarily in the nuclear market.

The book-to-bill ratio for fiscal 2022 was 1.13:1, compared to 1.14:1 in the corresponding period a year ago. Book-to-bill ratio is a supplementary financial measure; see "Non-IFRS and Other Financial Measures."

Order Backlog Continuity

(In millions of dollars)

	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Opening Order Backlog	$ 1,475	$ 985	$ 1,160	$ 942
Revenues	(603)	(400)	(2,183)	(1,430)
Order Bookings	638	463	2,456	1,626
Order Backlog adjustments[1]	(72)	112	5	22
Total	$ 1,438	$ 1,160	$ 1,438	$ 1,160

1 *Order Backlog adjustments include incremental Order Backlog of acquired companies ($104 million SP, $13 million NCC and $24 million BioDot included in fiscal 2022), foreign exchange adjustments, scope changes and cancellations.*

Outlook

Order Backlog by Market

(In millions of dollars)

As at	March 31, 2022	March 31, 2021
Life Sciences	$ 734	$ 585
Food & Beverage	183	169
Transportation	208	197
Consumer Products	211	113
Energy	102	96
Total	$ 1,438	$ 1,160

At March 31, 2022, Order Backlog was $1,438 million, 24.0% higher than at March 31, 2021. Order Backlog growth was primarily driven by higher Order Bookings in fiscal 2022 in all end markets, and Order Backlog from acquired businesses.

The Company's funnel (which includes customer requests for proposal and ATS-identified customer opportunities) remains significant; however, as pandemic restrictions have eased in some geographies, persistent supply constraint pressures and inflation contribute to a fluid and uncertain operating environment. These factors may impact the timing to convert opportunities into Order Bookings and may present increased pressure on future results.

By market, the life sciences funnel remains robust as a result of strong activity in medical devices, pharmaceuticals and radiopharmaceuticals. Funnel activity in food & beverage is robust and with the addition of CFT, the Company has enhanced its exposure to opportunities in this market. In transportation, the funnel largely includes strategic opportunities related to electric vehicles, a growing market. Funnel activity in energy is stable and comprised of some opportunities being developed over the longer-term. Funnel activity in consumer products has improved; however, management expects some customers to remain cautious in deploying capital in the current economic environment. Funnel growth in markets where environmental, social and governance ("ESG") requirements are an increasing focus for customers, including grid battery storage, electric vehicle ("EV ") and nuclear, as well as consumer goods packaging, provide ATS with opportunities to use its capabilities to respond to customer sustainability standards and goals. Customers seeking to de-risk or enhance the resiliency of their supply chains also provide future opportunities for ATS to pursue.

Order Backlog of $1,438 million is expected to mitigate some of the impact of quarterly variability in Order Bookings on revenues in the short term. The Company's Order Backlog includes several large enterprise programs that have longer periods of performance and therefore longer revenue recognition cycles. In the first quarter of fiscal 2023, management expects the conversion of Order Backlog to revenues to be in the lower end of the 40% to 45% range. This estimate was calculated based on the combination of management's estimate of current projects in Order Backlog and expectations for revenues that will be booked and recognized within the period.

The timing of customer decisions on larger opportunities is expected to cause variability in Order Bookings from quarter to quarter and lengthen the performance period and revenue recognition for certain customer programs. Revenue in a given period is dependent on a combination of the volume of outstanding projects the Company is contracted to, the size and duration of those projects, and the timing of project activities including design, assembly, testing, and installation. Given the specialized nature of the Company's offerings, the size and scope of projects vary based on customer needs. The Company seeks to achieve revenue growth organically and by identifying strategic acquisition opportunities that can provide access to attractive end markets and new products and technologies. The Company is working to grow its product portfolio and after-sales service revenues as a percentage of overall revenues over time, which is expected to provide some balance to the capital expenditure cycles of the Company's customers.

Management is pursuing several initiatives to grow its revenues and improve its profitability with the goal of expanding its adjusted earnings from operations margin to 15% over the long term from 13.4% in fiscal 2022 (2021 – 11.4%). These initiatives include growing the Company's after-sales service business, improving global supply chain management, increasing the use of standardized platforms and technologies, growing revenues while leveraging the Company's cost structure, and pursuing continuous improvement in all business activities through the ABM. The Company continues to make progress in line with its plans to integrate businesses acquired over the last year, and expects to realize cost and revenue synergies consistent with announced integration plans.

In the short term, the global COVID-19 pandemic has disrupted global supply chains, leading to longer lead times and cost increases on certain raw materials and components used by the Company. To date the Company has largely mitigated these supply chain disruptions through the use of alternative supply sources and savings on materials not affected by cost increases. However, further cost increases or prolonged disruptions could impact the timing and progress of the Company's margin expansion efforts and the timing of revenue recognition. Achieving management's margin target assumes that the Company will successfully implement the initiatives noted above, and that such initiatives will result in improvements to its adjusted earnings from operations margin (see "Note to Readers: Forward-Looking Statements" for a description of the risks underlying the achievement of the margin target in future periods).

COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus beginning in March 2020 (just prior to the Company's fiscal 2021 year). These measures, which included the implementation of travel restrictions, quarantine periods and physical distancing requirements affected economies and disrupted business operations for ATS and its customers. While vaccination programs are underway and generally restrictions are easing across most countries, there is ongoing concern and uncertainty regarding potential new variants. As a result, it remains difficult to predict the duration or severity of the pandemic or its effect on the business, financial results and conditions of the Company. Furthermore, depending on the duration and severity of the COVID-19 pandemic, it may also have the effect of heightening many of the other business risks such as risks relating to the Company's supply chain (availability and cost of raw materials and components) and the successful on-time completion of customer contracts.

Over the long term, the Company generally expects to continue investing in non-cash working capital to support the growth of its business, with fluctuations expected on a quarter-over-quarter basis. The Company's goal is to maintain its investment in non-cash working capital as a percentage of annualized revenues below 15%. The Company expects that continued cash flows from operations, together with cash and cash equivalents on hand and credit available under operating and long-term credit facilities will be sufficient to fund its requirements for investments in non-cash working capital and capital assets, and fund strategic investment plans including some potential acquisitions. Acquisitions could result in additional debt or equity financing requirements for the Company. Non-cash working capital as a percentage of revenues is a non-IFRS ratio; see "Non-IFRS and Other Financial Measures."

Detailed Analysis

Consolidated Results

(In millions of dollars, except per share data)

	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021	Fiscal 2020
Revenues	$ 603.2	$ 399.9	$ 2,182.7	$ 1,430.0	$ 1,429.7
Cost of revenues	430.0	288.8	1,570.3	1,045.8	1,067.6
Selling, general and administrative	110.7	61.5	387.1	236.0	233.7
Restructuring costs	1.9	–	5.9	14.3	26.6
Stock-based compensation	0.8	6.8	32.8	14.3	6.2
Earnings from operations	$ 59.8	$ 42.8	$ 186.6	$ 119.6	$ 95.6
Net finance costs	$ 9.6	$ 16.7	$ 32.2	$ 40.1	$ 28.1
Provision for income taxes	10.3	2.3	33.0	15.4	14.6
Net income	$ 39.9	$ 23.8	$ 121.4	$ 64.1	$ 52.9
Basic earnings per share	$ 0.43	$ 0.26	$ 1.32	$ 0.70	$ 0.57
Diluted earnings per share	$ 0.43	$ 0.26	$ 1.31	$ 0.69	$ 0.57
Total assets			$ 3,069.4	$ 2,201.8	$ 2,098.0
Total cash and short-term investments			$ 135.3	$ 187.5	$ 358.6
Total debt			$ 1,101.3	$ 504.8	$ 665.6
Other non-current liabilities			$ 159.2	$ 139.4	$ 121.1

Non-IFRS Financial Measures[1]	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Adjusted earnings from operations	$ 85.8	$ 49.5	$ 292.4	$ 163.2
EBITDA	$ 92.3	$ 60.2	$ 302.0	$ 190.6
Adjusted EBITDA	$ 99.1	$ 58.8	$ 343.9	$ 200.7
Adjusted earnings per share	$ 0.64	$ 0.34	$ 2.17	$ 1.07

1 *Non-IFRS financial measures. See "Non-IFRS and Other Financial Measures."*

Consolidated Revenues

(In millions of dollars)

Revenues by type	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Revenues from construction contracts	$ 355.6	$ 258.1	$ 1,359.7	$ 895.1
Services rendered	136.3	109.7	485.7	413.3
Sale of goods	111.3	32.1	337.3	121.6
Total revenues	$ 603.2	$ 399.9	$ 2,182.7	$ 1,430.0

Revenues by market	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Life Sciences	$ 320.3	$ 228.7	$ 1,113.0	$ 805.4
Food & Beverage	95.2	9.8	395.0	35.0
Transportation	78.6	67.3	293.8	272.3
Consumer Products	82.9	60.1	269.0	203.2
Energy	26.2	34.0	111.9	114.1
Total revenues	$ 603.2	$ 399.9	$ 2,182.7	$ 1,430.0

Revenues by customer location	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
North America	$ 333.3	$ 198.5	$ 1,114.3	$ 687.6
Europe	207.3	140.3	822.9	567.8
Asia/Other	62.6	61.1	245.5	174.6
Total revenues	$ 603.2	$ 399.9	$ 2,182.7	$ 1,430.0

Fourth quarter

Fiscal 2022 fourth quarter revenues were 50.8% or $203.3 million higher than in the corresponding period a year ago and included $172.1 million of revenues earned by acquired companies, most notably $80.2 million from CFT and $59.4 million from SP. Organic revenue growth, excluding contributions from acquired companies and the impact of foreign exchange rate changes, was $41.8 million, or 10.5% higher than the fourth quarter of fiscal 2021. Foreign exchange translation negatively impacted revenues by $10.6 million or 2.7%, primarily reflecting the strengthening of the Canadian dollar relative to the Euro. Life sciences were the primary source of organic revenue growth and reflected increased activity on medical device and pharmaceutical projects. Revenues generated from construction contracts increased 37.8% or $97.5 million due to a combination of revenues earned by acquired companies of $72.0 million (primarily $53.0 million from CFT), and organic revenue growth. Revenues from services increased 24.2% or $26.6 million primarily due to revenues earned by acquired companies of $20.7 million. Organic growth in services accounted for $11.1 million of the year-over-year increase and reflected the Company's after-sales service initiatives. Foreign exchange translation negatively impacted service revenues by $5.2 million. Revenues from the sale of goods increased 246.7% or $79.2 million due to revenues earned by acquired companies, primarily CFT and SP, which generate a higher percentage of their revenues from product sales. Organic revenue and organic revenue growth are non-IFRS measures. Please see "Non-IFRS and Other Financial Measures."

By market, fourth quarter revenues generated in life sciences increased $91.6 million or 40.1% year over year. This growth reflected higher Order Backlog entering the fourth quarter of fiscal 2022 compared to the corresponding period in the prior year, and included $62.1 million of revenues earned by newly acquired companies, primarily SP with a $40.7 million revenue contribution. Revenues generated in food & beverage increased $85.4 million or 871.4%, primarily due to the acquisition of CFT which generated $79.9 million of revenues in the fourth quarter of fiscal 2022. Revenues in transportation increased $11.3 million or 16.8% on higher Order Backlog entering the fourth quarter of fiscal 2022. Revenues generated in consumer products increased $22.8 million or 37.9% on higher Order Backlog entering the fourth quarter of fiscal 2022. Revenues in energy decreased $7.8 million or 22.9% due to project timing.

Full year

Revenues for fiscal 2022 were 52.6% or $752.7 million higher than a year ago and included $521.7 million of revenues earned by acquired companies, most notably $350.8 million from CFT. Organic revenue growth, excluding contributions from acquired companies and the impact of foreign exchange fluctuations, was $291.9 million or 20.4% higher than the prior year. Organic revenue growth primarily related to activity in life sciences and was driven by medical device and pharmaceutical projects. Foreign exchange negatively impacted revenues by $60.9 million or 4.3%, primarily reflecting the strengthening of the Canadian dollar relative to the U.S. dollar and Euro. Annual revenues generated from construction contracts increased 51.9% or $464.6 million due to revenues generated by acquired companies totalling $267.0 million (primarily $233.4 million from CFT), combined with organic revenue growth. Revenues from services increased 17.5% or $72.4 million primarily due to revenues earned by acquired companies of $54.5 million, combined with organic revenue growth. Organic growth was supported by improved customer site access and reduced pandemic travel restrictions compared to fiscal 2021. Revenues from the sale of goods increased 177.4% or $215.7 million due to $199.8 million of product and spare parts sales earned by acquired companies – primarily CFT, BioDot and SP, which generate a higher percentage of their revenues from product sales.

By market, fiscal 2022 revenues from life sciences increased $307.6 million or 38.2% on higher Order Backlog entering fiscal 2022 and $125.1 million of revenues earned by acquired companies, primarily BioDot and SP. Revenues generated in food & beverage increased $360.0 million or 1,028.6%, primarily due to the acquisition of CFT, which generated $350.8 million of revenues in fiscal 2022. Revenues in transportation increased $21.5 million or 7.9% due to project timing. Revenues generated in consumer products increased $65.8 million or 32.4% on higher Order Backlog entering the fiscal year and $35.1 million from acquired companies, primarily SP and NCC. Revenues in energy decreased $2.2 million or 1.9% due to project timing and lower Order Backlog entering the fiscal year.

Cost of revenues. At $430.0 million, fourth quarter fiscal 2022 cost of revenues increased by $141.2 million or 48.9% compared to the corresponding period a year ago due to higher revenues. Fourth quarter fiscal 2022 cost of revenues included acquisition-related inventory fair value charges totalling $5.2 million. Excluding these charges, the cost of revenues was $424.8 million in the fourth quarter of fiscal 2022. Fourth quarter fiscal 2022 gross margin was 28.7% (excluding acquisition-related inventory fair value charges, gross margin was 29.6%), compared to 27.8% in the corresponding period a year ago. The year-over-year improvement was due to efficiency gains realized in the Company's cost structure as a result of previously implemented reorganization plans, improved program execution, increased revenues from after-sales services as well as a reduction in travel and entry restrictions at customer sites related to COVID-19 compared to a year ago. Annual gross margin was 28.1% (excluding acquisition-related inventory fair value charges of $25.6 million, gross margin was 29.2%) compared to 26.9% in the prior year. The year-over-year improvement was due primarily to efficiency gains made in the Company's cost structure as a result of previously implemented reorganization plans, improved program execution, and increased revenues from after-sales services, partially offset by $9.7 million lower recoveries under the Canada Emergency Wage Subsidy ("CEWS") program.

Selling, general and administrative ("SG&A") expenses. SG&A expenses for the fourth quarter of fiscal 2022 were $110.7 million and included $19.2 million of costs related to the amortization of identifiable intangible assets on business acquisitions, $1.4 million of incremental costs related to the Company's acquisition activity and $1.7 million in adjustments to contingent consideration and post-acquisition remuneration related to the acquisition of MARCO. Excluding these items, SG&A expenses were $91.8 million in the fourth quarter of fiscal 2022. Comparably, SG&A expenses for the fourth quarter of fiscal 2021 were $54.8 million, which excluded $8.1 million of costs related to the amortization of identifiable intangible assets on business acquisitions, $4.2 million of incremental costs related to the Company's acquisition activity and $5.6 million in adjustments to contingent consideration and post-acquisition remuneration related to the acquisition of MARCO. Higher SG&A expenses in the fourth quarter of fiscal 2022 primarily reflected the addition of SG&A expenses from acquired companies of $32.9 million, largely related to CFT and SP.

For fiscal 2022, SG&A expenses were $387.1 million, which included $63.9 million of costs related to the amortization of identifiable intangible assets on business acquisitions, $12.0 million of incremental costs related to the Company's acquisition activity and $1.7 million in adjustments to contingent consideration and post-acquisition remuneration related to the acquisition of MARCO. Excluding these costs, annual SG&A expenses were $312.9 million. Comparably, SG&A expenses for fiscal 2021 were $206.7 million, which excluded $33.5 million of expenses related to the amortization of identifiable intangible assets on business acquisitions, $6.7 million of incremental costs related to the Company's acquisition activity, $5.6 million in adjustments to contingent consideration and post-acquisition remuneration related to the acquisition of MARCO, and a $5.3 million gain on the sale of a facility. Higher SG&A expenses for fiscal 2022 primarily reflected the SG&A expenses of acquired companies of $100.1 million, including CFT SG&A of $67.0 million.

Restructuring costs. Restructuring costs for the fourth quarter of fiscal 2022 were $1.9 million and primarily related to the consolidation of an SP facility. Restructuring costs for fiscal 2022 were $5.9 million and related primarily to the closure of two underperforming CFT facilities intended to bring focus to areas with a stronger value proposition, in addition to the SP facility consolidation. There were $14.3 million restructuring costs in fiscal 2021 for the closure of facilities and workforce reductions primarily in low-growth transportation markets in Europe and Asia.

Stock-based compensation. Stock-based compensation expense was $0.8 million in the fourth quarter of fiscal 2022 compared to $6.8 million in the corresponding period a year ago. The decrease in stock-based compensation costs is attributable to lower expenses from the revaluation of deferred stock units and restricted share units based on the market price of the Company's shares, which decreased to $45.10 per share at closing on March 31, 2022 compared to $50.76 per share at closing on December 24, 2021. For fiscal 2022, stock-based compensation expense was $32.8 million, compared to $14.3 million a year earlier.

Earnings and Adjusted Earnings from Operations

(In millions of dollars)

	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Earnings from operations	$ 59.8	$ 42.8	$ 186.6	$ 119.6
Amortization of acquisition-related intangible assets	19.2	8.1	63.9	33.5
Acquisition-related transaction costs	1.4	4.2	12.0	6.7
Acquisition-related inventory fair value charges	5.2	–	25.7	–
Gain on sale of facility	–	–	–	(5.3)
Contingent consideration adjustment	(1.7)	(5.6)	(1.7)	(5.6)
Restructuring charges	1.9	–	5.9	14.3
Adjusted earnings from operations[1]	$ 85.8	$ 49.5	$ 292.4	$ 163.2

1 *Non-IFRS financial measure. See "Non-IFRS and Other Financial Measures."*

Fourth quarter

Fiscal 2022 fourth quarter earnings from operations were $59.8 million (9.9% operating margin) compared to $42.8 million (10.7% operating margin) in the fourth quarter a year ago. Fiscal 2022 earnings from operations included $19.2 million related to amortization of acquisition-related intangible assets, $1.4 million of incremental costs related to the Company's acquisition activity and $1.7 million in adjustments to contingent consideration related to the acquisition of MARCO recorded to SG&A expenses, $5.2 million of acquisition-related inventory fair value charges recorded to cost of revenues and $1.9 million of restructuring costs. Fiscal 2021 fourth quarter earnings from operations included $8.1 million of amortization of acquisition-related intangible assets, $4.2 million of incremental costs related to the Company's acquisition activity, and $5.6 million in adjustments to contingent consideration related to the acquisition of MARCO.

Excluding these items in both quarters, adjusted earnings from operations were $85.8 million (14.2% margin), compared to $49.5 million (12.4% margin) a year ago. Contributions from acquired companies were $13.3 million, with SP contributing $8.5 million and BioDot contributing $4.3 million. Fourth quarter fiscal 2022 adjusted earnings from operations reflected higher gross margin due to efficiency gains made in the Company's cost structure resulting from previously implemented reorganizations, improved program execution, increased revenues from after-sales services, as well as a reduction in COVID-19 travel, entry restrictions and temporary closures at customer sites compared to a year ago.

Full year

For fiscal 2022, earnings from operations were $186.6 million (8.5% operating margin), compared to $119.6 million (8.4% operating margin) in the corresponding period a year ago. Earnings from operations included: $63.9 million related to amortization of acquisition-related intangible assets, $12.0 million of incremental costs related to the Company's acquisition activity and $1.7 million in adjustments to contingent consideration related to the acquisition of MARCO recorded in SG&A expenses, $25.7 million of acquisition-related inventory fair value charges recorded in cost of revenues and $5.9 million of restructuring costs consistent with the integration plan for CFT. Fiscal 2021 earnings from operations included $33.5 million related to amortization of acquisition-related intangible assets, $6.7 million of incremental costs related to the Company's acquisition activity, a $5.3 million gain related to the sale of a facility, $5.6 million in adjustments to contingent consideration related to the acquisition of MARCO recorded in SG&A expenses and $14.3 million of restructuring costs to mitigate an expected slowdown in certain areas of the transportation market.

Excluding those items in both years, adjusted earnings from operations were $292.4 million (13.4% margin), compared to $163.2 million (11.4% margin) a year ago. Contributions from acquired companies were $42.7 million, with BioDot, SP and CFT contributing $22.7 million, $9.4 million and $9.5 million respectively. Higher fiscal 2022 adjusted earnings from operations reflected higher gross margin due to efficiency gains made in the Company's cost structure as a result of previously implemented reorganization plans, improved program execution, and increased revenues from after-sales services. For fiscal 2022, the Company benefited from CEWS recoveries of $0.6 million compared to $16.2 million a year ago.

Net finance costs. Net finance costs were $9.6 million in the fourth quarter of fiscal 2022, compared to $16.7 million a year ago. For fiscal 2022, finance costs were $32.2 million compared to $40.1 million in the prior fiscal year. Fiscal 2021 finance costs included $9.1 million of finance costs associated with the redemption of the U.S. $250.0 million 6.5% senior notes that were due in 2023.

Income tax provision. For the three- and twelve-months ended March 31, 2022, the Company's effective income tax rates of 20.5% and 21.4%, respectively, differed from the combined Canadian basic federal and provincial income tax rate of 26.5% due to income earned in certain jurisdictions with different statutory tax rates.

Net Income. Net income for the fourth quarter of fiscal 2022 was $39.9 million (43 cents per share basic and diluted), a $16.1 million (or 67.6%) increase compared to $23.8 million (26 cents per share basic and diluted) for the fourth quarter of fiscal 2021. This primarily reflected an increase in earnings from operations combined with a decrease in net finance costs. Adjusted basic earnings per share were 64 cents compared to 34 cents in the fourth quarter of fiscal 2021 (see "Reconciliation of Non-IFRS Measures to IFRS Measures").

Net income for fiscal 2022 was $121.4 million ($1.32 per share basic and $1.31 per share diluted), a $57.3 million (or 89.4%) increase compared to $64.1 million (70 cents per share basic and 69 cents per share diluted) for the corresponding period a year ago. The increase was primarily a result of organic revenue growth and improved operating margin as a result of a previously implemented reorganization, partially offset by a $18.5 million increase in stock-based compensation expense. Adjusted basic earnings per share were $2.17 in fiscal 2022 compared to $1.07 in the corresponding period a year ago (see "Reconciliation of Non-IFRS measures to IFRS measures").

Other Non-IFRS Measures of Performance

(In millions of dollars)

	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Earnings from operations	$ 59.8	$ 42.8	$ 186.6	$ 119.6
Depreciation and amortization	32.5	17.4	115.4	71.0
EBITDA[1]	$ 92.3	$ 60.2	$ 302.0	$ 190.6
Restructuring charges	1.9	–	5.9	14.3
Acquisition-related transaction costs	1.4	4.2	12.0	6.7
Acquisition-related inventory fair value charges	5.2	–	25.7	–
Gain on sale of facility	–	–	–	(5.3)
Contingent consideration adjustment	(1.7)	(5.6)	(1.7)	(5.6)
Adjusted EBITDA[1]	$ 99.1	$ 58.8	$ 343.9	$ 200.7

1 *Non-IFRS financial measure. See "Non-IFRS and Other Financial Measures."*

Fourth quarter

Depreciation and amortization expense was $32.5 million in the fourth quarter of fiscal 2022, compared to $17.4 million a year ago. The increase was primarily due to the addition of identifiable intangible assets recorded on the acquisitions of CFT, BioDot and SP.

EBITDA was $92.3 million (15.3% EBITDA margin) in the fourth quarter of fiscal 2022 compared to $60.2 million (15.1% EBITDA margin) in the fourth quarter of fiscal 2021. EBITDA for the fourth quarter of fiscal 2022 included $1.9 million of restructuring charges, $1.4 million of incremental costs related to the Company's acquisition activity, $5.2 million of acquisition-related inventory fair value charges and $1.7 million in adjustments to contingent consideration on the acquisition of MARCO. EBITDA for the corresponding period in the prior year included $4.2 million of incremental costs related to the Company's acquisition activity and $5.6 million in adjustments to contingent consideration on the acquisition of MARCO. Excluding these costs, adjusted EBITDA was $99.1 million (16.4% adjusted EBITDA margin), compared to $58.8 million (14.7% adjusted EBITDA margin) a year ago. Higher adjusted EBITDA margin reflected operating improvements including to the Company's cost structure and less pronounced pandemic inefficiencies than in the same period a year ago. EBITDA margin is a non-IFRS ratio; see "Non-IFRS and Other Financial Measures."

Full year

Depreciation and amortization expense was $115.4 million in fiscal 2022, compared to $71.0 million a year ago, primarily due to the addition of identifiable intangible assets recorded on the acquisitions of CFT, BioDot and SP.

EBITDA was $302.0 million (13.8% EBITDA margin) in fiscal 2022 compared to $190.6 million (13.3% EBITDA margin) a year ago. EBITDA in fiscal 2022 included $5.9 million of restructuring charges, $12.0 million of incremental costs related to the Company's acquisition activity, $25.7 million of acquisition-related inventory fair value charges and $1.7 million in adjustments to contingent consideration on the acquisition of MARCO. Prior-year EBITDA included $14.3 million of restructuring charges, $6.7 million of incremental costs related to the Company's acquisition activity, a $5.3 million gain related to the sale of a facility and $5.6 million in adjustments to contingent consideration related to the acquisition of MARCO. Excluding these costs, adjusted EBITDA was $343.9 million (15.8% adjusted EBITDA margin), compared to $200.7 million (14.0% adjusted EBITDA margin) a year ago. Higher adjusted EBITDA margin reflected operating improvements including to the Company's cost structure as a result of a previously implemented reorganization and less pronounced pandemic inefficiencies than a year ago.

Share Data

During fiscal 2022, 190,621 stock options were exercised. At May 18, 2022 the total number of ATS common shares ("Common Shares") outstanding was 91,918,444 and there were 890,408 stock options outstanding to acquire Common Shares.

Normal Course Issuer Bid

On December 13, 2021, the Company announced that the Toronto Stock Exchange ("TSX") had accepted a notice filed by the Company of its intention to make a normal course issuer bid ("NCIB"). Under the NCIB, ATS may purchase for cancellation up to a maximum of 7,383,567 Common Shares during the 12-month period ending December 14, 2022.

Some purchases under the NCIB may be made pursuant to an automatic purchase plan between ATS and its broker. This plan enables the purchase of Common Shares when ATS would not ordinarily be active in the market due to internal trading blackout periods, insider trading rules, or otherwise. ATS security holders may obtain a copy of the notice, without charge, upon request from the Secretary of the Company. The NCIB program is viewed by the Company as one component of an overall capital structure strategy and complementary to its acquisition growth plans.

In fiscal 2022, the Company did not purchase any Common Shares under the NCIB program. At March 31, 2022, a total of 7,383,567 Common Shares remained available for repurchase under the NCIB.

Subsequent to March 31, 2022, during the period April 1, 2022 to May 18, 2022, the Company repurchased 349,280 common shares for cancellation under the NCIB program for $11.4 million.

Investments, Liquidity, Cash Flow and Financial Resources

Investments

(In millions of dollars)

	Fiscal 2022	Fiscal 2021
Investments – increase (decrease)		
Non-cash operating working capital	$ 14.3	$ (77.6)
Acquisition of property, plant and equipment	36.3	21.5
Acquisition of intangible assets	17.0	10.0
Proceeds from disposal of assets	(0.8)	(12.0)
Total cash investments	$ 66.8	$ (58.1)

In fiscal 2022, investment in non-cash working capital increased $14.3 million, compared to a decrease of $77.6 million a year ago. Accounts receivable increased by 21.9%, or $62.7 million, while net contracts in progress increased 106.4%, or $58.0 million, compared to March 31, 2021, primarily due to the timing of billings in certain customer contracts as well as acquired businesses, which held $104.2 million of accounts receivable at March 31, 2022. The Company actively manages its accounts receivable, contract asset and contract liability balances through billing terms on long-term contracts and collection efforts. Inventories increased 50.7%, or $69.9 million, primarily due to $63.0 million of inventories at March 31, 2022 related to acquired companies. Deposits and prepaid assets increased 123.5% or $46.7 million compared to March 31, 2021, due to the timing of program execution. Accounts payable and accrued liabilities increased 35.9% or $132.6 million compared to March 31, 2021. This increased reflected timing of supplier billings and payments as well as $89.7 million at March 31, 2022 related to acquired businesses. Provisions decreased 14.5% or $4.2 million compared to March 31, 2021.

Non-cash working capital as a percentage of revenue was 8.2% at March 31, 2022 compared to 6.2% at March 31, 2021 as the Company continued to operate well below its upward limit of 15%.

Cash investments in property, plant and equipment totalled $36.3 million in fiscal 2022, primarily related to the expansion and improvement of certain manufacturing facilities, and investments in computer hardware. Intangible assets expenditures were $17.0 million in fiscal 2022, primarily related to computer software and various internal development projects. The results of the total investment in capital expenditures of $53.3 million were in line with our expected range of $50 to $60 million.

Capital expenditures for fiscal 2023 for tangible assets and indefinite lived intangible assets are expected to be in the $90 million to $110 million range and reflect the plan to add capacity to support growth while continuing to invest in innovation.

Proceeds from disposal of assets were $0.8 million in fiscal 2022, compared to $12.0 million in fiscal 2021. The decrease primarily reflected the sale of assets related to the Company's reorganization activity in fiscal 2021.

The Company performs impairment tests on its goodwill and intangible asset balances on an annual basis or as warranted by events or circumstances. The Company conducted its annual impairment assessment in the fourth quarter of fiscal 2022 and determined there was no impairment of goodwill or intangible assets as of March 31, 2022 (fiscal 2021 – $nil).

All of the Company's investments involve risks and require that the Company make judgments and estimates regarding the likelihood of recovery of the respective costs. In the event management determines that any of the Company's investments have become permanently impaired or recovery is no longer reasonably assured, the value of the investment would be written down to its estimated net realizable value as a charge against earnings.

Liquidity, Cash Flow and Financial Resources

(In millions of dollars, except ratios)

As at	March 31, 2022		March 31, 2021	
Cash and cash equivalents	$	135.3	$	187.5
Debt-to-equity ratio[1]		1.14:1		0.59:1

1 *Debt is calculated as bank indebtedness, long-term debt and lease liabilities. Equity is calculated as total equity less accumulated other comprehensive income.*

	Q4 2022		Q4 2021		Fiscal 2022		Fiscal 2021	
Cash, beginning of period	$	200.1	$	224.5	$	187.5	$	358.6
Total cash provided by (used in):								
Operating activities		30.0		38.9		216.2		185.2
Investing activities		(1.2)		(78.1)		(797.5)		(88.1)
Financing activities		(90.1)		6.2		531.5		(259.1)
Net foreign exchange difference		(3.5)		(4.0)		(2.4)		(9.1)
Cash, end of period	$	135.3	$	187.5	$	135.3	$	187.5

At March 31, 2022, the Company had cash and cash equivalents of $135.3 million compared to $187.5 million at March 31, 2021. At March 31, 2022, the Company's debt-to-total equity ratio was 1.14:1.

In the fourth quarter of fiscal 2022, cash flows provided by operating activities were $30.0 million (compared to $38.9 million provided by operating activities in the fourth quarter a year ago). In fiscal 2022, cash flows provided by operating activities were $216.2 million ($185.2 million provided by operating activities in the corresponding period a year ago). The variation between the three and twelve months ended March 31, 2022, related primarily to the timing of investments in non-cash working capital in certain customer programs.

The free cash flow of the Company for fiscal 2022 was $162.9 million, compared to $153.7 million in the corresponding period a year ago. Free cash flow is a non-IFRS financial measure; see “Non-IFRS and Other Financial Measures.”

At March 31, 2022, the Company had $228.9 million of unutilized multipurpose credit, including letters of credit, available under existing credit facilities and an additional $132.7 million available under letter of credit facilities.

On August 12, 2021, the Company amended its senior secured credit facility (the “Credit Facility”) and extended its maturity to August 29, 2024. The Credit Facility provides a committed revolving credit facility of $750.0 million. The Credit Facility is secured by the Company’s assets, including a pledge of shares of certain of the Company’s subsidiaries. Certain of the Company’s subsidiaries also provide guarantees under the Credit Facility. At March 31, 2022, the Company had utilized $587.7 million under the Credit Facility, of which $587.6 million was classified as long-term debt (March 31, 2021 – $nil) and $0.1 million by way of letters of credit (March 31, 2021 – $2.2 million).

The Credit Facility is available in Canadian dollars by way of prime rate advances and/or bankers’ acceptances, in U.S. dollars by way of base rate advances and/or LIBOR advances, in Swiss francs, Euros and British pounds sterling by way of LIBOR advances, and by way of letters of credit for certain purposes in Canadian dollars, U.S. dollars and Euros. The interest rates applicable to the Credit Facility are determined based on a net debt-to-EBITDA ratio as defined in the Credit Facility. For prime rate advances and base rate advances, the interest rate is equal to the bank’s prime rate or the bank’s U.S. dollar base rate in Canada, respectively, plus a margin ranging from 0.45% to 2.00%. For bankers’ acceptances and LIBOR advances, the interest rate is equal to the bankers’ acceptance fee or LIBOR, respectively, plus a margin that varies from 1.45% to 3.00%. The Company pays a fee for usage of financial letters of credit that ranges from 0.97% to 2.00%, and a fee for usage of non-financial letters of credit that ranges from 0.97% to 2.00%. The Company pays a standby fee on the unadvanced portions of the amounts available for advance or draw-down under the Credit Facility at rates ranging from 0.29% to 0.60%.

The Credit Facility is subject to financial covenants including a net debt-to-EBITDA test and an interest coverage test. Under the terms of the Credit Facility, the Company is restricted from encumbering any assets with certain permitted exceptions. The Credit Facility also limits advances to subsidiaries and partially restricts the Company from repurchasing its Common Shares and paying dividends. At March 31, 2022, all of the covenants were met.

The Company has additional credit facilities available of $69.1 million (40.1 million Euros, $10.0 million U.S., 30.0 million Thai Baht and 0.1 million Czech Koruna). The total amount outstanding on these facilities at March 31, 2022 was $1.9 million, of which $1.8 million was classified as bank indebtedness (March 31, 2021 – $1.1 million) and $0.1 million was classified as long-term debt (March 31, 2021 – $0.1 million). The interest rates applicable to the credit facilities range from 0.95% to 5.60% per annum. A portion of the long-term debt is secured by certain assets of the Company.

The Company’s U.S. $350.0 million aggregate principal amount of senior notes (“the Senior Notes”) were issued at par, bear interest at a rate of 4.125% per annum and mature on December 15, 2028. After December 15, 2023, the Company may redeem the Senior Notes, in whole at any time or in part from time to time, at specified redemption prices and subject to certain conditions required by the Senior Notes. If the Company experiences a change of control, the Company may be required to repurchase the Senior Notes, in whole or in part, at a purchase price equal to 101% of the aggregate principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date. The Senior Notes contain customary covenants that restrict, subject to certain exceptions and thresholds, some of the activities of the Company and its subsidiaries, including the Company’s ability to dispose of assets, incur additional debt, pay dividends, create liens, make investments, and engage in specified transactions with affiliates. At March 31, 2022, all of the covenants were met. Subject to certain exceptions, the Senior Notes are guaranteed by each of the subsidiaries of the Company that is a borrower or has guaranteed obligations under the Credit Facility. Transaction fees of $8.1 million were deferred and are being amortized over the term of the Senior Notes.

Contractual Obligations

(In millions of dollars)

The Company's contractual obligations are as follows as at March 31, 2022:

	Payments Due by Period						
	Total	**<1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**4-5 Years**	**>5 Years**
Bank indebtedness	$ 1.8	$ 1.8	$ –	$ –	$ –	$ –	$ –
Long-term debt obligations[1]	1,151.9	18.1	605.8	18.1	18.1	18.1	473.7
Lease liability obligations[1]	93.7	22.8	19.3	16.5	11.2	9.1	14.8
Purchase obligations	408.6	399.6	7.6	0.7	0.6	0.1	–
Accounts payable and accrued liabilities	501.5	501.5	–	–	–	–	–
Total	**$ 2,157.5**	**$ 943.8**	**$ 632.7**	**$ 35.3**	**$ 29.9**	**$ 27.3**	**$ 488.5**

1 *Long-term debt obligations and lease liability obligations include principal and interest.*

The Company's off-balance sheet arrangements consist of purchase obligations which consist primarily of commitments for material purchases, which have been entered into in the normal course of business.

In accordance with industry practice, the Company is liable to customers for obligations relating to contract completion and timely delivery. In the normal conduct of its operations, the Company may provide letters of credit as security for advances received from customers pending delivery and contract performance. In addition, the Company provides letters of credit for post-retirement obligations and may provide letters of credit as security on equipment under lease and on order. At March 31, 2022, the total value of outstanding letters of credit was approximately $135.9 million (March 31, 2021 – $154.0 million).

In the normal course of operations, the Company is party to a number of lawsuits, claims and contingencies. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its consolidated statement of financial position.

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations to the Company. The Company minimizes this risk by limiting counterparties to major financial institutions and monitoring their credit worthiness. The Company's credit exposure to forward foreign exchange contracts is the current replacement value of contracts that are in a gain position. The Company is also exposed to credit risk from its customers. Substantially all of the Company's trade accounts receivable are due from customers in a variety of industries and, as such, are subject to normal credit risks from their respective industries. The Company regularly monitors customers for changes in credit risk. The Company does not believe that any single market or geographic region represents significant credit risk. Credit risk concentration, with respect to trade receivables, is mitigated as the Company primarily serves large, multinational customers and obtains receivables insurance in certain instances.

Financial Instruments

The Company has various financial instruments including cash and cash equivalents, trade accounts receivable, bank indebtedness, trade accounts payable and accrued liabilities and long-term debt which are used in the normal course of business to maintain operations. The Company uses derivative financial instruments to help manage and mitigate various risks that the business faces.

Risk Management

An interest rate risk exists with financial instruments held by the Company, and is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company manages interest rate risk on a portfolio basis and seeks financing terms in individual arrangements that are most advantageous taking into account all relevant factors.

A credit risk exists with financial instruments held by the Company, which is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company attempts to mitigate this risk by following policies and procedures surrounding accepting work with new customers, and performing work for a large variety of multinational customers in a number of varying industries.

There is a liquidity risk, which is the risk that the Company may encounter difficulties in meeting obligations associated with some financial instruments. This is managed by ensuring, to the extent possible, that the Company will have sufficient liquidity to meet its liabilities when they become due.

Foreign Exchange Risk

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its functional currency of the Canadian dollar, through borrowings in currencies other than its functional currency and through investments in its foreign-based subsidiaries.

The Company's Canadian operations generate significant revenues in major foreign currencies, primarily U.S. dollars, which exceed the natural hedge provided by purchases of goods and services in those currencies. In order to manage a portion of this foreign currency exposure, the Company has entered into forward foreign exchange contracts. The timing and amount of these forward foreign exchange contract requirements are estimated based on existing customer contracts on hand or anticipated, current conditions in the Company's markets and the Company's past experience. Certain of the Company's foreign subsidiaries will also enter forward foreign exchange contracts to hedge identified balance sheet, revenue and purchase exposures. The Company's forward foreign exchange contract hedging program is intended to mitigate movements in currency rates primarily over a four- to six-month period.

The Company uses cross-currency swaps as derivative financial instruments to hedge a portion of its foreign exchange risk related to its U.S. dollar-denominated Senior Notes. Subsequent to the fourth quarter (on April 20, 2022), the Company settled its cross-currency interest rate swap instrument outstanding at March 31, 2022 to swap U.S. $175.0 million into Canadian dollars. The Company received interest of 4.125% U.S. per annum and paid interest of 4.257% Canadian. The Company also settled a cross-currency interest rate swap instrument to swap 143.9 million Euros into Canadian dollars that was outstanding on March 31, 2022. The Company received interest of 4.257% Canadian per annum and paid interest of 3.145% Euros. The Company received $17.2 million to settle the cross-currency swaps.

Subsequent to the fourth quarter (on April 20, 2022), the Company entered into a cross-currency interest rate swap instrument to swap U.S. $175.0 million into Canadian dollars to hedge a portion of its foreign exchange risk related to its U.S. dollar-denominated Senior Notes. The Company will receive interest of 4.125% U.S. per annum and pay interest of 4.169% Canadian. The terms of the hedging instrument will end on December 15, 2025.

The Company manages foreign exchange risk on its Euro-denominated net investments. The Company uses a cross-currency interest rate swap as derivative financial instruments to hedge a portion of the foreign exchange risk related to its Euro-denominated net investment. Subsequent to the fourth quarter (on April 20, 2022), the Company entered into a cross-currency interest rate swap instrument to swap 161.1 million Euros into Canadian dollars. The Company will receive interest of 4.169% Canadian per annum and pay interest of 2.169% Euros. The terms of the hedging relationship will end on December 15, 2025.

In addition, from time to time, the Company may hedge the foreign exchange risk arising from foreign currency debt, intercompany loans, net investments in foreign-based subsidiaries and committed acquisitions through the use of forward foreign exchange contracts or other non-derivative financial instruments. The Company uses hedging as a risk management tool, not to speculate.

Period Average Exchange Rates in Canadian Dollars

	Year-end actual exchange rates			Period average exchange rates		
	March 31, 2022	March 31, 2021	% change	**March 31, 2022**	March 31, 2021	% change
U.S. dollar	**1.250**	1.257	(0.6)%	**1.254**	1.322	(5.1)%
Euro	**1.383**	1.473	(6.1)%	**1.458**	1.541	(5.4)%

Consolidated Quarterly Results

(In millions of dollars, except per share amounts)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenues	$ 603.2	$ 546.8	$ 522.1	$ 510.6	$ 399.9	$ 369.7	$ 335.5	$ 324.9
Earnings from operations[1]	$ 59.8	$ 38.2	$ 43.7	$ 44.9	$ 42.8	$ 32.3	$ 23.4	$ 21.1
Adjusted earnings from operations[2]	$ 85.8	$ 70.4	$ 70.7	$ 65.4	$ 49.5	$ 43.8	$ 40.1	$ 29.7
Net income[1]	$ 39.9	$ 23.3	$ 29.6	$ 28.7	$ 23.8	$ 18.9	$ 11.6	$ 9.8
Basic and diluted earnings per share[1]	$ 0.43	$ 0.25	$ 0.32	$ 0.31	$ 0.26	$ 0.20	$ 0.13	$ 0.11
Adjusted basic earnings per share[1]	$ 0.64	$ 0.52	$ 0.53	$ 0.48	$ 0.34	$ 0.30	$ 0.26	$ 0.17
Order Bookings[3]	$ 638.0	$ 671.0	$ 510.0	$ 637.0	$ 463.0	$ 435.0	$ 403.0	$ 325.0
Order Backlog[4]	$ 1,438.0	$ 1,475.0	$ 1,295.0	$ 1,248.0	$ 1,160.0	$ 985.0	$ 956.0	$ 909.0

1 *Earnings from operations, net income and basic and diluted earnings per share for Q1 and Q2 fiscal 2022 have been re-presented as a result of measurement period adjustments for the acquisitions of CFT, BioDot and NCC as required by IFRS 3, Business Combinations.*
2 *Non-IFRS measure. See "Non-IFRS and Other Financial Measures"" and "Reconciliation of Non-IFRS Measures to IFRS Measures."*
3 *Non-IFRS measure. See "Non-IFRS and Other Financial Measures" and "Order Bookings by Quarter."*
4 *Non-IFRS measure. See "Non-IFRS and Other Financial Measures" and "Order Backlog Continuity."*

Interim financial results are not necessarily indicative of annual or longer-term results because capital equipment markets served by the Company tend to be cyclical in nature. Operating performance quarter to quarter may also be affected by the timing of revenue recognition on large programs in Order Backlog, which is impacted by such factors as customer delivery schedules, the timing of third-party content, and by the timing of acquisitions. General economic trends, product life cycles and product changes may impact revenues and operating performance. ATS typically experiences some seasonality with its Order Bookings, revenues and earnings from operations, due to employee vacations, seasonality of growing seasons within the food industry and summer plant shutdowns by its customers. The COVID-19 pandemic has caused variation within the life sciences industry in past quarters and is likely to affect quarterly performance patterns in fiscal 2023.

Related Party Transactions

The Company has an agreement with a shareholder, Mason Capital Management, LLC ("Mason Capital"), pursuant to which Mason Capital has agreed to provide ATS with ongoing strategic and capital markets advisory services for an annual fee of U.S. $0.5 million. As part of the agreement, Michael Martino, a member of the Company's Board of Directors who is associated with Mason Capital has waived any fees to which he may have otherwise been entitled for serving as a member of the Board of Directors or as a member of any committee of the Board of Directors.

There were no other significant related party transactions in fiscal 2022.

Reconciliation of Non-IFRS Measures to IFRS Measures

(In millions of dollars, except per share data)

The following tables reconciles adjusted EBITDA and EBITDA to the most directly comparable IFRS measure (net income):

	Fiscal 2022	Fiscal 2021	Fiscal 2020
Adjusted EBITDA	$ 343.9	$ 200.7	$ 195.1
Less: restructuring charges	5.9	14.3	26.6
Less: acquisition related-transaction costs	12.0	6.7	1.5
Less: acquisition-related inventory fair value charges	25.7	–	–
Add: gain on sale of facility	–	(5.3)	–
Add: contingent consideration adjustment	(1.7)	(5.6)	–
EBITDA	$ 302.0	$ 190.6	$ 167.0
Less: depreciation and amortization expense	115.4	71.0	71.4
Earnings from operations	$ 186.6	$ 119.6	$ 95.6
Less: net finance costs	32.2	40.1	28.1
Less: provision for income taxes	33.0	15.4	14.6
Net income	$ 121.4	$ 64.1	$ 52.9

	Q4 2022	Q4 2021
Adjusted EBITDA	$ 99.1	$ 58.8
Less: restructuring charges	1.9	–
Less: acquisition related-transaction costs	1.4	4.2
Less: acquisition-related inventory fair value charges	5.2	–
Add: contingent consideration adjustment	(1.7)	(5.6)
EBITDA	$ 92.3	$ 60.2
Less: depreciation and amortization expense	32.5	17.4
Earnings from operations	$ 59.8	$ 42.8
Less: net finance costs	9.6	16.7
Less: provision for income taxes	10.3	2.3
Net income	$ 39.9	$ 23.8

The following table reconciles adjusted earnings from operations and adjusted basic earnings per share to the most directly comparable IFRS measure (net income and basic earnings per share):

	Three Months Ended March 31, 2022					Three Months Ended March 31, 2021				
	Earnings from operations	Finance costs	Provision for income taxes	Net income	Basic EPS	Earnings from operations	Finance costs	Provision for income taxes	Net income	Basic EPS
Reported (IFRS)	$ 59.8	$ (9.6)	$ (10.3)	$ 39.9	$ 0.43	$ 42.8	$ (16.7)	$ (2.3)	$ 23.8	$ 0.26
Amortization of acquisition-related intangibles	19.2	–	–	19.2	0.21	8.1	–	–	8.1	0.09
Restructuring charges	1.9	–	–	1.9	0.02	–	–	–	–	–
Acquisition-related fair value inventory charges	5.2	–	–	5.2	0.06	–	–	–	–	–
Acquisition-related transaction costs	1.4	–	–	1.4	0.02	4.2	–	–	4.2	0.05
Contingent consideration adjustment	(1.7)	–	–	(1.7)	(0.02)	(5.6)	–	–	(5.6)	(0.06)
Adjustment to net finance costs[1]	–	–	–	–	–	–	9.1	–	9.1	0.10
Tax effect adjustments[2]	–	–	(7.1)	(7.1)	(0.08)	–	–	(8.7)	(8.7)	(0.10)
Adjusted (non-IFRS)	$ 85.8			$ 58.8	$ 0.64	$ 49.5			$ 30.9	$ 0.34

1 *Adjustments to net finance costs relate to non-recurring finance costs associated with the redemption of the U.S. $250.0 million 6.5% senior notes that were due in 2023.*

2 *Adjustments to provision for income taxes relate to the income tax effects of adjustment items that are excluded for the purposes of calculating non-IFRS based adjusted net income. For the three months ended March 31, 2021, adjustments to provision for income taxes include $4.4 million of income tax effects on adjustment items that are excluded for the purposes of calculating non-IFRS based adjusted net income, and a non-recurring provision for income taxes amount of $4.3 million primarily related to the impact of tax planning opportunities which were implemented in the fourth quarter of fiscal 2021.*

	Twelve Months Ended March 31, 2022					Twelve Months Ended March 31, 2021				
	Earnings from operations	Finance costs	Provision for income taxes	Net income	Basic EPS	Earnings from operations	Finance costs	Provision for income taxes	Net income	Basic EPS
Reported (IFRS)	$ 186.6	$ (32.2)	$ (33.0)	$ 121.4	$ 1.32	$119.6	$ (40.1)	$ (15.4)	$ 64.1	$ 0.70
Amortization of acquisition-related intangibles	63.9	–	–	63.9	0.69	33.5	–	–	33.5	0.37
Restructuring charges	5.9	–	–	5.9	0.07	14.3	–	–	14.3	0.16
Acquisition-related fair value inventory charges	25.7	–	–	25.7	0.28	–	–	–	–	–
Acquisition-related transaction costs	12.0	–	–	12.0	0.13	6.7	–	–	6.7	0.07
Gain on sale of facility	–	–	–	–	–	(5.3)	–	–	(5.3)	(0.06)
Contingent consideration adjustment	(1.7)	–	–	(1.7)	(0.02)	(5.6)	–	–	(5.6)	(0.06)
Adjustment to net finance costs[1]	–	–	–	–	–	–	9.1	–	9.1	0.10
Tax effect adjustments[2]	–	–	(27.4)	(27.4)	(0.30)	–	–	(18.7)	(18.7)	(0.21)
Adjusted (non-IFRS)	$ 292.4			$ 199.8	$ 2.17	$163.2			$ 98.1	$ 1.07

1 *Adjustments to net finance costs relate to non-recurring finance costs associated with the redemption of the U.S. $250.0 million 6.5% senior notes that were due in 2023.*

2 *Adjustments to provision for income taxes relate to the income tax effects of adjustment items that are excluded for the purposes of calculating non-IFRS based adjusted net income. For fiscal 2021, adjustments to provision for income taxes included $14.4 million of income tax effects on adjustment items that are excluded for the purposes of calculating non-IFRS based adjusted net income, and a non-recurring provision for income taxes amount of $4.3 million primarily related to the impact of tax planning opportunities which were implemented in the fourth quarter of fiscal 2021.*

The following table reconciles organic revenue to the most directly comparable IFRS measure (revenue):

	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Organic revenue	$ 441.7	$ 402.6	$ 1,721.9	$ 1,388.0
Revenues of acquired companies	172.1	0.9	521.7	25.3
Impact of foreign exchange rate changes	(10.6)	(3.6)	(60.9)	16.7
Total revenue	$ 603.2	$ 399.9	$ 2,182.7	$ 1,430.0
Organic revenue growth	10.5%		20.4%	

The following table reconciles non-cash working capital as a percentage of revenues to the most directly comparable IFRS measures:

As at	March 31, 2022	March 31, 2021[1]
Accounts receivable	$ 348.6	$ 285.9
Income tax receivable	9.0	8.2
Contract assets	360.8	272.8
Inventories	207.9	138.0
Deposits, prepaids and other assets	84.5	37.8
Accounts payable and accrued liabilities	(501.5)	(368.9)
Income tax payable	(48.6)	(31.0)
Contract liabilities	(248.3)	(218.3)
Provisions	(24.8)	(29.0)
Non-cash working capital	$ 187.6	$ 95.5
Trailing six-month revenues annualized	$ 2,300.0	$ 1,539.2
Working capital %	8.2%	6.2%

1 *Certain balances as at March 31, 2021 have been re-presented as a result of measurement period adjustments for the acquisition of CFT as required by IFRS 3, Business Combinations. See the Annual Audited Consolidated Financial Statements for the year ended March 31, 2022.*

The following table reconciles net debt to adjusted EBITDA to the most directly comparable IFRS measures:

As at	March 31, 2022	March 31, 2021
Cash and cash equivalents	$ 135.3	$ 187.5
Bank indebtedness	(1.8)	(1.1)
Current portion of lease liabilities	(20.0)	(15.2)
Current portion of long-term debt	(0.0)	(0.1)
Long-term lease liabilities	(62.9)	(57.8)
Long-term debt	(1,016.7)	(430.6)
Net Debt	$ (966.1)	$ (317.3)
Adjusted EBITDA (TTM)	$ 343.9	$ 200.7
Net Debt to Adjusted EBITDA	2.8x	1.6x

The following table reconciles free cash flow to the most directly comparable IFRS measures:

	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Cash flows provided by operating activities	$ 30.0	$ 38.9	$ 216.2	$ 185.2
Acquisition of property, plant and equipment	(8.4)	(10.4)	(36.3)	(21.5)
Acquisition of intangible assets	(7.9)	(2.6)	(17.0)	(10.0)
Free cash flow	$ 13.7	$ 25.9	$ 162.9	$ 153.7

Critical Accounting Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the end of the reporting period. Uncertainty about these estimates, judgments and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions on information available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the estimates as they occur.

Notes 2 and 3 to the consolidated financial statements describe the basis of accounting and the Company's significant accounting policies.

COVID-19

There remains significant uncertainty regarding the extent and duration of the impact of the COVID-19 pandemic on the Company's operations. The impact of the pandemic on the Company's financial condition, cash flows, operations, credit risk, liquidity and availability of credit is highly uncertain and cannot be predicted. Management will continue to monitor and assess the impact of the pandemic on its judgments, estimates, accounting policies and amounts recognized in the consolidated financial statements.

The Company tests for impairment on an annual basis and if there are indicators that impairment may have arisen. In calculating the recoverable amount for impairment testing, management is required to make several assumptions, including, but not limited to, expected future revenues, expected future cash flows and forward multiples. COVID-19 presents significant measurement uncertainties associated with the assumptions about the Company's future operating results used in calculating the recoverable amount for impairment testing at March 31, 2022.

Revenue recognition and contracts in progress

The nature of ATS contracts requires the use of estimates to quote new business, and most automation systems are typically sold on a fixed-price basis. Revenues on construction contracts and other long-term contracts are recognized on a percentage of completion basis as outlined in note 3(c) "Revenue recognition – Construction contracts" to the consolidated financial statements. In applying the accounting policy on construction contracts, judgment is required in determining the estimated costs to complete a contract. These cost estimates are reviewed at each reporting period and by their nature may give rise to income volatility. If the actual costs incurred by the Company to complete a contract are significantly higher than estimated, the Company's earnings may be negatively affected. The use of estimates involves risks, including volatility within the supply chain that can lead to inflation to the price of inputs as well as the work to be performed involving varying degrees of technical uncertainty, including possible development work to meet the customer's specification, the extent of which is sometimes not determinable until after the project has been awarded. In the event the Company is unable to meet the defined performance specification for a contracted automation system, it may need to redesign and rebuild all or a portion of the system at its expense without an increase in the selling price. Certain contracts may have provisions that reduce the selling price or provide purchase price refunds if the Company fails to deliver or complete the contract by specified dates. These provisions may expose the Company to liabilities or adversely affect the Company's results of operations or financial position.

ATS' contracts may be terminated by customers in the event of a default by the Company or, in some cases, for the convenience of the customer. In the event of a termination for convenience, the Company typically negotiates a payment provision reflective of the progress achieved on the contract and/or the costs incurred to the termination date. If a contract is cancelled, Order Backlog is reduced and production utilization may be negatively impacted.

A complete provision, which can be significant, is made for losses on such contracts when the losses first become known. Revisions in estimates of costs and profits on contracts, which can also be significant, are recorded in the accounting period in which the relevant facts impacting the estimates become known.

A portion of ATS' revenue is recognized when earned, which is generally at the time of shipment and transfer of title to the customer, provided collection is reasonably assured.

Investment tax credits and income taxes

Investment tax credit assets, disclosed in note 18 to the consolidated financial statements, are recognized as a reduction of the related expenses in the year in which the expenses are incurred, provided there is reasonable assurance that the credits will be realized. Management has made estimates and assumptions in determining the expenditures eligible for the investment tax credits' claim and the amount could be materially different from the recorded amount upon review by the government. Deferred income tax assets, disclosed in note 18 to the consolidated financial statements, are recognized to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax-planning strategies.

If the assessment of the Company's ability to utilize the deferred income tax asset changes, the Company would be required to recognize more or fewer deferred income tax assets, which would increase or decrease income tax expense in the period in which this is determined. The Company establishes provisions based on reasonable estimates for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous taxation audits and differing interpretations of tax regulations by the taxable entity and the respective tax authority. The provisions for uncertain tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at each quarter. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final tax outcome of these matters is different from the amount initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Stock-based payment transactions

The Company measures the cost of transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for stock-based payment transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model, including the future forfeiture rate, the expected life of the share option, weighted average risk-free interest rate, volatility and dividend yield, and formation of assumptions. The assumptions and models used for estimating fair value for stock-based payment transactions are disclosed in note 19 to the consolidated financial statements.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculations involve significant estimates and assumptions. Items estimated include cash flows, discount rates and assumptions of revenue growth rates. These estimates could affect the Company's future results if current estimates of future performance and fair values change. Goodwill is assessed for impairment on an annual basis as described in note 11 to the consolidated financial statements. The Company performed its annual impairment test of goodwill as at March 31, 2022 and determined there was no impairment (March 31, 2021 – $nil).

Provisions

As described in note 3(n) to the consolidated financial statements, the Company records a provision when an obligation exists, an outflow of economic resources required to settle the obligation is probable, and a reliable estimate can be made of the amount of the obligation. The Company records a provision based on the best estimate of the required economic outflow to settle the present obligation at the consolidated statement of financial position date. While management believes these estimates are reasonable, differences in actual results or changes in estimates could have a material impact on the obligations and expenses reported by the Company.

Employee benefits

The cost of defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in their respective currency, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details about the assumptions used are provided in note 15 to the consolidated financial statements.

Changes in Accounting Policies

Accounting standards adopted in fiscal 2022

The Company has not adopted any standard, interpretation or amendment that had or is expected to have an impact on the Company.

Controls and Procedures

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company. The control framework used in the design of disclosure controls and procedures and internal control over financial reporting is the "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Disclosure controls and procedures

An evaluation of the design and operating effectiveness of the Company's disclosure controls and procedures was conducted as of March 31, 2021 under the supervision of the CEO and CFO as required by CSA National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. The evaluation included documentation, review, enquiries and other procedures considered appropriate in the circumstances. Based on that evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information relating to the Company and its consolidated subsidiaries required to be disclosed in reports filed under provincial and territorial securities legislation is recorded, processed, summarized and reported to senior management, including the CEO and the CFO. This ensures that appropriate decisions can be made by them regarding required disclosure within the time periods specified in provincial and territorial securities legislation.

Internal control over financial reporting

CSA National Instrument 52-109 requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal control over financial reporting for the Company, and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The CEO and CFO have, using the framework and criteria established in "Internal Control – Integrated Framework (2013)" issued by COSO, evaluated the design and operating effectiveness of the Company's internal controls over financial reporting. They concluded that, as of March 31, 2022, internal controls over financial reporting were effective to provide reasonable assurance that information related to consolidated results and decisions to be made based on those results were appropriate.

There were no significant changes or material weaknesses in the design of the Company's internal controls over financial reporting during fiscal 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management, including the CEO and CFO, does not expect that the Company's disclosure controls or internal controls over financial reporting will prevent or detect all errors and all fraud or will be effective under all potential future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met.

Limitation on scope

BioDot was acquired on June 1, 2021, and SP was acquired on December 3, 2021. BioDot earnings were consolidated from June 1, 2021, and SP earnings were consolidated from December 3, 2021. Management has not fully completed its review of internal controls over financial reporting for these newly acquired organizations. Since the acquisitions occurred within 365 days of the reporting period, management has limited the scope of design and subsequent evaluation of disclosure controls and procedures and internal controls over financial reporting, as permitted pursuant to National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*. For the period covered by this MD&A, management has undertaken additional procedures to satisfy itself with respect to the accuracy and completeness of the acquired operations' financial information. The following summary of financial information pertains to the acquisitions that were included in ATS' consolidated financial statements for the year ended March 31, 2022.

(millions of dollars)

Revenue[1]	$	126.8 million
Net loss[1]	$	(9.2) million
Current assets[2]	$	151.3 million
Non-current assets[2]	$	692.1 million
Current liabilities[2]	$	83.2 million
Non-current liabilities[2]	$	230.0 million

1 *Results from June 1, 2021 to March 31, 2022.*
2 *Balance sheet as at March 31, 2022.*

Other Major Considerations and Risk Factors

Any investment will be subject to risks inherent to ATS' business. The following risk factors are discussed in the Company's Annual Information Form for fiscal 2022, which may be found on SEDAR at www.sedar.com.

- Market volatility;
- Inflation risks;
- Geopolitical disputes and conflicts;
- Regional energy shortages;
- Price increases;
- Macroeconomic or industry conditions risks;
- Strategy execution risks;
- Acquisition risks;
- Expansion risks;
- Pandemic and epidemic risks;
- Natural or other disasters, acts of war, terrorism, international conflicts or other disruptions;
- Industry consolidation;
- Liquidity, access to capital markets and leverage;
- Security breaches or disruptions of information technology systems risks;
- Restrictive covenants;
- Availability of performance and other guarantees from financial institutions;
- Share price volatility;
- Competition;
- First-time program and production risks;
- Automation systems pricing;
- Revenue mix risk;
- Pricing, quality, delivery and volume risks;
- Product failure;
- New product market acceptance, obsolescence, and commercialization;
- Insurance coverage;
- Availability of raw materials and other manufacturing inputs;
- Customer risks;
- Insolvency or financial distress of third parties;
- Availability of human resources and dependence on key personnel;
- Cumulative loss of several significant contracts;
- Lengthy sales cycles;
- Lack of long-term customer commitment;
- Foreign exchange risk;
- Doing business in foreign countries;
- International trade;
- Conditions in China;
- China subsidiaries' permits and business licenses;
- Misuse of China subsidiaries' chops;
- Costs of labour in China;
- Enforcing rights and judgments in China;
- Legislative compliance;

- Environmental compliance;
- Canadian Corruption of Foreign Public Officials Act, United States Foreign Corrupt Practices Act and anti-bribery laws risk;
- Intellectual property protection risks;
- Infringement of third parties' intellectual property rights risk;
- Internal controls;
- Impairment of intangible assets risk;
- Income and other taxes and uncertain tax liabilities;
- Variations in quarterly results;
- Litigation;
- Risks associated with product businesses;
- Environmental, social and governance considerations risk;
- Manufacturing facilities disruption;
- Restructuring and work stoppage risk; and
- Dependence on performance of subsidiaries.

Forward-Looking Statements

This management's discussion and analysis of financial conditions, and results of operations of ATS contains certain statements that may constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Forward-looking statements include all statements that are not historical facts regarding possible events, conditions or results of operations that ATS believes, expects or anticipates will or may occur in the future, including, but not limited to: the value creation strategy; the Company's strategy to expand organically and through acquisition; the ATS Business Model ("ABM"); potential impacts on the time to covert opportunities into Order Bookings; various market opportunities for ATS; the Company's Order Backlog partially mitigating the impact of variable Order Bookings; rate of Order Backlog conversion to revenue; the potential impact of timing of customer decisions on Order Bookings, performance period, and timing of revenue recognition; expected benefits with respect to the Company's efforts to expand its services revenues; Company's goal of expanding its adjusted earnings from operations margin over the long term and potential impact of supply chain disruptions and longer lead times; expectation of synergies from integration of acquired businesses; the uncertainty and potential impact of COVID-19 and government emergency measures; non-cash working capital levels as a percentage of revenues; expectation in relation to meeting liquidity and funding requirements for investments; potential to use debt or equity financing to support growth strategy; expected capital expenditures for fiscal 2023; and the Company's belief with respect to the outcome of certain lawsuits, claims and contingencies.

Such forward-looking statements are inherently subject to significant known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of ATS, or developments in ATS' business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Important risks, uncertainties and factors that could cause actual results to differ materially from expectations expressed in the forward-looking statements include, but are not limited to, the duration of the COVID-19 pandemic and its impact on the Company, its employees, customers, suppliers and the global economy; impact of regional or global conflicts; general market performance including capital market conditions and availability and cost of credit; performance of the markets that ATS serves; impact of inflation; foreign currency and exchange risk; the relative strength of the Canadian dollar; impact of factors such as increased pricing pressure, increased cost of supplies and delays in relation thereto, and possible margin compression; the regulatory and tax environment; inability to successfully expand organically or through acquisition, due to an inability to grow expertise, personnel, and/or facilities at required rates or to identify, negotiate and conclude one or more acquisitions, or to raise, through debt or equity, or otherwise have available, required capital; that the ABM is not effective in accomplishing its goals; that some or all of the sales funnel is not converted to Order Bookings due to competitive factors or failure to meet customer needs; that the market opportunities ATS anticipates do not materialize or that ATS is unable to exploit such opportunities; variations in the amount of Order Backlog completed in any given quarter; timing of customer decisions related to large enterprise programs and potential for negative impact associated with any cancellations or non-performance in relation thereto; that the Company is not successful in growing its service offering or that expected benefits are not realized; that efforts to expand adjusted earnings from operations margin over long-term are unsuccessful, due to any number of reasons, including less than anticipated increase in after-sales service revenues or reduced margins attached to those revenues, inability to achieve lower costs through supply chain management, failure to develop, adopt internally, or have customers adopt, standardized platforms and technologies, inability to maintain current cost structure if revenues were to grow, and failure of ABM to impact margins; that acquisitions made are not integrated as quickly or effectively as planned or expected and, as a result, anticipated benefits and synergies are not realized; non-cash working capital as a percentage of revenues operating at a level other than as expected due to reasons including the timing and nature of Order Bookings, the timing of payment milestones and payment terms in customer contracts, and delays in customer programs; that capital expenditure targets are increased in the future or the Company experiences cost increases in relation thereto; risk that the ultimate outcome of lawsuits, claims, and contingencies give rise to material liabilities for which no provisions have been recorded; and other risks and uncertainties detailed from time to time in ATS' filings with securities regulators, including, without limitation, the risk factors described in ATS' annual information form for the fiscal year ended March 31, 2022, which is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed at www.sedar.com. ATS has attempted to identify important factors that could cause actual results to materially differ from current expectations; however, there may be other factors that cause actual results to differ materially from such expectations.

Forward-looking statements are necessarily based on a number of estimates, factors and assumptions regarding, among others, management's current plans, estimates, projections, beliefs and opinions, the future performance and results of the Company's business and operations; assumption of successful implementation of margin improvement initiative; and general economic conditions and global events, including the COVID-19 pandemic.

Forward-looking statements included herein are only provided to understand management's current expectations relating to future periods and, as such, are not appropriate for any other purpose. Although ATS believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and ATS cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. ATS does not undertake any obligation to update forward-looking statements contained herein other than as required by law.

Non-IFRS and Other Financial Measures

Throughout this document, management uses certain non-IFRS financial measures, non-IFRS ratios and supplementary financial measures to evaluate the performance of the Company.

The terms "EBITDA", "organic revenue", "adjusted net income", "adjusted earnings from operations", "adjusted EBITDA", "adjusted basic earnings per share", and "free cash flow", are non-IFRS financial measures; "EBITDA margin", "adjusted operating margin", "adjusted EBITDA margin", "organic revenue growth", "non-cash working capital as a percentage of revenues", and "net debt to adjusted EBITDA" are non-IFRS ratios; and "operating margin", "Order Bookings", "Order Backlog", and "book-to-bill ratio" are supplementary financial measures, all of which do not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. Such measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. In addition, management uses "earnings from operations", which is an additional IFRS measure, to evaluate the performance of the Company. Earnings from operations is presented on the Company's consolidated statements of income as net income excluding income tax expense and net finance costs. Operating margin is an expression of the Company's earnings from operations as a percentage of revenues. EBITDA is defined as earnings from operations excluding depreciation and amortization. EBITDA margin is an expression of the Company's EBITDA as a percentage of revenues. Organic revenue is defined as revenues in the stated period excluding revenues from acquired companies for which the acquired company was not a part of the consolidated group in the comparable prior period. Organic revenue growth compares the stated period organic revenue with the reported revenue of the comparable period. Adjusted earnings from operations is defined as earnings from operations before items excluded from management's internal analysis of operating results, such as amortization expense of acquisition-related intangible assets, acquisition-related transaction and integration costs, restructuring charges, and certain other adjustments which would be non-recurring in nature ("adjustment items"). Adjusted operating margin is an expression of the Company's adjusted earnings from operations as a percentage of revenues. Adjusted EBITDA is defined as adjusted earnings from operations excluding depreciation and amortization. Adjusted EBITDA margin is an expression of the entity's adjusted EBITDA as a percentage of revenues. Adjusted basic earnings per share is defined as adjusted net income on a basic per share basis, where adjusted net income is defined as adjusted earnings from operations less net finance costs and income tax expense, plus tax effects of adjustment items and adjusted for other significant items of a non-recurring nature. Non-cash working capital as a percentage of revenues is defined as the sum of accounts receivable, contract assets, inventories, deposits, prepaids and other assets, less accounts payable, accrued liabilities, provisions and contract liabilities divided by the trailing two fiscal quarter revenues annualized.

Free cash flow is defined as cash provided by operating activities less property, plant and equipment and intangible asset expenditures. Net debt to adjusted EBITDA is the ratio of the net debt of the Company (cash and cash equivalents less bank indebtedness, long-term debt, and lease liabilities) to adjusted EBITDA. Order Bookings represent new orders for the supply of automation systems, services and products that management believes are firm. Order Backlog is the estimated unearned portion of revenues on customer contracts that are in process and have not been completed at the specified date. Book-to-bill ratio is a measure of Order Bookings compared to revenue.

Operating margin, adjusted earnings from operations, EBITDA, EBITDA margin, adjusted EBITDA, and adjusted EBITDA margin are used by the Company to evaluate the performance of its operations. Management believes that earnings from operations is an important indicator in measuring the performance of the Company's operations on a pre-tax basis and without consideration as to how the Company finances its operations. Management believes that organic revenue and organic revenue growth, when considered with IFRS measures, allow the Company to better measure the Corporation's performance and evaluate long-term performance trends. Organic revenue growth also facilitates easier comparisons of the Corporation's performance with prior and future periods and relative comparisons to its peers. Management believes that EBITDA and adjusted EBITDA are important indicators of the Company's ability to generate operating cash flows to fund continued investment in its operations. Management believes that adjusted earnings from operations, adjusted operating margin, adjusted EBITDA, adjusted net income and adjusted basic earnings per share are important measures to increase comparability of performance between periods. The adjustment items used by management to arrive at these metrics are not considered to be indicative of the business' ongoing operating performance. Management uses the measure "non-cash working capital as a percentage of revenues" to assess overall liquidity. Free cash flow is used by the Company to measure cash flow from operations after investment in property, plant and equipment and intangible assets. Management uses net debt to adjusted EBITDA as a measurement of leverage of the Company. Order Bookings provide an indication of the Company's ability to secure new orders for work during a specified period, while Order Backlog provides a measure of the value of Order Bookings that have not been completed at a specified point in time. Both Order Bookings and Order Backlog are indicators of future revenues that the Company expects to generate based on contracts that management believes to be firm. Book to bill ratio is used to measure the Company's ability and timeliness to convert Order Bookings into revenues. Management believes that ATS shareholders and potential investors in ATS use these additional IFRS measures and non-IFRS financial measures in making investment decisions and measuring operational results.

A reconciliation of (i) adjusted EBITDA and EBITDA to net income, (ii) adjusted earnings from operations to earnings from operations, (iii) adjusted net income to net income, (iv) adjusted basic earnings per share to basic earnings per share, (v) free cash flow to its IFRS measure components and (vi) organic revenue to revenue in each case for the three- and twelve-month periods ended March 31, 2022 and March 31, 2021 is contained in this MD&A (see "Reconciliation of Non-IFRS Measures to IFRS Measures"). This MD&A also contains a reconciliation of (i) non-cash working capital as a percentage of revenues and (ii) net debt to their IFRS measure components, in each case at both March 31, 2022 and March 31, 2021 (see "Reconciliation of Non-IFRS Measures to IFRS Measures"). A reconciliation of Order Bookings and Order Backlog to total Company revenues for the three- and twelve-month periods ended March 31, 2022 and March 31, 2021 is also contained in this MD&A (see "Order Backlog Continuity").

Management's Responsibility for Financial Reporting

The preparation and presentation of the Company's consolidated financial statements is the responsibility of management. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated financial statements and other information in Management's Discussion and Analysis include amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented elsewhere in Management's Discussion and Analysis is consistent with that in the consolidated financial statements, except as described further in the "Non-IFRS Measures" section of Management's Discussion and Analysis.

Management maintains appropriate systems of internal accounting and administrative controls, which are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with International Financial Reporting Standards as further described in the "Controls and Procedures" section of Management's Discussion and Analysis.

Management's responsibilities for financial reporting are overseen by the Board of Directors (the "Board"), which is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee (the "Committee").

The Committee is appointed by the Board and all of its members are independent directors. The Committee meets periodically with management and the internal and the external auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the consolidated financial statements and the external auditor's report. The Committee has reported its findings to the Board, which has approved the consolidated financial statements and Management's Discussion and Analysis for issuance to shareholders. The Committee also considers, for review by the Board and approval of shareholders, the engagement or reappointment of the external auditor.

The consolidated financial statements have been audited on behalf of shareholders by Ernst & Young LLP, the external auditor, in accordance with Canadian generally accepted auditing standards. The external auditor has full and free access to management and the Committee.

Andrew Hider
Chief Executive Officer

Ryan McLeod
Chief Financial Officer

Independent Auditor’s Report

To the Shareholders of

ATS Automation Tooling Systems Inc.

Opinion

We have audited the consolidated financial statements of ATS Automation Tooling Systems Inc. and its subsidiaries, (the “Company”), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2022 and 2021, and its consolidated results of financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our auditor’s opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Estimate to complete on long-term revenue construction contracts

Key audit matter	How our audit addressed the key audit matter
The Company is involved in the design and build of custom-engineered automated manufacturing and test systems which consist of long-term projects which can span from several months to several years. Revenue from these fixed-price construction contracts is recognized progressively based on the percentage-of-completion method. This method is measured by reference to costs incurred to date as a percentage of the total estimated costs to complete a contract. The Company's policy for revenue recognition together with the related critical accounting estimates and judgments are described in notes 3 and 4 of the consolidated financial statements. The Company recognized $1,359,695 of revenues on long-term construction contracts for the year ended March 31, 2022 related to these contracts. We identified the evaluation of the estimated costs to complete for significant open fixed-price construction contracts as a key audit matter because of the significant auditor judgment required. The total estimated costs to complete each significant open fixed-price construction contract drives the timing of revenue, profit recognition and involves significant judgments that can have a material impact on the amount of revenue recognized. These significant judgments include those related to estimated future labour and materials costs. These estimates are subjective and complex due to the long-term and unique nature of many of the projects and are dependent on the status of the individual project as of the period-end date.	Based on our risk assessment, we performed the following procedures, among others, for a sample of significant open fixed-price construction contracts as of the year-end date: • We obtained an understanding, evaluated the design, and, at certain locations, tested the operating effectiveness of controls related to the Company's initial budgeting process for new contracts; • We inquired and evaluated the consistency of responses obtained from operational personnel across various levels of management regarding risks and uncertainties with respect to significant fixed-price construction contracts as well as the nature of the work yet to be completed and estimated costs to complete such work; • We inspected contractual arrangements, change orders and evaluated the impact on estimated costs to complete for revenue recognition; • We compared a sample of estimated costs to vendor quotes, purchase orders or contractual labour rates; • We performed a look back analysis where we compared the current margin for projects to the initial margin or that of previous periods and investigated differences from expectations; and • We assessed the adequacy of disclosures in describing the areas of judgment and estimation uncertainties involving revenue recognition for in-progress contracts.

Valuation of acquired intangible assets in business combinations

Key audit matter	How our audit addressed the key audit matter
The Company completed the acquisitions of SP Industries, Inc., NCC Automation Systems Inc., and Biodot, Inc. during the year ended March 31, 2022 in addition to finalizing the purchase price allocation of the CFT S.p.A acquisition completed during the year ended March 31, 2021 as disclosed in note 5. The total purchase price for these business combinations was $875 million. The purchase price allocations include goodwill of $473 million and intangible assets, such as technology, customer lists and brands of $442 million as at the respective acquisition dates. The determination of the fair value of intangible assets acquired requires management to make significant judgments, estimates and key assumptions over the projected financial information including forecasted revenue growth rates, margin percentages, attrition rates, royalty rates, discount rates, and engage a third-party specialist. Auditing the business combinations was complex due to the subjective nature of estimating the fair value of the acquired intangible assets.	To test the Company's estimate of fair value of the acquired intangible assets, we performed the following procedures, among others: • Read the purchase agreement to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations and the identification of assets acquired and liabilities assumed; • Assessed the competence and objectivity of management's third-party specialist; • Involved our valuation specialists to assess the valuation methodology applied in estimating the fair value of the intangible assets acquired and the key assumptions utilized, including the discount rates and royalty rates, by referencing current industry and comparable company information as well as cash flow and company specific risk; • Assessed the appropriateness of forecasted revenue growth rates, margin percentages, and attrition rates used in the estimation of fair value of the intangible assets acquired by comparing to historical performance, similar acquisitions made by the Company, market data, and industry trends; and • We assessed the adequacy of disclosures involving valuation of acquired intangible assets in business combinations.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to use after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Scott Kerr.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada

May 18, 2022

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

As at	Note	March 31, 2022	March 31, 2021*
ASSETS	16		
Current assets			
Cash and cash equivalents		$ 135,282	$ 187,467
Accounts receivable	22	348,631	285,947
Income tax receivable		9,038	8,158
Contract assets	22	360,820	272,847
Inventories	6	207,873	138,011
Deposits, prepaids and other assets	7	84,818	37,807
		1,146,462	930,237
Non-current assets			
Property, plant and equipment	10	222,123	180,296
Right-of-use assets	8	81,289	72,570
Other assets	9	18,631	5,882
Goodwill	11	1,024,790	667,016
Intangible assets	12	568,180	282,224
Deferred income tax assets	18	7,922	11,087
Investment tax credit receivable	18	–	52,440
		1,922,935	1,271,515
Total assets		$ 3,069,397	$ 2,201,752
LIABILITIES AND EQUITY			
Current liabilities			
Bank indebtedness	16	$ 1,766	$ 1,106
Accounts payable and accrued liabilities		501,465	368,901
Income tax payable		48,617	30,998
Contract liabilities	22	248,329	218,290
Provisions	14	24,825	29,034
Current portion of lease liabilities	8	19,964	15,197
Current portion of long-term debt	16	43	79
		845,009	663,605
Non-current liabilities			
Employee benefits	15	29,132	34,110
Long-term lease liabilities	8	62,856	57,764
Long-term debt	16	1,016,668	430,634
Deferred income tax liabilities	18	126,114	78,974
Other long-term liabilities	9	3,935	26,305
		1,238,705	627,787
Total liabilities		$ 2,083,714	$ 1,291,392
Commitments and contingencies	16, 20		
EQUITY			
Share capital	17	$ 530,241	$ 526,446
Contributed surplus		11,734	11,170
Accumulated other comprehensive income		22,848	59,830
Retained earnings		416,773	297,818
Equity attributable to shareholders		981,596	895,264
Non-controlling interests		4,087	15,096
Total equity		985,683	910,360
Total liabilities and equity		$ 3,069,397	$ 2,201,752

On behalf of the Board:

David McAusland
Director

Joanne S. Ferstman
Director

See accompanying notes to the consolidated financial statements.

* *Certain balances as at March 31, 2021 have been re-presented as a result of measurement period adjustments for the acquisition of CFT S.p.A. ("CFT") as required by IFRS 3, Business Combinations (see note 5).*

Consolidated Statements of Income

(in thousands of Canadian dollars, except per share amounts)

Years ended March 31	Note		2022		2021
Revenues					
Revenues from construction contracts		$	1,359,695	$	895,086
Services rendered			485,717		413,323
Sale of goods			337,305		121,643
Total revenues	21, 22		2,182,717		1,430,052
Operating costs and expenses					
Cost of revenues			1,570,287		1,045,795
Selling, general and administrative			387,108		236,013
Restructuring costs	14		5,949		14,355
Stock-based compensation	19		32,762		14,280
Earnings from operations			186,611		119,609
Net finance costs	24		32,200		40,152
Income before income taxes			154,411		79,457
Income tax expense	18		33,019		15,354
Net income		$	121,392	$	64,103
Attributable to					
Shareholders		$	122,101	$	64,092
Non-controlling interests			(709)		11
		$	121,392	$	64,103
Earnings per share attributable to shareholders					
Basic	25	$	1.32	$	0.70
Diluted	25	$	1.31	$	0.69

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

Years ended March 31	Note	2022	2021
Net income		$ 121,392	$ 64,103
Other comprehensive income (loss):			
Items to be reclassified subsequently to net income:			
Currency translation adjustment (net of income taxes of $nil)		(35,384)	(21,599)
Net unrealized gain (loss) on derivative financial instruments designated as cash flow hedges	13	(175)	8,228
Tax impact		63	(2,063)
Loss (gain) transferred to net income for derivatives designated as cash flow hedges	13	166	(1,398)
Tax impact		(46)	351
Cross currency interest rate swap adjustment	13	(2,457)	(21,698)
Tax impact		614	5,424
Items that will not be reclassified subsequently to net income:			
Actuarial gains (losses) on defined benefit pension plans	15	2,594	(3,653)
Tax impact		(714)	1,042
Other comprehensive loss		(35,339)	(35,366)
Comprehensive income		$ 86,053	$ 28,737
Attributable to			
Shareholders		$ 86,999	$ 28,726
Non-controlling interests		(946)	11
		$ 86,053	$ 28,737

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

Year ended March 31, 2022	Share capital	Contributed surplus	Retained earnings	Currency translation adjustments	Cash flow hedge reserve	Total accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, as at March 31, 2021	$ 526,446	$ 11,170	$ 297,818	$ 59,559	$ 271	$ 59,830	$ 15,096	$ 910,360
Net income	–	–	122,101	–	–	–	(709)	121,392
Other comprehensive income (loss)	–	–	1,880	(35,147)	(1,835)	(36,982)	(237)	(35,339)
Total comprehensive income (loss)	–	–	123,981	(35,147)	(1,835)	(36,982)	(946)	86,053
Non-controlling interest (note 5)	–	–	(5,026)	–	–	–	(10,063)	(15,089)
Stock-based compensation	–	1,365	–	–	–	–	–	1,365
Exercise of stock options	3,795	(801)	–	–	–	–	–	2,994
Balance, as at March 31, 2022	$ 530,241	$ 11,734	$ 416,773	$ 24,412	$ (1,564)	$ 22,848	$ 4,087	$ 985,683

Year ended March 31, 2021	Share capital	Contributed surplus	Retained earnings	Currency translation adjustments	Cash flow hedge reserve	Total accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, as at March 31, 2020	$ 521,884	$ 11,680	$ 242,076	$ 81,158	$ 11,427	$ 92,585	$ 788	$ 869,013
Net income	–	–	64,092	–	–	–	11	64,103
Other comprehensive loss	–	–	(2,611)	(21,599)	(11,156)	(32,755)	–	(35,366)
Total comprehensive income (loss)	–	–	61,481	(21,599)	(11,156)	(32,755)	11	28,737
Non-controlling interest (note 5)	–	–	–	–	–	–	14,297	14,297
Stock-based compensation	–	864	–	–	–	–	–	864
Exercise of stock options	7,485	(1,374)	–	–	–	–	–	6,111
Repurchase of common shares (note 17)	(2,923)	–	(5,739)	–	–	–	–	(8,662)
Balance, as at March 31, 2021	$ 526,446	$ 11,170	$ 297,818	$ 59,559	$ 271	$ 59,830	$ 15,096	$ 910,360

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

Years ended March 31	Note		2022		2021
Operating activities					
Net income		$	121,392	$	64,103
Items not involving cash					
Depreciation of property, plant and equipment	10		20,917		14,820
Amortization of right-of-use assets	8		22,202		16,111
Amortization of intangible assets	12		72,302		39,987
Deferred income taxes	18		(35,612)		(29,054)
Other items not involving cash			27,895		7,282
Stock-based compensation	19		1,365		864
Gain on disposal of property, plant and equipment	10		–		(6,505)
			230,461		107,608
Change in non-cash operating working capital			(14,298)		77,551
Cash flows provided by operating activities		$	216,163	$	185,159
Investing activities					
Acquisition of property, plant and equipment	10	$	(36,309)	$	(21,541)
Acquisition of intangible assets	12		(16,957)		(10,031)
Business acquisitions, net of cash acquired	5		(745,018)		(68,523)
Proceeds from disposal of property, plant and equipment	10		817		11,963
Cash flows used in investing activities		$	(797,467)	$	(88,132)
Financing activities					
Bank indebtedness		$	(1,322)	$	(3,585)
Repayment of long-term debt			(158,626)		(742,091)
Proceeds from long-term debt			746,223		504,315
Purchase of non-controlling interests	5		(38,187)		–
Proceeds from exercise of stock options			2,994		6,111
Repurchase of common shares	17		–		(8,662)
Principal lease payments			(19,547)		(15,204)
Cash flows provided by (used in) financing activities		$	531,535	$	(259,116)
Effect of exchange rate changes on cash and cash equivalents			(2,416)		(9,089)
Decrease in cash and cash equivalents			(52,185)		(171,178)
Cash and cash equivalents, beginning of year			187,467		358,645
Cash and cash equivalents, end of year		$	135,282	$	187,467
Supplemental information					
Cash income taxes paid		$	24,126	$	6,528
Cash interest paid		$	30,797	$	38,428

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

1. Corporate Information

ATS Automation Tooling Systems Inc. and its subsidiaries (collectively, "ATS" or the "Company") uses its extensive knowledge base and global capabilities in custom automation, repeat automation, automation products and value-added services, including pre-automation and after-sales services, to address the sophisticated manufacturing automation systems and service needs of multinational customers.

The Company is listed on the Toronto Stock Exchange and is incorporated and domiciled in Ontario, Canada. The address of its registered office is 730 Fountain Street North, Cambridge, Ontario, Canada.

The consolidated financial statements of the Company for the year ended March 31, 2022 were authorized for issue by the Board of Directors (the "Board") on May 18, 2022.

2. Basis of Preparation

These consolidated financial statements were prepared on a historical cost basis, except for derivative instruments that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand, except where otherwise stated.

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are those entities where the Company directly or indirectly owns the majority of the voting power or can otherwise control the activities. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Non-controlling interests in the equity and results of the Company's subsidiaries are presented separately in the consolidated statements of income and within equity on the consolidated statements of financial position.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The Company's material subsidiaries are Automation Tooling Systems Enterprises GmbH, ATS Automation Holdings Limited, Automation Tooling Systems Enterprises Inc. and ATS Automation Tooling Systems GmbH. The Company has a 100% voting and equity securities interest in each of these corporations. All material intercompany balances, transactions, revenues and expenses and profits or losses, including dividends resulting from intercompany transactions, have been eliminated on consolidation.

3. Summary of Significant Accounting Policies

(a) Business combinations and goodwill:

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Company acquires a business, it assesses the financial assets and liabilities assumed (other than deferred income taxes) based upon the estimated fair values at the date of acquisition. The Company determines the fair value of the assets acquired and the liabilities assumed based on discounted cash flows, market information and information that is available to the Company.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IFRS 9 – *Financial Instruments* ("IFRS 9") in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS policy.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquiree at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGUs") or groups of CGUs based on the level at which management monitors it. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

(b) Foreign currency:

Functional currency is the currency of the primary economic environment in which the subsidiary operates and is normally the currency in which the subsidiary generates and uses cash. Each subsidiary in the Company determines its own functional currency, and items included in the consolidated financial statements of each subsidiary are measured using that functional currency. The Company's functional and presentation currency is the Canadian dollar.

Transactions

Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. All differences are recorded in the consolidated statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Translation

The assets and liabilities of foreign operations are translated into Canadian dollars at period-end exchange rates, and their revenue and expense items are translated at exchange rates prevailing at the dates of the transactions. The resulting exchange differences are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statements of income.

(c) Revenue:

The Company generates revenue from construction contracts, the sale of goods, and by services rendered. Revenue is measured based on the consideration specified in a contract and the Company recognizes revenue when it transfers control of a product or provides a service to a customer. If the contract includes variable consideration, such as volume rebates, the Company only includes the amount in the transaction amount if it is measurable and highly probable to occur. With respect to incremental costs such as sales commissions incurred in obtaining a contract, the Company has elected to apply the practical expedient to expense these costs when incurred as the term of the Company's contracts are typically one year or less.

Construction contracts

A construction contract generally includes the design, manufacture and installation of new equipment for a customer's new or existing system. The Company generally considers a construction contract to contain one performance obligation. However, the Company may provide several distinct goods or services as part of a contract, in which case, the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation.

The Company typically satisfies construction contract performance obligations over time; therefore, the Company recognizes revenue over time as the performance obligations are satisfied using the stage of completion method as described below:

- The stage of completion of fixed price contracts is measured based on costs incurred, excluding costs that are not representative of progress to completion, as a percentage of total costs anticipated on each contract.
- The stage of completion of time and material contracts is measured using the right to invoice practical expedient – revenue is recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

Payment terms on fixed price contracts are normally based on set milestones outlined in the contract. Amounts received in advance of the associated contract work being performed are recorded as contract liabilities. Revenue is recognized without issuing an invoice and this entitlement to consideration is recognized as a reduction of the contract liability or as a contract asset. Payment terms on time and material contracts are normally based on a monthly billing cycle. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered. Provisions for estimated losses on incomplete contracts are made in the period that losses are determined.

Sale of goods

Revenue related to the sale of goods is recognized at a point in time when the Company satisfies a performance obligation and control of the asset is transferred to the customer. In determining satisfaction of a performance obligation, the Company considers the terms of the contract, including: shipping terms, and transfer of title and risk.

Services rendered

Service contracts are either executed separately or bundled together with construction contracts. Where these contracts are bundled together, they are regarded as separate performance obligations, as each of the promises are capable of being distinct and are separately identifiable. Accordingly, a portion of the transaction price is allocated to each performance obligation relative to standalone selling prices.

A service contract can include modifications to existing customer equipment, maintenance services, training, line relocation, onsite support, field service, remote support, and consulting services. The Company generally considers service contracts to contain one performance obligation, which is satisfied over time. Therefore, revenue is recognized over time, using the stage of completion method described below:

- The stage of completion of fixed price contracts to provide specified services at specific times is measured based on costs incurred, excluding costs that are not representative of progress to completion, as a percentage of total costs anticipated on each contract.
- The stage of completion of fixed price contracts to provide an indeterminable number of services over a specified period of time is measured based on contract term elapsed as a percentage of the full contract term.
- The stage of completion of time and material contracts is measured using the right to invoice practical expedient – revenue is recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

Payment terms on service contracts are similar to construction contracts. Provisions for estimated losses on incomplete contracts are made in the period that losses are determined.

Revenue-related assets and liabilities:

Trade receivables

A trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are typically due upon issuance of an invoice. Payment terms on fixed price contracts are normally based on set milestones outlined in the contract. The ATS generally accepted payment terms (with regard to customer contracts) make it improbable that a significant financing component would exist in contracts with customers. If there is a variable consideration component to a contract, it is only included in the transaction price when it is highly probable that the consideration will result in revenue and can be reliably measured.

There were no adverse impacts as a result of COVID-19 on the collection cycle of the Company.

Contract assets

Contract assets represent the right to consideration in exchange for goods or services that have been transferred to a customer. These assets are transferred to accounts receivable when the right to receive the consideration becomes unconditional.

Contract liabilities

Contract liabilities represent the obligation to transfer goods and services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the Company performs under the contract.

Unearned revenue

Unearned revenue relates to deposits or prepayments from customers for service and sale of goods contracts where revenue is earned at a point in time.

(d) Investment tax credits and government grants:

Investment tax credits are accounted for as a reduction in the cost of the related asset or expense where there is reasonable assurance that such credits will be realized. Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be met. When the grant relates to an expense item, it is deducted from the cost that it is intended to compensate. When the grant relates to an asset, it is deducted from the cost of the related asset. If a grant becomes repayable, the inception-to-date impact of the assistance previously recognized in income is reversed immediately in the period in which the assistance becomes repayable.

(e) Taxes:

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income. Current income tax related to items recognized directly in equity is also recognized in equity and not in the consolidated statements of income. Management periodically evaluates positions taken in the tax filings with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset will be realized or the liability will be settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint operations, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint operations, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that all or part of the deferred income tax asset will be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable the benefit will be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax related to items recognized outside profit or loss is also recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Income tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances existing at the acquisition date changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Revenues, expenses and assets are recognized net of the amount of sales tax, except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of accounts receivable or accounts payable and accrued liabilities on the consolidated statements of financial position.

(f) Property, plant and equipment:

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, ATS derecognizes the replaced part and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	25 to 40 years
Production equipment	3 to 10 years
Other equipment	3 to 10 years

Leasehold improvements are amortized over the shorter of the term of the related lease or their remaining useful life on a straight-line basis.

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or eventual disposition. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed on an annual basis or more frequently if required and adjusted prospectively, if appropriate.

(g) Leases:

At the inception of a contract, the Company determines whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. The Company recognizes a right-of-use ("ROU") asset and a lease liability on the date the leased asset is available for use by the Company (at the commencement of the lease).

Right-of-use assets

ROU assets are initially measured at cost, which is comprised of the initial amount of the lease liability, any initial direct costs incurred and an estimate of costs to dismantle, remove or restore the underlying asset or site on which it is located, less any lease payments made at or before the commencement date. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, a recognized ROU asset is depreciated using the straight-line method over the shorter of its estimated useful life or the lease term. The ROU asset may be adjusted for certain remeasurements of the lease liability and impairment losses.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily available. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payment of penalties for termination of a lease. Each lease payment is allocated between the repayment of the principal portion of the lease liability and the interest portion. The finance cost is charged to net finance costs in the consolidated statements of income over the lease period. Payments associated with short-term leases (lease term of 12 months or less) and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of income as permitted by IFRS 16.

The carrying amount of the lease liability is remeasured if there is a modification resulting in a change in the lease term, a change in the future lease payments, or a change in the Company's estimate of whether it will exercise a purchase, extension or termination option. If the lease liability is remeasured, a corresponding adjustment is made to the ROU asset.

As a practical expedient, IFRS 16 permits a lessee to not separate non-lease components, but instead account for any lease and associated non-lease components as a single arrangement. The Company has applied this practical expedient.

Determining the lease term of contracts with renewal or termination options

The lease term includes the non-cancellable term of the lease including extension and termination options if the Company is reasonably certain to exercise the option. The Company applies judgment in evaluating whether it is reasonably certain to exercise the options. All relevant factors that create an economic incentive for it to exercise the renewal are considered. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option.

(h) Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

(i) Intangible assets:

Acquired intangible assets are primarily software, customer relationships, brands and technologies. Intangible assets acquired separately are initially recorded at fair market value and subsequently at cost less accumulated amortization and impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives, ranging from 1 to 15 years, on a straight-line basis. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as a change in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized. The Company assesses the indefinite life at each reporting date to determine if there is an indication that an intangible asset may be impaired. If any indication exists, or when annual impairment testing for the intangible asset is required, the Company estimates the recoverable amount at the CGU level to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An asset is impaired when the recoverable amount is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Impairment losses relating to intangible assets are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income when the asset is derecognized.

Research and development expenditures

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset only when the following conditions are demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The Company's intention to complete and its ability to use or sell the intangible asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the intangible asset; and
- The ability to measure the expenditures reliably during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied, requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. In the event that a product program for which costs have been deferred is modified or cancelled, the Company will assess the recoverability of the deferred costs and, if considered unrecoverable, will expense the costs in the period the assessment is made.

(j) Financial instruments:

Recognition

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: amortized cost, fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI"), or derivatives designated as a hedging instrument in an effective hedge. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are measured at amortized cost where the business model is to hold the financial asset to collect its contractual cash flows.

Financial liabilities are classified to be measured at amortized cost, derivatives designated as a hedging instrument in an effective hedge, or they are designated to be measured subsequently at FVTPL. For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company classifies and measures financial assets (excluding derivatives) on initial recognition as described below:

- Cash and cash equivalents and restricted cash are classified as and measured at amortized cost.
- Accounts receivable are classified as and measured at amortized cost using the effective interest rate method, less any impairment allowance. Accounts receivable are held within a hold-to-collect business model. The Company does not factor or sell any of its trade receivables.

Accounts payable and accrued liabilities, bank indebtedness, and long-term debt are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method.

Measurement

All financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial instruments classified as amortized cost are included with the carrying value of such instruments. Transaction costs directly attributable to the acquisition of financial instruments classified as FVTPL are recognized immediately in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amounts outstanding, are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at fair value at the end of subsequent accounting periods, with changes recognized in profit or loss or other comprehensive income (irrevocable election at the time of recognition). Designation at FVTOCI is not permitted if the equity investment is held for trading. The cumulative fair value gain or loss will not be reclassified to profit or loss on the disposal of the investments.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either the Company has transferred substantially all the risks and rewards of the asset, or ATS has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment

The Company recognizes expected credit losses for trade receivables and contract assets based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of recognizing the trade receivable and contract asset.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward-looking macroeconomic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

Customer credit risk is managed according to established policies, procedures and controls. Customer credit quality is assessed in line with credit rating criteria. Outstanding customer balances are monitored for evidence of customer financial difficulties including payment default and technical disputes on the contract. Significant balances are reviewed individually while smaller balances are grouped and assessed collectively. The Company considers the aging of past due receivables along with known project technical disputes a primary consideration in assessing credit risk.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement. A financial asset, subject to other considerations, is generally considered in default when contractual payments are 90 days past due, which was determined based on historical collection rates. A financial asset may also be considered to be in default if observable internal or external data indicates a measurable decrease in expected cash flows that the Company is expected to receive, including the existence of a technical dispute.

Financial assets are written off when there is no reasonable expectation of recovery. Trade receivables and contract assets are reviewed on a case-by-case basis to determine whether they are impaired. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables and contract assets are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off. An allowance is set up to reduce the financial asset balance to its estimated realizable value when the amount is not considered to be collectible in full. Once it is confirmed that the reserved amount is uncollectible, the amount may be written off and removed from the financial asset and reserve. Where trade receivables and contract assets have been written off, the Company continues to engage to recover the financial asset. Where recoveries are made, these are recognized in profit or loss.

There has been no change to the estimation techniques or significant assumptions used in the impairment of financial instruments policy.

Fair value of financial instruments

The Company primarily applies the market approach for recurring fair value measurements. Three levels of inputs may be used to measure fair value:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable or can be corroborated by observable market data
- Level 3 – unobservable inputs that are supported by no market activity

(k) Derivative financial instruments and hedge accounting:

The Company may use derivative financial instruments such as forward foreign exchange contracts and cross-currency interest rate swaps to hedge its foreign currency risk. The Company designates certain derivative financial instruments as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. At the inception of the hedging relationship, the Company documents the economic relationship between the hedging instrument and the hedged item including whether the hedging instrument is expected to offset changes in cash flows of hedged items. At the inception of each hedging relationship, the Company documents its risk management objective, its strategy for undertaking various hedge transactions and how the Company will assess the hedging instrument's effectiveness in offsetting changes in fair value or cash flows of the hedged item attributable to the hedged risk. The hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine whether they have actually been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow reserve, while any ineffective portion is recognized immediately in the consolidated statements of income.

Amounts recognized in other comprehensive income and accumulated in equity are transferred to the consolidated statements of income when the hedged item is recognized in profit or loss. These earnings are included within the same line of the consolidated statements of income as the hedged item. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized in other comprehensive income are transferred at the initial carrying amount of the non-financial asset or liability.

If the forecasted transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the consolidated statements of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecasted transaction or firm commitment affects profit or loss.

The Company uses forward foreign exchange contracts as hedges of its exposure to foreign currency risk on anticipated revenues or costs, and cross-currency interest rate swap contracts as hedges of its exposure to foreign currency-denominated Senior Notes. The Company may use interest rate swap contracts to reduce its exposure to floating interest rates.

Hedges of net investments

Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument related to the effective portion of the hedge are recognized in other comprehensive income while any gains or losses related to the ineffective portion are recognized in the consolidated statements of income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statements of income. The Company uses cross-currency interest rate swap contracts as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

Put options

Where the Company has issued put options over shares held by a non-controlling interest, the Company recognizes a financial liability for the estimated exercise value of the option. Changes in the estimated liability after initial recognition are recognized in the consolidated statements of income.

In order to determine the corresponding entry to reflect the aforementioned financial liability, it is necessary to consider whether, as part of the conditions to exercise the puttable financial instrument, the risks and benefits deriving from ownership of the minority interest are transferred to the controlling company or remain with the owners of the minority interest, as this will determine whether the minority interests subject to the put option are required to be reported. If the risks and benefits are not transferred to the controlling company by the puttable option, the minority interests subject to the put option require reporting. If, on the other hand, such risks and benefits are transferred, the minority interests need to be recognized in the consolidated financial statements.

Considering the above:

- If the minority interests do not need to be recognized in the financial statements as the related risks and benefits have transferred to the controlling company, the liability related to the put option will be reflected:
    - i) in goodwill, if the put option was granted to the seller in the context of a business combination; or
    - ii) against equity attributable to the minorities, in the case in which the contract was entered into outside such context.
- If the risks and benefits have not transferred, the corresponding entry will be equity attributable to the owners of the Company.

(l) Inventories:

Inventories are stated at the lower of cost and net realizable value on a first-in, first-out basis. The cost of raw materials includes purchase cost and costs incurred in bringing each product to its present location and condition. The cost of work in progress and finished goods includes cost of raw materials, labour and related manufacturing overhead, excluding borrowing costs, based on normal operating capacity. Cost of inventories includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchase of raw materials. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(m) Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

(n) Provisions:

Provisions are recognized when: the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or the service provided. Initial recognition is based on historical experience and specific known risks. The initial estimate of warranty-related costs is reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Restructuring provisions

Restructuring provisions are only recognized when general recognition criteria for provisions are fulfilled. Additionally, the Company needs to have in place a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and the appropriate timeline. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

(o) Employee benefits:

The Company operates pension plans in accordance with the applicable laws and regulations in the respective countries in which the Company conducts business. The pension benefits are provided through defined benefit and defined contribution plans. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, pro-rated on length of service and management's best estimate assumptions to value its pensions using a measurement date of March 31. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur in other comprehensive income. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is recognized in selling, general and administrative expenses in the consolidated statements of income. The past service costs are recognized immediately in profit or loss as an expense.

The defined benefit asset or liability comprises the present value of the defined benefit obligation using the current interest rate at the reporting date on high-quality fixed-income investments with maturities that match the expected maturities of the obligation, less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information, and in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognized is restricted to the sum of any past service costs and actuarial gains and losses not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The accounting method for other long-term employee benefit plans is similar to the method used for defined benefit plans, except that all actuarial gains and losses are recognized immediately in the consolidated statements of income.

(p) Stock-based payments:

The Company operates both equity-settled and cash-settled stock-based compensation plans under which the entity receives services from employees as consideration for equity instruments (options) of the Company or cash payments.

For equity-settled plans, namely the Employee Share Purchase Plan and the Stock Option Plan, the fair value determined at the grant date is expensed on a proportionate basis consistent with the vesting features of each grant and incorporates an estimate of the number of equity instruments that will ultimately vest. The total amount to be expensed is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest based on the non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in the consolidated statements of income with a corresponding adjustment to equity. The proceeds received are credited to share capital and share premiums when the stock options are exercised.

For cash-settled plans, namely the Deferred Stock Unit Plan and the Restricted Share Units, the expense is determined based on the fair value of the liability incurred at each award date and at each subsequent consolidated statement of financial position date until the award is settled. The fair value of the liability is measured by applying quoted market prices. Changes in fair value are recognized in the consolidated statements of income in stock-based compensation expense.

(q) Standard adopted in fiscal 2022:

The Company has not adopted any standard, interpretation or amendment that had or is expected to have an impact on the Company.

(r) Amendments issued but not yet effective:

A number of amendments to standards have been issued but are not yet effective for the financial year ended March 31, 2022, and accordingly, have not been applied in preparing these consolidated financial statements. The Company reviewed these amendments and concluded that there would be no impact on adoption given their nature and applicability.

4. Critical Accounting Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the end of the reporting period. However, uncertainty about these estimates, judgments and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Company based its estimates, judgments and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the estimates when they occur.

The following are the critical judgments, estimates and assumptions that have been made in applying the Company's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

(a) COVID-19:

There is significant uncertainty regarding the extent and duration of the impact of the COVID-19 pandemic on the Company's operations. The impact of the pandemic on the Company's financial condition, cash flows, operations, credit risk, liquidity and availability of credit is highly uncertain and cannot be predicted. Management will continue to monitor and assess the impact of the pandemic on its judgments, estimates, accounting policies and amounts recognized in these consolidated financial statements.

The Company tests for impairment on an annual basis and if there are indicators that impairment may have arisen. In calculating the recoverable amount for impairment testing, management is required to make several assumptions, including, but not limited to, expected future revenues, expected future cash flows and forward multiples. COVID-19 presents significant measurement uncertainties associated with the assumptions about the Company's future operating results used in calculating the recoverable amount for impairment testing at March 31, 2022.

In response to the COVID-19 pandemic, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") in April 2020. For the year ended March 31, 2022, the Company received payments of $601 under the CEWS program (March 31, 2021 – $16,162), of which $473 was included in cost of revenues (March 31, 2021 – $12,241) and $128 (March 31, 2021 – $3,921) was included in selling, general and administrative expenses in the consolidated financial statements.

(b) Revenue recognition and contracts in progress:

Revenues from construction contracts are recognized on a percentage of completion basis as outlined in note 3(c) "Revenue." In applying the accounting policy on construction contracts, judgment is required in determining the expected profitability of the contract and the estimated costs to complete a contract. These factors are reviewed at each reporting period and by their nature may give rise to income volatility.

(c) Income taxes:

Income tax assets and liabilities are measured at the amount that is expected to be realized or incurred upon ultimate settlement with taxation authorities. Such assessments are based upon the applicable income tax legislation, regulations and interpretations, all of which may be subject to change and interpretation. Investment tax credit assets, disclosed in note 18, are recognized as a reduction of the related expenses in the year in which the expenses are incurred, provided there is reasonable assurance that the credits will be realized. Management has made estimates and assumptions in determining the expenditures eligible for the investment tax credits claim and the amount could be materially different from the recorded amount upon review by the government. Deferred income tax assets, disclosed in note 18, are recognized to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

If the assessment of the Company's ability to utilize the deferred income tax asset changes, the Company would be required to recognize more or fewer deferred income tax assets, which would increase or decrease income tax expense in the period in which this is determined. The Company establishes provisions based on reasonable estimates for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous taxation audits and differing interpretations of tax regulations by the taxable entity and the respective tax authority. These provisions for uncertain tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all the relevant factors. The Company reviews the adequacy of these provisions at each quarter; however, it is possible that at some future date an additional liability could result from audits by the taxation authorities. Where the final tax outcome of these matters is different from the amount initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(d) Stock-based payment transactions:

The Company measures the cost of transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for stock-based payment transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the future forfeiture rate, the expected life of the share option, weighted average risk-free interest rate, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for stock-based payment transactions are disclosed in note 19.

(e) Employee benefits:

The cost of defined benefit pension plans, the cost of other long-term employee benefit plans and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Further details about the assumptions used are provided in note 15.

(f) Fair value measurement:

Acquisitions that meet the definition of a business combination require the Company to recognize the assets acquired and liabilities assumed at their fair value on the date of the acquisition. The calculation of fair value of the assets and liabilities may require the use of estimates and assumptions, based on discounted cash flows, market information and using independent valuations and management's best estimates.

5. Acquisitions

(i) On December 3, 2021, the Company completed its acquisition of 100% of the shares of SP Industries, Inc. ("SP"), a designer and manufacturer of high-grade biopharma processing equipment, life sciences equipment and lab apparatus products. The total purchase price paid upon finalization of working capital adjustments was $583,927 ($454,878 U.S.).

Cash used in investing activities was determined as follows:

Cash consideration	$	583,927
Less: cash acquired		(12,902)
	$	571,025

The allocation of the purchase price at fair value is as follows:

Purchase price allocation		
Cash	$	12,902
Other current assets		94,155
Property, plant and equipment		26,676
Right-of-use assets		9,430
Intangible assets with a definite life		
Technology		90,501
Customer relationships		80,360
Other		11,852
Intangible assets with an indefinite life		
Brand		68,550
Current liabilities		(60,552)
Other long-term liabilities		(8,013)
Deferred income tax liability		(62,138)
Net identifiable assets	$	263,723
Residual purchase price allocated to goodwill		320,204
Purchase consideration	$	583,927

Current assets include accounts receivable of $29,936, representing gross contractual amounts receivable of $31,384 less management's best estimate of the contractual cash flows not expected to be collected of $1,448.

The primary factors that contributed to a residual purchase price that resulted in the recognition of goodwill are: the acquired workforce; access to growth opportunities in new markets and with existing customers; and the combined strategic value to the Company's growth plan. The amounts assigned to goodwill and intangible assets are not expected to be deductible for tax purposes. This acquisition was accounted for as a business combination with the Company as the acquirer of SP. The purchase method of accounting was used and the earnings were consolidated from the acquisition date, December 3, 2021. SP contributed approximately $75,153 in revenue and $15,293 in net loss from the acquisition date, December 3, 2021 to March 31, 2022. If SP had been acquired at the beginning of ATS' fiscal year (April 1, 2021), the Company estimates that revenues and net income of the combined SP and ATS entity for the fiscal year ended March 31, 2022 would have been approximately $150,306 higher and $30,587 lower, respectively.

(ii) On September 1, 2021, the Company completed its acquisition of 100% of the shares of NCC Automated Systems, Inc. ("NCC"), a provider of engineered to order sanitary automation solutions and stand-alone precision conveyance equipment. The total purchase price was $56,878 ($45,059 U.S.). Cash consideration paid in the second quarter of fiscal 2022 was $55,956 ($44,329 U.S.), which does not include cash acquired of $6,277 ($4,973 U.S.). The balance is related to the fair value of an earn-out to be paid within two fiscal years of the acquisition date if certain performance targets are met.

Cash used in investing activities was determined as follows:

Cash consideration	$	55,956
Less: cash acquired		(6,277)
	$	49,679

The allocation of the purchase price at fair value is as follows:

Purchase price allocation		
Cash	$	6,277
Other current assets		13,245
Property, plant and equipment		6,797
Intangible assets with a definite life		
Technology		4,418
Customer relationships		15,021
Other		1,369
Intangible assets with an indefinite life		
Brand		3,282
Current liabilities		(10,283)
Deferred income tax liability		(5,798)
Other long-term liabilities		(105)
Net identifiable assets	$	34,223
Residual purchase price allocated to goodwill		22,655
	$	56,878

Current assets include accounts receivable of $6,617, representing the fair value of accounts receivable expected to be collected.

The primary factors that contributed to a residual purchase price that resulted in the recognition of goodwill are: the acquired workforce; access to growth opportunities in new markets and with existing customers; and the combined strategic value to the Company's growth plan. The amounts assigned to goodwill and intangible assets are not expected to be deductible for tax purposes. This acquisition was accounted for as a business combination with the Company as the acquirer of NCC. The purchase method of accounting was used and the earnings were consolidated from the acquisition date, September 1, 2021. NCC contributed approximately $21,997 in revenue and $2,384 in net loss from the acquisition date, September 1, 2021 to March 31, 2022. If NCC had been acquired at the beginning of ATS' fiscal year (April 1, 2021), the Company estimates that revenues and net income of the combined NCC and ATS entity for the fiscal year ended March 31, 2022 would have been approximately $15,712 higher and $1,703 lower, respectively.

(iii) On June 1, 2021, the Company completed its acquisition of 100% of the shares of BioDot, Inc. ("BioDot"), a leading manufacturer of automated fluid dispensing systems. The total purchase price paid upon finalization of working capital adjustments was $107,061 ($88,693 U.S.).

Cash used in investing activities was determined as follows:

Cash consideration	$	107,061
Less: cash acquired		(6,918)
	$	100,143

The allocation of the purchase price at fair value is as follows:

Purchase price allocation		
Cash	$	6,918
Other current assets		27,653
Property, plant and equipment		241
Right-of-use assets		1,281
Intangible assets with a definite life		
Technology		6,398
Customer relationships		46,473
Other		3,750
Intangible assets with an indefinite life		
Brand		10,019
Current liabilities		(15,532)
Deferred income tax liability		(18,038)
Other long-term liabilities		(920)
Net identifiable assets	$	68,243
Residual purchase price allocated to goodwill		38,823
Total net identifiable assets acquired	$	107,066
Less: Non-controlling interests		5
Purchase consideration	$	107,061

Current assets include accounts receivable of $10,166, representing the fair value of accounts receivable expected to be collected.

The primary factors that contributed to a residual purchase price that resulted in the recognition of goodwill are: the acquired workforce; access to growth opportunities in new markets and with existing customers; and the combined strategic value to the Company's growth plan. The amounts assigned to goodwill and intangible assets are not expected to be deductible for tax purposes. This acquisition was accounted for as a business combination with the Company as the acquirer of BioDot. The purchase method of accounting was used and the earnings were consolidated from the acquisition date, June 1, 2021. BioDot contributed approximately $51,661 in revenue and $6,061 in net income from the acquisition date, June 1, 2021 to March 31, 2022. If BioDot had been acquired at the beginning of ATS' fiscal year (April 1, 2021), the Company estimates that revenues and net income of the combined BioDot and ATS entity for the fiscal year ended March 31, 2022 would have been approximately $10,332 and $1,212 higher, respectively.

(iv) On June 2, 2021, the Company completed its acquisition of 100% of the shares of Control and Information Management Ltd. ("CIM"), an industrial automation system integrator based in Ireland. The total purchase price paid in the first quarter of fiscal 2022 was $19,748 (13,405 Euros).

On August 6, 2021, the Company completed its acquisition of 100% of the shares of BLSG AG. ("BLSG"), a consulting company specializing in process engineering and operational excellence. The total purchase price paid in the second quarter of fiscal 2022 was $1,813 (1,227 Euros).

On November 30, 2021, the Company completed its acquisition of 100% of the shares of DF S.r.l. ("DF"), a specialized manufacturer of pharmaceutical processing and packaging equipment and systems. The total purchase price was $13,248 (9,147 Euros). Cash consideration paid in the third quarter of fiscal 2022 was $11,437 (7,897 Euros). Included in the purchase price is contingent consideration of up to $1,811 (1,250 Euros) which is payable if certain performance targets are met within one year of the acquisition date.

On December 30, 2021, the Company completed its acquisition of 100% of the shares of HSG Engineering S.r.l. ("HSG"), an independent provider of complete automation solutions for the process and manufacturing industries. The total purchase price was $17,177 (11,906 Euros). Cash consideration paid in the fourth quarter of fiscal 2022 was $5,194 (3,600 Euros). Upon finalization of the working capital $6,356 (4,406 Euros) was paid in the first quarter of fiscal 2023. The purchase price includes deferred consideration of $5,627 (3,900 Euros) to be paid within 48 months of the acquisition date.

Cash used in investing activities for the four acquisitions was determined as follows:

Cash consideration	$	38,192
Less: cash acquired		(14,021)
	$	24,171

The allocation of the purchase price at fair value for the four acquisitions is as follows:

Purchase price allocation		
Cash	$	14,021
Other current assets		14,575
Property, plant and equipment		425
Right-of-use assets		227
Intangible assets with a definite life		
Technology		10,898
Customer relationships		2,515
Other		330
Brand		5,030
Current liabilities		(10,719)
Deferred income tax liability		(4,114)
Other long-term liabilities		(1,029)
Net identifiable assets	$	32,159
Residual purchase price allocated to goodwill		19,827
	$	51,986

Current assets include accounts receivable of $11,075, representing the fair value of accounts receivable expected to be collected.

The primary factors that contributed to a residual purchase price that resulted in the recognition of goodwill are: the acquired workforce; access to growth opportunities in new markets and with existing customers; and the combined strategic value to the Company's growth plan. The amounts assigned to goodwill and intangible assets are not expected to be deductible for tax purposes. These acquisitions were accounted for as a business combination with the Company as the acquirer of CIM, BLSG, DF and HSG. The purchase method of accounting was used with an acquisition date of June 2, 2021 for CIM, August 6, 2021 for BLSG, November 30, 2021 for DF, and December 30, 2021 for HSG.

(v) On March 12, 2021, the Company announced results for the voluntary tender offer to acquire 100% of the outstanding shares and voting rights of CFT. As a result of the tender offer and subsequent shareholder approval, the Company acquired 97% of CFT's outstanding shares. CFT is a global supplier of automated processing and packaging equipment to the food & beverage equipment market. The total purchase price paid in the fourth quarter of fiscal 2021 was $127,181 (85,413 Euros), which does not include debt of $119,120 (80,000 Euros) which was repaid subsequent to the acquisition date. During the year ended March 31, 2022, changes to the purchase price allocation resulted in increases to working capital of $3,471, intangible assets of $17,719, the deferred tax liability of $4,586, other long-term liabilities of $3,797, non-controlling interest of $2,300 and decreases in property, plant and equipment of $11,023 and goodwill of $4,084.

During the three months ended December 26, 2021, the Company acquired the minority interest of two CFT subsidiaries, increasing its ownership from 75% to 100% in each of the subsidiaries. Cash consideration paid in the third quarter of fiscal 2022 was $14,690 (10,070 Euros).

During the three months ended March 31, 2022, the Company paid $23,098 (16,700 Euros) to settle a put option liability which was issued to a minority shareholder of a CFT subsidiary.

Cash used in investing activities was determined as follows:

Cash consideration	$	127,181
Less: cash acquired		(61,708)
	$	65,473

The allocation of the purchase price at fair value is as follows:

Purchase price allocation		
Cash	$	61,708
Other current assets		179,913
Property, plant and equipment		51,804
Right-of-use assets		23,123
Intangible assets with a definite life		
Technology		57,922
Customer relationships		11,763
Other		6,682
Intangible assets with an indefinite life		
Brand		23,675
Current liabilities		(179,719)
Debt		(119,120)
Deferred income tax liability		(17,708)
Other long-term liabilities		(50,006)
Net identifiable assets	$	50,037
Residual purchase price allocated to goodwill		91,441
Total net identifiable assets acquired	$	141,478
Less: Non-controlling interests		14,297
Purchase consideration	$	127,181

Current assets include accounts receivable of $76,137, representing the fair value of accounts receivable expected to be collected.

The primary factors that contributed to a residual purchase price that resulted in the recognition of goodwill are: the acquired workforce; access to growth opportunities in new markets and with existing customers; and the combined strategic value to the Company's growth plan. The amounts assigned to goodwill and intangible assets are not expected to be deductible for tax purposes. This acquisition was accounted for as a business combination with the Company as the acquirer of CFT. The purchase method of accounting was used and the earnings were consolidated from March 31, 2021.

(vi) On November 24, 2020, the Company completed its acquisition of 100% of the shares of Inimco CV ("Inimco"). Inimco is a Belgium-based company that offers knowledge, resources and IoT-based solutions for the process and manufacturing industry on MS Azure and equivalent platforms. The total purchase price was $5,441 (3,519 Euros). Cash consideration paid in the third quarter of fiscal 2021 was $3,895 (2,519 Euros). Included in the purchase price is contingent consideration of up to $1,546 (1,000 Euros) which is payable if certain performance targets are met within three fiscal years of the acquisition date.

Cash used in investing activities was determined as follows:

Cash consideration	$	3,895
Less: cash acquired		(845)
	$	3,050

The allocation of the purchase price at fair value is as follows:

Purchase price allocation		
Cash	$	845
Other current assets		603
Property, plant and equipment		50
Intangible assets with a definite life		
Technology		1,392
Other		160
Brands		464
Current liabilities		(303)
Long-term debt		(51)
Deferred income tax liability		(464)
Net identifiable assets	$	2,696
Residual purchase price allocated to goodwill		2,745
	$	5,441

Current assets include accounts receivable of $591, representing gross contractual amounts receivable of $591 less management's best estimate of the contractual cash flows not expected to be collected of $nil.

The primary factors that contributed to a residual purchase price that resulted in the recognition of goodwill are: the acquired workforce; access to growth opportunities in new markets and with existing customers; and the combined strategic value to the Company's growth plan. The amounts assigned to goodwill and intangible assets are not expected to be deductible for tax purposes. This acquisition was accounted for as a business combination with the Company as the acquirer of Inimco. The purchase method of accounting was used and the earnings were consolidated from the acquisition date, November 24, 2020. Inimco contributed approximately $1,150 in revenue and $92 in net income during the four months ended March 31, 2021. If Inimco had been acquired at the beginning of ATS' fiscal year (April 1, 2020), the Company estimates that revenues and net income of the combined Inimco and ATS entity for the year ending March 31, 2021 would have been approximately $3,450 and $275 higher, respectively.

6. Inventories

As at		March 31, 2022		March 31, 2021
Raw materials	$	103,978	$	58,133
Work in progress		76,880		67,002
Finished goods		27,015		12,876
	$	207,873	$	138,011

The amount charged to net income and included in cost of revenues for the write-down of inventories for valuation issues during the year ended March 31, 2022 was $1,843 (March 31, 2021 – $1,283). The amount of inventories carried at net realizable value as at March 31, 2022 was $138 (March 31, 2021 – $132). For the year ended March 31, 2022, the Company recognized expense related to cost of inventories of $792,617 (March 31, 2021 – $500,735), in cost of revenues in the consolidated statements of income.

7. Deposits, Prepaids and Other Assets

As at	Note	March 31, 2022	March 31, 2021
Prepaid assets		$ 21,914	$ 16,248
Supplier deposits		30,992	16,777
Current portion of investment tax credit receivable	18	26,334	–
Forward foreign exchange contracts		5,578	4,782
		$ 84,818	$ 37,807

8. Right-of-Use Assets and Lease Liabilities

Changes in the net balance of right-of-use assets during the year ended March 31, 2022 and March 31, 2021 were as follows:

	Note	Buildings	Vehicles and equipment	Total
Balance, at March 31, 2020		$ 50,322	$ 10,834	$ 61,156
Additions		5,296	4,078	9,374
Amortization		(10,497)	(5,614)	(16,111)
Acquisition of subsidiaries	5	20,742	2,381	23,123
Exchange and other adjustments		(4,846)	(126)	(4,972)
Balance, at March 31, 2021		$ 61,017	$ 11,553	$ 72,570
Additions		18,586	7,036	25,622
Amortization		(15,621)	(6,581)	(22,202)
Acquisition of subsidiaries	5	10,449	489	10,938
Exchange and other adjustments		(4,926)	(713)	(5,639)
Balance, at March 31, 2022		**$ 69,505**	**$ 11,784**	**$ 81,289**

Changes in the balance of lease liabilities during the year ended March 31, 2022 and March 31, 2021 were as follows:

	Note	2022	2021
Balance, at April 1		$ 72,961	$ 62,905
Additions		25,622	9,374
Interest		3,730	2,820
Payments		(23,277)	(18,024)
Acquisition of subsidiaries	5	11,062	21,338
Exchange and other adjustments		(7,278)	(5,452)
Balance, at March 31		$ 82,820	$ 72,961
Less: current portion		19,964	15,197
		$ 62,856	$ 57,764

The right-of-use assets and lease liabilities relate to leases of real estate properties, automobiles and other equipment. For the year ended March 31, 2022, the Company recognized expense related to short-term and low-value leases of $2,117 (March 31, 2021 – $2,308), in cost of revenues, and $1,778 (March 31, 2021 – $1,020), in selling, general and administrative expenses in the consolidated statements of income.

The annual lease obligations for the next five years and thereafter are as follows:

As at	March 31, 2022
Less than one year	$ 22,829
One – two years	19,337
Two – three years	16,459
Three – four years	11,178
Four – five years	9,096
Due in over five years	14,786
Total undiscounted lease liabilities	$ 93,685

The Company does not face a significant liquidity risk in regard to its lease obligations.

9. Other Assets and Liabilities

Other assets consist of the following:

As at	March 31, 2022	March 31, 2021
Cross-currency interest rate swap instrument(i)	$ 18,004	$ 5,135
Other	627	747
Total	$ 18,631	$ 5,882

Other liabilities consist of the following:

As at	March 31, 2022	March 31, 2021
Cross-currency interest rate swap instrument(i)	$ 3,935	$ 1,478
Put option liability(ii)	–	24,827
Total	$ 3,935	$ 26,305

(i) Subsequent to March 31, 2022, on April 20, 2022, the Company settled the cross-currency interest rate swap instrument to swap U.S. $175,000 into Canadian dollars that was outstanding on March 31, 2022. The Company received interest of 4.125% U.S. per annum and paid interest of 4.257% Canadian. The Company also settled a cross-currency interest rate swap instrument to swap 143,855 Euros into Canadian dollars that was outstanding on March 31, 2022. The Company received interest of 4.257% Canadian per annum and paid interest of 3.145% Euros. The Company received $17,247 to settle the cross-currency swaps.

Subsequent to March 31, 2022, the Company entered into a cross-currency interest rate swap instrument on April 20, 2022, to swap U.S. $175,000 into Canadian dollars to hedge a portion of its foreign exchange risk related to its U.S. dollar-denominated Senior Notes. The Company will receive interest of 4.125% U.S. per annum and pay interest of 4.169% Canadian. The terms of the hedging instrument will end on December 15, 2025.

Subsequent to March 31, 2022, the Company entered into a cross-currency interest rate swap instrument on April 20, 2022, to swap 161,142 Euros into Canadian dollars. The Company will receive interest of 4.169% Canadian per annum and pay interest of 2.351% Euros. The terms of the hedging relationship will end on December 15, 2025.

(ii) During the year ended March 31, 2022, the Company settled the put option liability which was issued to a minority shareholder of a CFT subsidiary. The amount reported at March 31, 2021 represented the fair value of the exercise value of the option.

10. Property, Plant and Equipment

	Note	Land	Buildings and leaseholds	Production equipment	Other equipment	Total
Cost:						
Balance, at March 31, 2020		$ 29,303	$ 115,531	$ 17,217	$ 68,683	$ 230,734
Additions		37	11,208	2,678	7,618	21,541
Acquisition of subsidiaries	5	5,767	26,664	10,942	8,481	51,854
Disposals		(1,479)	(20,671)	(1,382)	(8,747)	(32,279)
Exchange and other adjustments		(1,816)	10,072	(2,674)	(20,306)	(14,724)
Balance, at March 31, 2021		$ 31,812	$ 142,804	$ 26,781	$ 55,729	$ 257,126
Additions		1,072	18,096	5,900	11,241	36,309
Acquisition of subsidiaries	5	2,947	18,911	6,505	5,776	34,139
Disposals		–	(607)	(2,404)	(3,423)	(6,434)
Exchange and other adjustments		(1,155)	(18,046)	528	10,209	(8,464)
Balance, at March 31, 2022		**$ 34,676**	**$ 161,158**	**$ 37,310**	**$ 79,532**	**$ 312,676**

	Land	Buildings and leaseholds	Production equipment	Other equipment	Total
Depreciation:					
Balance, at March 31, 2020	$ –	$ (44,571)	$ (9,133)	$ (40,746)	$ (94,450)
Depreciation expense	–	(4,423)	(2,091)	(8,306)	(14,820)
Disposals	–	17,377	1,260	8,184	26,821
Exchange and other adjustments	–	2,495	2,128	996	5,619
Balance, at March 31, 2021	$ –	$ (29,122)	$ (7,836)	$ (39,872)	$ (76,830)
Depreciation expense	–	(6,465)	(4,902)	(9,550)	(20,917)
Disposals	–	227	2,236	3,154	5,617
Exchange and other adjustments	–	700	(730)	1,607	1,577
Balance, at March 31, 2022	**$ –**	**$ (34,660)**	**$ (11,232)**	**$ (44,661)**	**$ (90,553)**
Net book value:					
At March 31, 2022	**$ 34,676**	**$ 126,498**	**$ 26,078**	**$ 34,871**	**$ 222,123**
At March 31, 2021	$ 31,812	$ 113,682	$ 18,945	$ 15,857	$ 180,296

Included in building and leaseholds as at March 31, 2021 was $7,587 (none at March 31, 2022) of assets that relate to the expansion and improvement of certain manufacturing facilities and had not been depreciated. Included in other equipment as at March 31, 2022 is $5,489 (March 31, 2021 – $2,353) of assets that are under construction and have not been depreciated.

During the year ended March 31, 2021, the Company completed the sale of a building made redundant due to the Company's previously completed reorganization. The building had a net book value of $3,043, the Company received net proceeds of $8,382 and recognized a gain of $5,339 in selling, general and administrative expenses in the consolidated financial statements (see note 14).

11. Goodwill

The carrying amount of goodwill acquired through business combinations has been allocated to a group of CGUs that combine to form a single operating segment, Automation Systems, as follows:

As at	Note		2022		2021
Balance, at April 1		$	667,016	$	608,243
Acquisition of subsidiaries	5		401,509		94,186
Foreign exchange			(43,735)		(35,413)
Balance, at March 31		$	1,024,790	$	667,016

The Company performed its annual impairment test of goodwill as at March 31, 2022. The recoverable amount of the group of CGUs is determined based on fair value less costs of disposal using a capitalized EBITDA approach. The approach requires management to estimate maintainable future EBITDA and capitalize this amount by rates of return which incorporate the specific risks and opportunities facing the business. EBITDA includes income before income taxes, net finance costs, depreciation and amortization.

In determining a maintainable future EBITDA, the historical operating results for the five years ended March 31, 2022 were compared to the budgeted results for the year ending March 31, 2023, as presented to and approved by the Board. Non-recurring and unusual items have been adjusted in order to normalize past EBITDA. Management selected capitalization rates in the range of 5.88% to 7.04% for the calculation of the reasonable range of capitalized EBITDA. These capitalization rates were based on EBITDA multiples which incorporate specific risks and opportunities facing the Company. The inputs used in the calculation are level three of the fair value hierarchy. As a result of the analysis, management did not identify impairment for this group of CGUs.

Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the group of CGUs.

12. Intangible Assets

	Note	Development projects	Computer software, licenses and other	Technology	Customer relationships	Brands(i)	Total
Cost:							
Balance, at March 31, 2020		$ 28,252	$ 52,718	$ 90,301	$ 203,130	$ 54,645	$ 429,046
Additions		6,165	3,866	–	–	–	10,031
Acquisition of subsidiaries	5	160	6,681	59,314	11,764	24,140	102,059
Disposals		–	(5,177)	–	–	–	(5,177)
Exchange and other adjustments		(1,104)	(7,605)	(4,283)	(12,207)	(2,911)	(28,110)
Balance, at March 31, 2021		$ 33,473	$ 50,483	$ 145,332	$ 202,687	$ 75,874	$ 507,849
Additions		12,851	3,753	353	–	–	16,957
Acquisition of subsidiaries	5	–	17,301	112,215	144,369	86,881	360,766
Disposals		(431)	(452)	–	–	–	(883)
Exchange and other adjustments		2,720	(2,841)	(10,766)	(11,414)	(6,329)	(28,630)
Balance, at March 31, 2022		**$ 48,613**	**$ 68,244**	**$ 247,134**	**$ 335,642**	**$ 156,426**	**$ 856,059**

	Development projects	Computer software, licenses and other	Technology	Customer relationships	Brands(i)	Total
Amortization:						
Balance, at March 31, 2020	$ (14,862)	$ (37,215)	$ (25,237)	$ (127,197)	$ (4,366)	$ (208,877)
Amortization	(2,539)	(3,961)	(12,184)	(20,142)	(1,161)	(39,987)
Disposals	–	5,123	–	–	–	5,123
Exchange and other adjustments	513	6,927	1,941	8,464	271	18,116
Balance, at March 31, 2021	$ (16,888)	$ (29,126)	$ (35,480)	$ (138,875)	$ (5,256)	$ (225,625)
Amortization	(3,489)	(19,658)	(20,797)	(27,473)	(885)	(72,302)
Disposals	269	439	–	–	–	708
Exchange and other adjustments	(3,322)	1,215	2,770	8,320	357	9,340
Balance, at March 31, 2022	**$ (23,430)**	**$ (47,130)**	**$ (53,507)**	**$ (158,028)**	**$ (5,784)**	**$ (287,879)**
Net book value:						
At March 31, 2022	**$ 25,183**	**$ 21,114**	**$ 193,627**	**$ 177,614**	**$ 150,642**	**$ 568,180**
At March 31, 2021	$ 16,585	$ 21,357	$ 109,852	$ 63,812	$ 70,618	$ 282,224

(i) The Company has assessed a portion of its brand intangible assets to have a useful life of two to five years. The carrying amount of the intangible assets estimated to have an indefinite life as at March 31, 2022 was $146,358 (March 31, 2021 – $68,526).

Research and development costs that are not eligible for capitalization have been expensed and are recognized in cost of revenues.

The Company performed its annual impairment test of indefinite-lived intangible assets as at March 31, 2022. The recoverable amount of the related CGUs was estimated based on a value in use calculation using the present value of the future cash flows expected to be derived by the related subsidiaries. This approach requires management to estimate cash flows that include EBIT less income taxes, depreciation and amortization and capital expenditures.

In determining future cash flows, the budgeted results for the year ending March 31, 2023, as presented to and approved by the Board, were extrapolated for a five-year period, followed by a terminal calculation based on the fifth year forecasted amount. The estimated cash flows are based on historical data and past experience of operating within the marketplace. The revenue growth rate used for the intangible asset impairment testing of indefinite-lived brands was 3%. The terminal growth rates used were between 2% and 3%. The rates used to project cash flows are based on management's expectations for the growth of the cash generating unit and do not exceed long-term average growth rates for the markets in which the cash generating units operate. Management used a pre-tax discount rate of 15% to determine the present value of future cash flows. As a result of the analysis, management did not identify an impairment of the indefinite-lived intangible assets and any reasonable change in assumptions would not result in impairment.

13. Financial Instruments and Risk Management

(a) Summary of financial instruments:

(i) Categories of financial instruments:

The carrying values of the Company's financial instruments are classified into the following categories:

As at				March 31, 2022
	Fair value through profit or loss	Amortized cost	Fair value through other comprehensive income	Total carrying value
Financial assets:				
Cash and cash equivalents(i)	$ –	$ 135,282	$ –	$ 135,282
Trade accounts receivable	–	325,791	–	325,791
Financial liabilities:				
Bank indebtedness	–	(1,766)	–	(1,766)
Trade accounts payable and accrued liabilities	–	(450,967)	–	(450,967)
Long-term debt	–	(1,016,711)	–	(1,016,711)
Derivative instruments:				
Held for trading derivatives that are not designated in hedge accounting relationships – gain(ii)	1,059	–	–	1,059
Derivative instruments in designated accounting relationships – gain(ii)	–	–	1,836	1,836
Cross-currency interest rate swap – gain(iii)	–	–	14,069	14,069

As at				March 31, 2021
	Fair value through profit or loss	Amortized cost	Fair value through other comprehensive income	Total carrying value
Financial assets:				
Cash and cash equivalents(i)	$ –	$ 187,467	$ –	$ 187,467
Trade accounts receivable	–	265,467	–	265,467
Financial liabilities:				
Bank indebtedness	–	(1,106)	–	(1,106)
Trade accounts payable and accrued liabilities	–	(348,450)	–	(348,450)
Long-term debt	–	(430,713)	–	(430,713)
Put option	(24,827)	–	–	(24,827)
Derivative instruments:				
Held for trading derivatives that are not designated in hedge accounting relationships – gain(ii)	1,893	–	–	1,893
Derivative instruments in designated hedge accounting relationships – gain(ii)	–	–	1,844	1,844
Cross-currency interest rate swap – gain(iii)	–	–	3,657	3,657

(i) Cash and cash equivalents is in the form of deposits on demand with major financial institutions. Cash equivalents were nil during the years ended March 31, 2022 and March 31, 2021.

(ii) Derivative financial instruments in a gain position are included in deposits, prepaids and other assets, and derivative financial instruments in a loss position are included in accounts payable and accrued liabilities on the consolidated statements of financial position.

(iii) The cross-currency interest rate swap instrument in a gain position is included in other assets on the consolidated statements of financial position. The cross-currency interest rate swap instrument in a loss position is included in other long-term liabilities on the consolidated statements of financial position.

During the years ended March 31, 2022 and March 31, 2021, there were no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

(ii) Fair value measurements:

The following table summarizes the Company's financial instruments that are carried or disclosed at fair value and indicates the fair value hierarchy that reflects the significance of the inputs used in making the measurements:

As at					March 31, 2022
	Carrying value	Level 1	Level 2	Level 3	Fair value total
Measured at fair value:					
Held for trading derivatives that are not designated in hedge accounting relationships	$ 1,059	$ –	$ 1,059	$ –	$ 1,059
Derivative instruments in designated hedge accounting relationships	1,836	–	1,836	–	1,836
Cross-currency interest rate swap	14,069	–	14,069	–	14,069
Disclosed at fair value:					
Long-term debt	(1,016,711)	–	(990,302)	–	(990,302)

As at					March 31, 2021
	Carrying value	Level 1	Level 2	Level 3	Fair value total
Measured at fair value:					
Held for trading derivatives that are not designated in hedge accounting relationships	$ 1,893	$ –	$ 1,893	$ –	$ 1,893
Derivative instruments in designated hedge accounting relationships	1,844	–	1,844	–	1,844
Cross-currency interest rate swap	3,657	–	3,657	–	3,657
Disclosed at fair value:					
Long-term debt	(430,713)	–	(427,063)	–	(427,063)
Put option	(24,827)	–	–	(24,827)	(24,827)

The estimated fair values of cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities approximate their respective carrying values due to the short period to maturity. The estimated fair value of long-term debt borrowings under the Credit Facility and other facilities approximates the carrying value due to interest rates approximating current market values. The estimated fair value of the long-term debt Senior Notes reflects the current trading price.

Derivative financial instruments are carried at fair value. The fair value of the Company's derivative instruments is estimated using a discounted cash flow technique incorporating inputs that are observable in the market or can be derived from observable market data. The derivative contract counterparties are highly rated multinational financial institutions.

During the years ended March 31, 2022 and March 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

(b) Risks arising from financial instruments and risk management:

The Company manages its market risk through the use of various financial derivative instruments. The Company uses these instruments to mitigate exposure to fluctuations in foreign exchange rates. The Company's strategy, policies and controls are designed to ensure that the risks it assumes comply with the Company's internal objectives and its risk tolerance. The Company does not enter into derivative financial agreements for speculative purposes. As such, any change in cash flows associated with derivative instruments is designed to be offset by changes in cash flows of the relevant risk being hedged.

When appropriate, the Company applies hedge accounting. Hedging does not guard against all risks and is not always effective. The Company may recognize financial losses as a result of volatility in the market values of these contracts. The fair values of these instruments represent the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value of these derivatives is determined using valuation techniques such as discounted cash flow analysis. The valuation technique incorporates all factors that would be considered in setting a price, including the Company's own credit risk as well as the credit risk of the counterparty.

Foreign currency risk

The Company transacts business in multiple currencies, the most significant of which are the Canadian dollar, the U.S. dollar and the Euro. As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies that may have an impact on operating results and cash flows. The types of foreign exchange risk can be categorized as follows:

Translation exposure

Each foreign operation's assets and liabilities are translated from the subsidiary's functional currency into Canadian dollars using the exchange rates in effect at the consolidated statement of financial position date. Unrealized translation gains and losses are deferred and included in accumulated other comprehensive income. The cumulative currency translation adjustments are recognized in income when there has been a reduction in the net investment in the foreign operations.

Foreign currency risks arising from the translation of assets and liabilities of foreign operations into the Company's functional currency are hedged under certain circumstances. The Company has assessed the net foreign currency exposure of operations relative to their own functional currency. A fluctuation of +/- 5% in the Euro and U.S. dollar, provided as an indicative range in a volatile currency environment, would, everything else being equal, have an effect on accumulated other comprehensive income for the year ended March 31, 2022 of approximately +/- $78,351 and $47,561, respectively (2021 +/- $62,454 and $15,046), and on income before income taxes for the year ended March 31, 2022 of approximately +/- $349 and $1,555, respectively (2021 +/- $93 and $1,701).

Foreign-currency-based earnings are translated into Canadian dollars each period at prevailing rates. As a result, fluctuations in the value of the Canadian dollar relative to these other currencies will impact reported net income.

Transaction exposure

The Company generates significant revenues in foreign currencies, which exceed the natural hedge provided by purchases of goods and services in those currencies. The Company's risk management objective is to reduce cash flow risk related to foreign currency-denominated cash flows. In order to manage foreign currency exposure in subsidiaries that have transaction exposure in currencies other than the subsidiary's functional currency, the Company enters into forward foreign exchange contracts. The timing and amount of these forward foreign exchange contracts are estimated based on existing customer contracts on hand or anticipated, current conditions in the Company's markets and the Company's past experience. As such, there is not a material transaction exposure.

The Company's U.S. dollar-denominated Senior Notes are translated into Canadian dollars at the foreign exchange rate in effect at the consolidated statement of financial position dates. As a result, the Company is exposed to foreign currency translation gains and losses. The Company uses cross-currency interest rate swaps as derivative financial instruments to hedge a portion of its foreign exchange risk related to the Senior Notes. The balance of the Senior Notes is designated as a hedge of the U.S. dollar-denominated net investment in foreign operations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In relation to its debt financing, the Company is exposed to changes in interest rates, which may impact the Company's borrowing costs. Floating rate debt exposes the Company to fluctuations in short-term interest rates. The Company manages interest rate risk on a portfolio basis and seeks financing terms in individual arrangements that are most advantageous taking into account all relevant factors, including credit margin, term and basis. The risk management objective is to minimize the potential for changes in interest rates to cause adverse changes in cash flows to the Company. As at March 31, 2022, $1,753 or 0.2% (March 31, 2021 – $1,106 or 0.3%) of the Company's total debt is subject to movements in floating interest rates. A +/- 1% change in interest rates in effect for the fiscal year would, all things being equal, have an impact of +/- $18 on income before income taxes for the year ended March 31, 2022 (March 31, 2021 +/- $11).

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist mainly of cash and cash equivalents, accounts receivable, contract assets and derivative financial instruments. The carrying values of these assets represent management's assessment of the associated maximum exposure to such credit risk. Cash and cash equivalents are held by major financial institutions. Substantially all of the Company's trade accounts receivable and contract assets are due from customers in a variety of industries and, as such, are subject to normal credit risks from their respective industries. The Company regularly monitors customers for changes in credit risk. The Company does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Company's client base being primarily large, multinational customers and a portion of these balances being insured by a third party.

Trade receivables – aged by due date as at	March 31, 2022	March 31, 2021
Current	$ 254,809	$ 211,924
1 – 30 days	29,734	30,330
31 – 60 days	17,992	8,475
61 – 90 days	8,247	9,337
Over 90 days	20,225	11,428
Total	$ 331,007	$ 271,494

The movement in the Company's allowance for doubtful accounts for the years ended March 31 was as follows:

	2022	2021
Balance, at April 1	$ 6,027	$ 3,031
Provision for doubtful accounts	2,128	5,660
Amounts written off	(434)	(2,054)
Recoveries	(1,269)	(270)
Foreign exchange	(1,236)	(340)
Balance, at March 31	$ 5,216	$ 6,027

The Company minimizes credit risk associated with derivative financial instruments by only entering into derivative transactions with highly rated multinational financial institutions, in order to reduce the risk of counterparty default. The Company reviews counterparty credit ratings on a regular basis and sets credit limits when deemed necessary.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. The Company's process for managing liquidity risk includes ensuring, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due. The Company requires authorizations for expenditures on projects and prepares annual capital expenditure budgets to assist with the management of capital. The Company's accounts payable primarily have contractual maturities of less than 90 days, and the contractual cash flows equal their carrying values.

Trade payables – aged by due date as at	March 31, 2022	March 31, 2021
0 – 30 days	$ 138,274	$ 99,480
31 – 60 days	15,768	9,267
61 – 90 days	9,648	4,414
Over 90 days	8,952	4,938
Total	$ 172,642	$ 118,099

As at March 31, 2022, the Company was holding cash and cash equivalents of $135,282 (March 31, 2021 – $187,467) and had unutilized lines of credit of $228,947 (March 31, 2021 – $775,809). The Company expects that continued cash flows from operations in fiscal 2023, together with cash and cash equivalents on hand and available credit facilities, will be more than sufficient to fund its requirements for investments in working capital, property, plant and equipment and strategic investments including some potential acquisitions, and that the Company's credit ratings provide reasonable access to capital markets to facilitate future debt issuance.

The Company's long-term debt obligations and scheduled interest payments are presented in note 16.

(c) Hedge accounting and risk management contracts:

Cash flow hedges – foreign currency risk of forecasted purchases and sales

The Company manages foreign exchange risk on its highly probable forecasted revenue and purchase transactions denominated in various foreign currencies. The Company has identified foreign exchange fluctuation risk as the hedged risk. To mitigate the risk, forward currency contracts are designated as the hedging instrument and are entered into to hedge a portion of the purchases and sales. The forward currency contracts limit the risk of variability in cash flows arising from foreign currency fluctuations. The Company has established a hedge ratio of 1:1 for all of its hedging relationships. The Company has identified counterparty credit risk as the only potential source of hedge ineffectiveness.

Cash flow hedges – foreign currency risk on foreign-currency-denominated Senior Notes

The Company uses cross-currency interest rate swaps as derivative financial instruments to hedge a portion of its foreign exchange risk related to its U.S. dollar-denominated Senior Notes. The Company holds a cross-currency interest rate swap instrument to swap U.S. $175,000 into Canadian dollars. Subsequent to March 31, 2022, the Company settled the cross-currency interest rate swap instrument to swap U.S. $175,000 into Canadian dollars that was outstanding on March 31, 2022. The Company received interest of 4.125% U.S. per annum and paid interest of 4.257% Canadian. Subsequent to March 31, 2022, the Company entered into a cross-currency interest rate swap instrument on April 20, 2022, to swap U.S. $175,000 into Canadian dollars to hedge a portion of its foreign exchange risk related to its U.S. dollar-denominated Senior Notes. The Company will receive interest of 4.125% U.S. per annum and pay interest of 4.169% Canadian. The terms of the hedging relationship will end on December 15, 2025. The Company has established a hedge ratio of 1:1 for all of its hedging relationships. The Company has identified counterparty credit risk as the only potential source of hedge ineffectiveness.

Hedge of Euro-denominated net investment in foreign operations

The Company manages foreign exchange risk on its Euro-denominated net investments. The Company uses a cross-currency interest rate swap as a derivative financial instrument to hedge a portion of the foreign exchange risk related to its Euro-denominated net investment. The Company holds a cross-currency interest rate swap instrument to swap 143,855 Euros into Canadian dollars. Subsequent to March 31, 2022, on April 20, 2022, the Company settled the cross-currency interest rate swap instrument to swap 143,855 Euros into Canadian dollars that was outstanding on March 31, 2022. The Company received interest of 4.257% Canadian per annum and paid interest of 3.145% Euros. Subsequent to March 31, 2022, the Company entered into a cross-currency interest rate swap instrument on April 20, 2022, to swap 161,142 Euros into Canadian dollars. The Company will receive interest of 4.169% Canadian per annum and pay interest of 2.351% Euros. The terms of the hedging relationship will end on December 15, 2025. The Company has established a hedge ratio of 1:1 for all of its hedging relationships. The Company has identified counterparty credit risk as the only potential source of hedge ineffectiveness.

During the years ended March 31, 2022 and March 31, 2021, expense of $1,100 and $nil, respectively, was recognized in selling, general and administrative expenses for the ineffective portion of cash flow hedges.

The following table summarizes the Company's outstanding cash flow hedge positions to buy and sell foreign currencies under forward foreign exchange contracts and cross-currency interest rate swaps:

As at								March 31, 2022
			Carrying amount		Hedging instrument	Hedged item	Cash flow hedge reserves	
Currency sold	Currency bought	Nominal amount (in CAD)	Assets	Liabilities	Changes in fair value used for calculating hedge ineffectiveness	Changes in fair value used for calculating hedge ineffectiveness	For continuing hedges	For discontinued hedges
Derivative hedging instruments[i]								
U.S. dollars	Canadian dollars	141,671	2,171	–	2,171	2,171	2,171	–
Canadian dollars	U.S. dollars	90	–	1	1	1	1	–
Euros	Canadian dollars	9,657	–	61	61	61	61	–
U.S. dollars	Euros	16,176	–	202	202	202	202	–
Euros	U.S. dollars	10,033	–	20	20	20	20	–
Euros	Thai baht	3,873	–	51	51	51	51	–
Cross-currency interest rate swap instruments[ii]								
U.S. dollars	Canadian dollars	218,803	–	3,935	(2,457)	(2,457)	3,935	–
Canadian dollars	Euros	198,966	18,004	–	12,869	12,869	18,004	–

As at								March 31, 2021
			Carrying amount		Hedging instrument	Hedged item	Cash flow hedge reserves	
Currency sold	Currency bought	Nominal amount (in CAD)	Assets	Liabilities	Changes in fair value used for calculating hedge ineffectiveness	Changes in fair value used for calculating hedge ineffectiveness	For continuing hedges	For discontinued hedges
Derivative hedging instruments[i]								
U.S. dollars	Canadian dollars	93,742	1,745	–	1,745	1,745	1,745	–
Euros	Canadian dollars	13,601	154	–	154	154	154	–
Euros	U.S. dollars	7,573	–	60	60	60	60	–
U.S. dollars	Euros	1,150	5	–	5	5	5	–
Cross-currency interest rate swap instruments[ii]								
U.S. dollars	Canadian dollars	219,905	–	1,478	(21,698)	(21,698)	1,478	8,381
Canadian dollars	Euros	211,956	5,135	–	5,135	5,135	5,135	–

(i) Derivative hedging instruments in a gain position are included in deposits, prepaids and other assets, and derivative hedging instruments in a loss position are included in accounts payable and accrued liabilities on the consolidated statements of financial position.

(ii) The cross-currency interest rate swap instrument in a gain position is included in other assets on the consolidated statements of financial position. The cross-currency interest rate swap instrument in a loss position is included in other long-term liabilities on the consolidated statements of financial position.

As at March 31, 2022, the Company is holding the following forward foreign exchange contracts to hedge the exposure on its revenues and purchases:

As at											March 31, 2022
		Less than 3 months		3 to 6 months		6 to 9 months		9 to 12 months		1 to 2 years	
Currency sold	Currency bought	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate
Revenue hedges											
Euros	U.S. dollars	1,841	1.131	–	–	–	–	–	–	1,841	1.147
U.S. dollars	Canadian dollars	67,035	1.267	29,770	1.268	12,848	1.276	7,502	1.282	20,005	1.285
Euros	Canadian dollars	3,769	1.415	2,068	1.402	388	1.409	304	1.416	–	–
U.S. dollars	Euros	9,192	0.897	2,443	0.889	720	0.843	1,875	0.868	1,947	0.953
Euros	Thai baht	2,870	36.322	1,003	36.457	–	–	–	–	–	–
Canadian dollars	U.S. dollars	90	0.794	–	–	–	–	–	–	–	–
Purchase hedges											
U.S. dollars	Canadian dollars	4,513	1.283	–	–	–	–	–	–	–	–
Euros	U.S. dollars	1,813	1.102	1,633	1.108	1,451	1.111	1,452	1.111	–	–
Euros	Canadian dollars	3,129	1.457	–	–	–	–	–	–	–	–

As at									March 31, 2021
		Less than 3 months		3 to 6 months		6 to 9 months		9 to 12 months	
Currency sold	Currency bought	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate
Revenue hedges									
U.S. dollars	Canadian dollars	47,210	1.296	30,887	1.265	12,617	1.261	–	–
U.S. dollars	Euros	861	0.861	289	0.837	–	–	–	–
Euros	Canadian dollars	6,630	1.502	1,473	1.540	2,211	1.543	–	–
Purchase hedges									
U.S. dollars	Canadian dollars	3,028	1.272	–	–	–	–	–	–
Euros	U.S. dollars	2,360	1.188	2,296	1.185	1,458	1.184	1,459	1.184
Euros	Canadian dollars	3,287	1.546	–	–	–	–	–	–

The following summarizes the Company's amounts included in other comprehensive income that relate to hedge accounting:

As at				March 31, 2022
Cash flow hedges	Change in the value of the hedging instrument recognized in OCI gain (loss)	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from the cash flow profit or loss gain (loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk:				
Revenue hedges	18	–	(57)	Revenues
Purchase hedges	(9)	–	(109)	Cost of revenues
Cross-currency interest rate swap	(2,457)	–	–	Net finance costs

As at				March 31, 2021
Cash flow hedges	Change in the value of the hedging instrument recognized in OCI gain (loss)	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from the cash flow profit or loss gain (loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk:				
Revenue hedges	(7,550)	–	644	Revenues
Purchase hedges	720	–	754	Cost of revenues
Cross-currency interest rate swap	(21,698)	–	–	Net finance costs

Instruments not subject to hedge accounting

As part of the Company's risk management strategy, forward contract derivative financial instruments are used to manage foreign currency exposure related to the translation of foreign currency net assets to the subsidiary's functional currency. As these instruments have not been designated as hedges, the change in fair value is recorded in selling, general and administrative expenses in the consolidated statements of income.

For the year ended March 31, 2022, the Company recorded risk management gains of $9,090 (gains of $6,525 for the year ended March 31, 2021) on foreign currency risk management forward contracts in the consolidated statements of income. Included in these amounts were unrealized gains of $578 (losses of $268 during the year ended March 31, 2021), representing the change in fair value. In addition, during the year ended March 31, 2022, the Company realized gains in foreign exchange of $8,512 (gains of $6,793 during the year ended March 31, 2021), which were settled.

14. Provisions

	Warranty	Restructuring	Other	Total
Balance, at March 31, 2020	$ 7,962	$ 19,796	$ 659	$ 28,417
Provisions made	6,268	14,355	7,436	28,059
Acquisition of subsidiaries	2,816	2,802	–	5,618
Provisions reversed	(495)	–	–	(495)
Provisions used	(2,329)	(21,928)	(7,184)	(31,441)
Exchange adjustments	(501)	(555)	(68)	(1,124)
Balance, at March 31, 2021	$ 13,721	$ 14,470	$ 843	$ 29,034
Provisions made	3,038	5,949	7,411	16,398
Acquisition of subsidiaries	1,220	–	–	1,220
Provisions reversed	(1,808)	–	–	(1,808)
Provisions used	(2,857)	(9,431)	(6,829)	(19,117)
Exchange adjustments	(521)	(378)	(3)	(902)
Balance, at March 31, 2022	**$ 12,793**	**$ 10,610**	**$ 1,422**	**$ 24,825**

Warranty provisions

Warranty provisions are related to sales of products and are based on experience reflecting statistical trends of warranty costs.

Restructuring

Restructuring charges are recognized in the period incurred and when the criteria for provisions are fulfilled. Termination benefits are recognized as a liability and an expense when the Company is demonstrably committed through a formal restructuring plan.

In fiscal 2022, the Company recorded restructuring costs primarily related to the consolidation of an SP facility and the closure of two underperforming CFT facilities intended to bring focus to areas with a stronger value proposition. During the year ended March 31, 2022, the Company recognized restructuring costs of $5,949.

In fiscal 2021, the Company substantially completed a reorganization plan to help mitigate the expected impact of a slowdown in transportation markets brought on by the COVID-19 pandemic. The reorganization included the sale of certain assets and the transfer of employees from a German-based subsidiary to a third party that was completed in October 2020. During the year ended March 31, 2021, the Company recognized restructuring costs of $14,355 in relation to the reorganization.

On November 6, 2019, the Company initiated a reorganization plan, which resulted in the consolidation of certain operations and the closure of several underperforming facilities and small branch offices. During the year ended March 31, 2021, the Company recorded a gain of $5,339 on the sale of a facility made redundant due to the Company's previously completed reorganization which was included in selling, general and administrative expenses in the consolidated financial statements.

Other provisions

Other provisions are related to medical insurance expenses that have been incurred during the period but are not yet paid, and other miscellaneous provisions.

15. Employee Benefits

The Company operates pension plans for certain of its employees through defined contribution plans, defined benefit plans and other long-term employee benefit plans. The costs associated with defined contribution plans are expensed as incurred. The most recent actuarial valuations of the defined benefit plans and other long-term employee benefit plans were completed as at March 31, 2022. The next valuations are scheduled to be as at March 31, 2023.

The changes in the fair value of assets, the employee benefit obligation and the funded status were as follows:

As at	March 31, 2022	March 31, 2021
Accrued benefit obligations:		
Opening balance	$ 37,708	$ 30,419
Acquisition of subsidiary	424	5,967
Interest cost	416	565
Service cost	847	432
Assumption changes	(2,594)	3,653
Transfers and benefits paid	(2,463)	(2,362)
Foreign exchange	(1,617)	(966)
Accrued benefit obligations, ending balance	$ 32,721	$ 37,708
Plan assets:		
Opening balance	$ 3,598	$ 4,172
Interest income included in net interest expense	(137)	–
Company contributions	215	233
Transfers	–	(721)
Foreign exchange	(87)	(86)
Plan assets, ending balance	$ 3,589	$ 3,598
Employee benefits liability	$ 29,132	$ 34,110

Amounts recognized in the consolidated statements of comprehensive income (before tax) were as follows:

As at	March 31, 2022	March 31, 2021
Total actuarial gains (losses) recognized in OCI	$ 2,594	$ (3,653)

The significant weighted average annual actuarial assumptions used in measuring the accrued benefit obligation were as follows:

As at	March 31, 2022	March 31, 2021
Discount rate	2.3%	1.4%
Rate of compensation increase	0.7%	0.6%

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and life expectancy. The sensitivity analyses have been performed based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

As at March 31, 2022, the following quantitative analysis shows changes to the significant actuarial assumptions and the corresponding impact on the accrued benefit obligations:

	Discount rate		Life expectancy	
	1% increase	1% decrease	Increase by 1 year	Decrease by 1 year
Accrued benefit obligations	$ (3,141)	$ 3,851	$ 934	$ (923)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation from one another as some of the assumptions may be correlated.

The weighted average allocations of plan assets were:

As at	March 31, 2022	March 31, 2021
Other	100.00%	100.00%

No plan assets were directly invested in the Company's securities.

The net employee benefits expense included the following components:

Years ended	March 31, 2022	March 31, 2021
Defined benefit plans		
Service cost	$ 847	$ 432
Interest cost	416	565
	1,263	997
Defined contribution plans	5,320	3,185
Net employee benefits expense	$ 6,583	$ 4,182

The Company expects to contribute $215 to its defined benefit plans during the year ending March 31, 2023.

The cumulative actuarial losses, net of income taxes, recognized in retained earnings as at March 31, 2022 were $6,034 (March 31, 2021 – $7,914).

16. Bank Indebtedness and Long-Term Debt

On August 12, 2021, the Company amended its senior secured credit facility (the "Credit Facility") and extended its maturity to August 29, 2024. The Credit Facility provides a committed revolving credit facility of $750,000. The Credit Facility is secured by the Company's assets, including a pledge of shares of certain of the Company's subsidiaries. Certain of the Company's subsidiaries also provide guarantees under the Credit Facility. At March 31, 2022, the Company had utilized $587,693 under the Credit Facility, of which $587,641 was classified as long-term debt (March 31, 2021 – $nil) and $52 by way of letters of credit (March 31, 2021 – $2,232).

The Credit Facility is available in Canadian dollars by way of prime rate advances and/or bankers' acceptances, in U.S. dollars by way of base rate advances and/or LIBOR advances, in Swiss francs, Euros and British pounds sterling by way of LIBOR advances and by way of letters of credit for certain purposes in Canadian dollars, U.S. dollars and Euros. The interest rates applicable to the Credit Facility are determined based on a net debt-to-EBITDA ratio as defined in the Credit Facility. For prime rate advances and base rate advances, the interest rate is equal to the bank's prime rate or the bank's U.S. dollar base rate in Canada, respectively, plus a margin ranging from 0.45% to 2.00%. For bankers' acceptances and LIBOR advances, the interest rate is equal to the bankers' acceptance fee or LIBOR, respectively, plus a margin that varies from 1.45% to 3.00%. The Company pays a fee for usage of financial letters of credit that ranges from 0.97% to 2.00%, and a fee for usage of non-financial letters of credit that ranges from 0.97% to 2.00%. The Company pays a standby fee on the unadvanced portions of the amounts available for advance or draw-down under the Credit Facility at rates ranging from 0.29% to 0.60%.

The Credit Facility is subject to financial covenants including a net debt-to-EBITDA test and an interest coverage test. Under the terms of the Credit Facility, the Company is restricted from encumbering any assets with certain permitted exceptions. The Credit Facility also limits advances to subsidiaries and partially restricts the Company from repurchasing its common shares and paying dividends. At March 31, 2022, all of the covenants were met.

The Company has additional credit facilities available of $69,121 (40,115 Euros, $10,000 U.S., 30,000 Thai Baht and 114 Czech Koruna). The total amount outstanding on these facilities as at March 31, 2022 was $1,919 of which $1,766 was classified as bank indebtedness (March 31, 2021 – $1,106) and $153 was classified as long-term debt (March 31, 2021 – $120). The interest rates applicable to the credit facilities range from 0.95% to 5.60% per annum. A portion of the long-term debt is secured by certain assets of the Company.

The Company's U.S. $350,000 aggregate principal amount of senior notes ("the Senior Notes") were issued at par, bear interest at a rate of 4.125% per annum and mature on December 15, 2028. After December 15, 2023, the Company may redeem the Senior Notes, in whole at any time or in part from time to time, at specified redemption prices and subject to certain conditions required by the Senior Notes. If the Company experiences a change of control, the Company may be required to repurchase the Senior Notes, in whole or in part, at a purchase price equal to 101% of the aggregate principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date. The Senior Notes contain customary covenants that restrict, subject to certain exceptions and thresholds, some of the activities of the Company and its subsidiaries, including the Company's ability to dispose of assets, incur additional debt, pay dividends, create liens, make investments, and engage in specified transactions with affiliates. At March 31, 2022, all of the covenants were met. Subject to certain exceptions, the Senior Notes are guaranteed by each of the subsidiaries of the Company that is a borrower or has guaranteed obligations under the Credit Facility. Transaction fees of $8,100 were deferred and will be amortized over the term of the Senior Notes. The Company uses a cross-currency interest rate swap instrument to hedge a portion of its U.S.-dollar-denominated Senior Notes (see note 9).

(i) Bank indebtedness:

As at	March 31, 2022	March 31, 2021
Other facilities	$ 1,766	$ 1,106

(ii) Long-term debt:

As at		March 31, 2022		March 31, 2021
Credit Facility	$	587,641	$	–
Senior Notes		437,605		439,810
Other facilities		153		120
Issuance costs		(8,688)		(9,217)
		1,016,711		430,713
Less: current portion		43		79
	$	1,016,668	$	430,634

Scheduled principal repayments and interest payments on long-term debt as at March 31, 2022 are as follows:

		Principal		Interest
Less than one year	$	43	$	18,051
One – two years		587,736		18,051
Two – three years		9		18,051
Three – four years		6		18,051
Four – five year		–		18,051
Thereafter		437,605		36,102
	$	1,025,399	$	126,357

17. Share Capital

Authorized share capital of the Company consists of an unlimited number of common shares, without par value, for unlimited consideration.

On December 13, 2021, the Company announced that the Toronto Stock Exchange ("TSX") had accepted a notice filed by the Company of its intention to make a normal course issuer bid ("NCIB"). Under the NCIB, ATS may purchase for cancellation up to a maximum of 7,383,567 common shares during the 12-month period ending December 14, 2022.

For the year ended March 31, 2022, the Company purchased nil common shares under the NCIB program. At March 31, 2022, a total of 7,383,567 common shares remained available for repurchase under the NCIB.

Subsequent to March 31, 2022, during the period April 1, 2022 to May 18, 2022, the Company repurchased 349,280 common shares for cancellation under the NCIB program for $11,426.

For the year ended March 31, 2021, the Company purchased 511,528 common shares (March 31, 2020 – 301,386) for $8,662 (March 31, 2020 – $4,785) under the previous NCIB program. All purchases are made in accordance with the bid at prevalent market prices plus brokerage fees, or such other prices that may be permitted by the TSX, with consideration allocated to share capital up to the average carrying amount of the shares, and any excess allocated to retained earnings.

The changes in the common shares issued and outstanding during the years presented were as follows:

	Number of common shares		Share capital
Balance, at March 31, 2020	92,130,955	$	521,884
Exercise of stock options	457,676		7,485
Repurchase of common shares	(511,528)		(2,923)
Balance, at March 31, 2021	92,077,103	$	526,446
Exercise of stock options	190,621		3,795
Balance, at March 31, 2022	**92,267,724**	**$**	**530,241**

18. Taxation

(i) Reconciliation of income taxes:

Income tax expense differs from the amounts that would be obtained by applying the combined Canadian basic federal and provincial income tax rate to income before income taxes. These differences result from the following items:

Years ended	Note	March 31, 2022	March 31, 2021
Income before income taxes and non-controlling interest		$ 154,411	$ 79,457
Combined Canadian basic federal and provincial income tax rate		26.50%	26.50%
Income tax expense based on combined Canadian basic federal and provincial income tax rate		$ 40,919	$ 21,056
Increase (decrease) in income taxes resulting from:			
Adjustments in respect to current income tax of previous periods		868	(46)
Non-taxable income (loss) net of non-deductible expenses		(869)	7,460
Unrecognized assets (recognition of previously unrecognized assets)		441	(5,910)
Income taxed at different rates and statutory rate changes		(6,677)	(5,298)
Manufacturing and processing allowance and all other items		(1,663)	(1,908)
At the effective income tax rate of 21% (2021 – 19%)		$ 33,019	$ 15,354
Income tax expense reported in the consolidated statements of income:			
Current tax expense		$ 68,631	$ 44,408
Deferred tax recovery		(35,612)	(29,054)
		$ 33,019	$ 15,354
Deferred tax related to items charged or credited directly to equity or goodwill:			
Gain on revaluation of cash flow hedges		$ 631	$ 3,712
Opening deferred tax of acquired companies	5	(94,407)	(13,586)
Other items recognized through equity		2,199	2,495
Income tax charged to equity or goodwill		$ (91,577)	$ (7,379)

(ii) Components of deferred income tax assets and liabilities:

Deferred income taxes are provided for the differences between accounting and tax bases of assets and liabilities. Deferred income tax assets and liabilities comprise of the following:

As at	March 31, 2022	March 31, 2021
Accounting income not currently taxable	$ (16,848)	$ (32,440)
Intangible assets	(126,818)	(68,249)
Investment tax credits taxable in future years when utilized	(11,264)	(13,999)
Loss available for offset against future taxable income	13,868	20,377
Property, plant and equipment	23,375	24,170
Other	(505)	2,254
Net deferred income tax liability	$ (118,192)	$ (67,887)

Presented as:	March 31, 2022	March 31, 2021
Deferred income tax assets	$ 7,922	$ 11,087
Deferred income tax liabilities	(126,114)	(78,974)
Net deferred income tax liability	$ (118,192)	$ (67,887)

Unrecognized deferred income tax assets:

Deferred income tax assets have not been recognized in respect of the following item:

As at	March 31, 2022	March 31, 2021
Losses and other assets available for offset against future taxable income	$ 44,989	$ 37,441

Loss carryforwards:

As at March 31, 2022, the Company has the following net operating loss carryforwards that are scheduled to expire in the following years:

As at		March 31, 2022
Year of expiry	Non-Canadian	Canadian
2023–2029	$ 12,654	$ –
2030–2042	7,828	27,196
No expiry	63,060	–
	$ 83,542	$ 27,196

As at		March 31, 2021
Year of expiry	Non-Canadian	Canadian
2022–2024	$ 4,181	$ –
2025–2029	13,775	–
2030–2040	8,078	44,793
No expiry	52,608	–
	$ 78,642	$ 44,793

At March 31, 2022 and March 31, 2021, the Company did not have U.S. federal and state capital loss carryforwards. The Company has Canadian capital loss carryforwards of $76,439 (March 31, 2021 – $78,932) that do not expire.

Investment tax credits:

As at March 31, 2022, the Company has investment tax credits available to be applied against future taxes payable in Canada of approximately $23,287 and in foreign jurisdictions of approximately $10,306. The investment tax credits are scheduled to expire as follows:

Year of expiry	Gross ITC balance
2031–2036	$ 3,620
2037–2042	29,973
	$ 33,593

The benefit of $26,334 (March 31, 2021 – $52,440) of these investment tax credits has been recognized in the consolidated financial statements. Unrecognized investment tax credits are scheduled to expire between 2035 and 2042.

(iii) The Company has determined that as of the reporting date, undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

(iv) There are temporary differences of $24,968 associated with investments in subsidiaries for which no deferred income tax liability has been recognized.

19. Stock-Based Compensation

Employee Share Purchase Plan: Under the terms of the Company's Employee Share Purchase Plan, qualifying employees of the Company may set aside funds through payroll deductions for an amount up to a maximum of 10% of their base salary or $10,000 in any one calendar year. Subject to the member not making withdrawals from the plan, the Company makes contributions to the plan equal to 20% of a member's contribution to the plan during the year, up to a maximum of 1% of the member's salary or $2,000. Shares for the plan may be issued from treasury or purchased in the market as determined by the Company's Board of Directors. During the years ended March 31, 2022 and March 31, 2021, no shares were issued from treasury related to the plan.

Deferred Stock Unit Plan: The Company offers a Deferred Stock Unit Plan ("DSU Plan") for members of the Board. Under the DSU Plan, each non-employee director may elect to receive all or a portion of his or her annual compensation in the form of notional common shares of the Company called deferred stock units ("DSUs"). The issue and redemption prices of each DSU are based on a five-day volume weighted average trading price of the Company's common shares for the five trading days prior to issuance or redemption. Under the terms of the DSU Plan, directors are not entitled to convert DSUs into cash until retirement from the Board. The value of each DSU, when converted to cash, will be equal to the market value of a common share of the Company at the time the conversion takes place. During the year ended March 31, 2022, the Company granted 33,189 units (March 31, 2021 – 51,386 units). During the year ended March 31, 2022, no units (March 31, 2021 – 113,604 units) were redeemed upon directors retirement from the Board. As at March 31, 2022, the value of the outstanding liability related to the DSUs was $16,450 (2021 – $8,732). The DSU liability is revalued at each reporting date based on the change in the Company's stock price. The DSU liability is included in accounts payable and accrued liabilities on the consolidated statements of financial position. The change in the value of the DSU liability is included in the consolidated statements of income in the period of the change.

Stock Option Plan: The Company uses a stock option plan to attract and retain key employees, officers and directors. Under the Company's 1995 Stock Option Plan (the "1995 Plan"), the shareholders have approved a maximum of 5,991,839 common shares for issuance, with the maximum reserved for issuance to any one person at 5% of the common shares outstanding at the time of the grant. Time-vested stock options vest over four-year periods. Performance-based stock options vest based on the Company's stock trading at or above a threshold for a specified number of minimum trading days in a fiscal quarter. For time-vested stock options, the exercise price is the price of the Company's common shares on the Toronto Stock Exchange at closing for the day prior to the date of the grant. For performance-based stock options, the exercise price is either the price of the Company's common shares on the TSX at closing for the day prior to the date of the grant or the five-day volume weighted average price of the Company's common shares on the TSX prior to the date of the grant. Stock options granted under the 1995 Plan may be exercised during periods not exceeding seven years from the date of grant, subject to earlier termination upon the option holder ceasing to be a director, officer or employee of the Company. Stock options issued under the 1995 Plan are non-transferable. Any stock option granted that is cancelled or terminated for any reason prior to exercise is returned to the pool and becomes available for future stock option grants. In the event that the stock option would otherwise expire during a restricted trading period, the expiry date of the stock option is extended to the 10th business day following the date of expiry of such period. In addition, the 1995 Plan restricts the granting of stock options to insiders that may be under the 1995 Plan.

Under the Company's 2006 Stock Option Plan (the "2006 Plan"), the shareholders have approved a maximum of 5,159,000 common shares for issuance. The terms of the 2006 Plan are identical to those of the 1995 Plan, except that the maximum number of common shares to be issued pursuant to the issue of options under the 2006 Plan is 5,159,000 common shares.

As at March 31, 2022, there are a total of 2,081,258 common shares remaining for future stock option grants under both plans (March 31, 2021 – 2,265,329).

Years ended March 31	2022			2021		
	Number of stock options		Weighted average exercise price	Number of stock options		Weighted average exercise price
Stock options outstanding, beginning of year	**896,958**	**$**	**17.93**	1,162,149	$	15.71
Granted	**195,560**		**30.07**	253,491		20.22
Exercised(i)	**(190,621)**		**15.70**	(457,676)		13.36
Forfeited	**(11,489)**		**20.45**	(61,006)		19.47
Stock options outstanding, end of year	**890,408**	**$**	**21.04**	896,958	$	17.93
Stock options exercisable, end of year, time-vested options	**396,858**	**$**	**17.28**	396,886	$	16.03

(i) For the year ended March 31, 2022, the weighted average share price at the date of exercise was $36.81 (March 31, 2021 – $19.87).

As at March 31, 2022	Stock options outstanding				Stock options exercisable		
Range of exercise prices	Number outstanding	Weighted average remaining contractual life		Weighted average exercise price	Number exercisable		Weighted average exercise price
$10.46–$19.47	172,138	1.32 years	$	13.12	171,038	$	13.09
$19.48–$20.26	243,983	5.39 years		20.22	58,856		20.22
$20.27–$25.48	278,727	3.67 years		20.60	166,964		20.53
$25.49–$30.07	195,560	6.17 years		30.07	–		–
$10.46–$30.07	890,408	4.23 years	$	21.04	396,858	$	17.28

The expense associated with the Company's performance-based stock options is recognized in income over the estimated assumed vesting period at the time the stock options are granted. Upon the Company's stock price trading at or above a stock price performance threshold for a specified minimum number of trading days, the options vest. When the performance-based stock options vest, the Company is required to recognize all previously unrecognized expenses associated with the vested stock options in the period in which they vest.

The fair values of the Company's stock options issued during the periods presented were estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions. Expected stock price volatility was determined at the time of the grant by considering historical share price volatility. Expected stock option grant life was determined at the time of the grant by considering the average of the grant vesting period and the grant exercise period.

Years ended March 31		2022		2021
Weighted average risk-free interest rate		**0.84%**		0.36%
Dividend yield		**0%**		0%
Weighted average expected volatility		**32%**		32%
Weighted average expected life		**4.75 years**		4.75 years
Number of stock options granted:				
Time-vested		**195,560**		253,491
Weighted average exercise price per option	**$**	**30.07**	$	20.22
Weighted average value per option:				
Time-vested	**$**	**8.69**	$	5.55

Restricted Share Unit Plan

During the year ended March 31, 2022, the Company granted 188,532 time-vesting restricted share units ("RSUs") (298,457 in the year ended March 31, 2021). The RSUs give the employee the right to receive a cash payment equal to the market value of a common share of the Company. During the year ended March 31, 2022, the Company granted 113,037 performance-based RSUs (137,652 in the year ended March 31, 2021). The performance-based RSUs vest upon successful achievement of certain operational and share price targets. The performance-based RSUs give the employee the right to receive a cash payment based on the market value of a common share of the Company. The weighted average remaining vesting period for the time-vesting RSUs and performance-based RSUs is 1.48 years. The RSU liability is recognized quarterly based on the expired portion of the vesting period, the change in the Company's stock price and for performance-based RSUs, the estimated achievement of certain operational and share price targets. At March 31, 2022, the value of the outstanding liability related to the RSU plan was $18,596 (March 31, 2021 – $8,892). The RSU liability is included in accounts payable and accrued liabilities on the consolidated statements of financial position.

20. Commitments and Contingencies

The minimum purchase obligations are as follows as at March 31, 2022:

Less than one year	$	399,636
One – two years		7,580
Two – three years		706
Three – four years		608
Four – five years		88
	$	408,618

The Company's off-balance sheet arrangements consist of purchase obligations which consist primarily of commitments for materials purchases, which have been entered into in the normal course of business.

In accordance with industry practice, the Company is liable to customers for obligations relating to contract completion and timely delivery. In the normal conduct of its operations, the Company may provide letters of credit as security for advances received from customers pending delivery and contract performance. In addition, the Company provides letters of credit for post-retirement obligations and may provide letters of credit as security on equipment under lease and on order. As at March 31, 2022, the total value of outstanding letters of credit was approximately $135,909 (March 31, 2021 – $154,030).

In the normal course of operations, the Company is party to a number of lawsuits, claims and contingencies. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its consolidated statements of financial position.

21. Segmented Disclosure

The Company's operations are reported as one operating segment, Automation Systems, which plans, allocates resources, builds capabilities and implements best practices on a global basis.

Geographic segmentation of revenues is determined based on revenues by customer location. Non-current assets represent property, plant and equipment, right-of-use assets and intangible assets that are attributable to individual geographic segments, based on location of the respective operations.

As at			March 31, 2022
	Right-of-use assets	Property, plant and equipment	Intangible assets
Canada	$ 5,814	$ 55,308	$ 27,021
United States	12,770	80,497	324,739
Germany	24,703	32,186	46,448
Italy	25,950	34,960	147,188
Other Europe	8,045	18,322	22,513
Other	4,007	850	271
Total Company	$ 81,289	$ 222,123	$ 568,180

As at			March 31, 2021
	Right-of-use assets	Property, plant and equipment	Intangible assets
Canada	$ 7,594	$ 55,793	$ 26,504
United States	778	31,541	9,442
Germany	25,653	34,240	61,230
Italy	27,258	38,918	162,661
Other Europe	6,800	18,880	22,282
Other	4,487	924	105
Total Company	$ 72,570	$ 180,296	$ 282,224

Revenues from external customers for the years ended	March 31, 2022	March 31, 2021
Canada	$ 120,648	$ 107,572
United States	939,186	580,044
Germany	269,818	257,285
Italy	88,343	11,266
Other Europe	464,721	299,241
Other	300,001	174,644
Total Company	$ 2,182,717	$ 1,430,052

For the years ended March 31, 2022 and March 31, 2021, the Company did not have revenues from any single customer that amounted to 10% or more of total consolidated revenues.

22. Revenue from Contracts with Customers

(a) Disaggregation of revenue from contracts with customers:

Revenues by market for the years ended	March 31, 2022	March 31, 2021
Life sciences	$ 1,113,053	$ 805,375
Food & Beverage	395,034	35,024
Transportation	293,764	272,346
Consumer Products	268,973	203,196
Energy	111,893	114,111
Total Company	$ 2,182,717	$ 1,430,052

Timing of revenue recognition based on transfer of control for the years ended	March 31, 2022	March 31, 2021
Goods and services transferred at a point in time	$ 337,305	$ 121,643
Goods and services transferred over time	1,845,412	1,308,409
Total Company	$ 2,182,717	$ 1,430,052

(b) Backlog:

The following table presents the aggregate amount of the revenues expected to be realized in the future from partially or fully unsatisfied performance obligations as at March 31, 2022 and 2021. The amounts disclosed below represent the value of firm orders and do not include constrained variable consideration or letters of intent. Such orders may be subject to future modifications that could impact the amount and/or timing of revenue recognition.

Revenues expected to be recognized in:	March 31, 2022	March 31, 2021
Less than one year	$ 1,205,000	$ 1,025,000
Thereafter	233,000	135,000
Total	$ 1,438,000	$ 1,160,000

(c) Accounts receivable continuity:

As at	March 31, 2022	March 31, 2021
Trade accounts receivable	$ 331,007	$ 271,494
Less: allowance for expected credit loss	(5,216)	(6,027)
Trade accounts receivables, net	$ 325,791	$ 265,467
Other accounts receivable	22,840	20,480
Total	$ 348,631	$ 285,947

(d) Contract balances:

As at	March 31, 2022	March 31, 2021
Trade receivables	$ 325,791	$ 265,467
Contract assets	360,820	272,847
Contract liabilities	(248,329)	(218,290)
Unearned revenue(i)	(43,682)	(34,289)
Net contract balances	$ 394,600	$ 285,735

(i) The unearned revenue liability is included in accounts payable and accrued liabilities on the consolidated statement of financial position.

As at	March 31, 2022	March 31, 2021
Contracts in progress:		
Costs incurred	$ 2,817,181	$ 2,039,017
Estimated earnings	914,244	745,068
	3,731,425	2,784,085
Progress billings	(3,618,934)	(2,729,528)
Net contract assets & liabilities	$ 112,491	$ 54,557

Contract assets relate to revenue earned in exchange of goods or services that have been transferred to a customer. These assets are billed and transferred to accounts receivable when the right to receive the consideration becomes unconditional. As such, the balances of this account vary and depend on the timing of billings on contracts at the end of the year.

Contract liabilities represent the obligation to transfer goods and services for which the Company has received consideration. The balance of this account is dependent on timing of progress on the contract as well as receipts from customers, and as such will vary.

The outstanding contract asset balance increased by $8,161 during the year ended March 31, 2022 as a result of business acquisitions, with the remaining increase due to the timing of billings on certain customer contracts.

The outstanding contract liability balance increased by $18,637 during the year ended March 31, 2022 as a result of business acquisitions, with the remaining increase due to the timing of billings on certain customer contracts.

23. Operating Costs and Expenses

Depreciation, amortization and employee benefit expenses recorded in the consolidated statement of operations are detailed as follows:

	March 31, 2022	March 31, 2021
Included in cost of revenues:		
Depreciation of property, plant and equipment	$ 14,223	$ 10,963
Amortization of right-of-use assets	16,365	13,469
Amortization of intangible assets	5,543	3,587
Wages, salaries and other employee benefits	630,177	456,135
Included in selling, general and administrative expenses:		
Depreciation of property, plant and equipment	$ 6,694	$ 3,857
Amortization of right-of-use assets	5,837	2,642
Amortization of intangible assets	66,759	36,400
Wages, salaries and other employee benefits	158,552	105,352
Retirement benefits(i)	6,583	4,182

(i) Includes defined benefit and defined contribution plan expenses.

24. Net Finance Costs

Years ended	March 31, 2022	March 31, 2021
Interest expense(i)	$ 28,978	$ 38,953
Interest on lease liabilities	3,730	2,820
Interest income	(508)	(1,621)
	$ 32,200	$ 40,152

(i) Included in interest expense for the year ended March 31, 2021 are finance costs of $9,118 associated with the redemption of the U.S. $250,000 6.5% senior notes that were due in 2023.

25. Earnings Per Share

Years ended	March 31, 2022	March 31, 2021
Weighted average number of common shares outstanding	92,206,291	92,199,720
Dilutive effect of stock option conversion	421,159	167,524
Diluted weighted average number of common shares outstanding	92,627,450	92,367,244

For the year ended March 31, 2022, stock options to purchase nil common shares are excluded from the weighted average number of common shares in the calculation of diluted earnings per share as they are anti-dilutive (558,116 common shares were excluded for the year ended March 31, 2021).

26. Capital Management

The Company's capital management framework is designed to ensure the Company has adequate liquidity, financial resources and borrowing capacity to allow financial flexibility and to provide an adequate return to shareholders. The Company defines capital as the aggregate of equity (excluding accumulated other comprehensive income), bank indebtedness, long-term debt, lease liabilities and cash and cash equivalents.

The Company monitors capital using the ratio of total debt to equity. Total debt includes bank indebtedness, long-term debt and lease liabilities as shown on the consolidated statements of financial position. Equity includes all components of equity, less accumulated other comprehensive income. The Company also monitors an externally imposed covenant of debt to EBITDA of not greater than 3 to 1. EBITDA includes income before income taxes, net finance costs, depreciation and amortization. For the years ended March 31, 2022 and March 31, 2021, the Company operated with a ratio below the externally imposed covenant. The Company is prepared to increase the total debt-to-equity ratio and net debt-to-EBITDA ratio if appropriate opportunities arise.

The capital management criteria can be illustrated as follows:

As at	March 31, 2022	March 31, 2021
Equity excluding accumulated other comprehensive income	$ 962,835	$ 850,530
Long-term debt	1,016,711	430,713
Lease liabilities	82,820	72,961
Bank indebtedness	1,766	1,106
Cash and cash equivalents	(135,282)	(187,467)
Capital under management	$ 1,928,850	$ 1,167,843
Debt-to-equity ratio	1.14:1	0.59:1

27. Related Party Disclosure

The Company has an agreement with a shareholder, Mason Capital Management, LLC ("Mason Capital"), pursuant to which Mason Capital agreed to provide ATS with ongoing strategic and capital markets advisory services for an annual fee of U.S. $500. As part of the agreement, Michael Martino, a member of the Company's Board of Directors who is associated with Mason Capital has waived any fees to which he may have otherwise been entitled for serving as a member of the Board or as a member of any committee of the Board.

The compensation of the Board and key management personnel is determined by the Board on recommendation from the Human Resources Committee of the Board:

As at	March 31, 2022	March 31, 2021
Short-term employee benefits	$ 5,755	$ 5,705
Fees	625	661
Stock-based compensation(i)	19,175	9,309
Post-employment benefits	46	26
Total compensation	$ 25,601	$ 15,701

(i) Stock-based compensation includes approximately $12,000 (2021 – approximately $5,800) related to changes in the fair value of cash-settled plans due to the increase in the Company's share price during the year.

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

Board of Directors

Dave W. Cummings

Mr. Cummings is an experienced executive with an extensive background in digital, technical, engineering, operations and commercial leadership, building this career in numerous international roles. Currently, Mr. Cummings is the Executive Vice President and Chief Digital Officer for Finning International, the world's largest international Caterpillar Equipment dealership headquartered in Vancouver, Canada. At Finning, as well as leading the global technology, operations excellence, marketing and revenue management teams, Mr. Cummings has been the architect behind the creation of the new Finning Digital division. While with Finning, Mr. Cummings also spent almost three years living in Chile supporting the business while the company implemented the corporate digital and technology strategies across all of its South American businesses. Mr. Cummings has been an active participant in audit committee and safety, health and environmental matters at Finning. Mr. Cummings is a member of the executive management team that oversees the financial health of the business and has had financial accountability in many of his roles throughout his career. Both at Finning and with prior companies, Mr. Cummings has significantly advanced the companies' cyber security capabilities and benchmarked performance in the protection of company data and assets. Prior to joining Finning, Mr. Cummings held C-suite and Technology leadership positions at Maxum Petroleum in Connecticut, USA, North America's largest fuels and lubricants distribution company, and Univar in Seattle, Washington, an $11bn global industrial chemical distributor.

Mr. Cummings began his career in the oil and gas industry and spent 23 years with DuPont, then ConocoPhillips. Mr. Cumming started his career in the UK and had an international career holding roles and assignments in numerous countries. While with ConocoPhillips, Mr. Cummings has held leadership roles in operations, engineering, technology, commercial and business development. This multi-national and multi-disciplined career positions Mr. Cummings to bring a very diverse perspective to the ATS Board. Mr. Cummings is a serving member of the board of directors of BCTech, a western Canada government-partnered not-for-profit organization dedicated to growing and scaling homegrown Canadian technology startups, and Sanctuary AI – a robotics and AI startup headquartered in Vancouver, BC, where he is also a member of the Audit Committee. Mr. Cummings was educated in the United Kingdom and earned a BS (Honours) in Business Administration and an MBA in Business Management.

Joanne S. Ferstman

Ms. Ferstman currently serves as a corporate director. She has over 20 years of progressive experience in the financial industry. Over an 18-year period until her retirement in June 2012, she held several leadership positions with the Dundee group of companies, which operated in wealth management, resources and real estate verticals. She was responsible for financial and regulatory reporting, risk management, and involved in mergers and acquisitions and strategic development and held the position of Chief Financial Officer for many years and latterly held the positions of Vice Chair of DundeeWealth Inc. and President and Chief Executive Officer of Dundee Capital Markets Inc. Prior to joining the Dundee group of companies, Ms. Ferstman spent five years at a major international accounting firm. She is a Chartered Professional Accountant and has a Bachelor of Commerce and Graduate Diploma in Public Accountancy from McGill University. She currently serves as the Chair of DREAM Unlimited Corp. (a real estate company). She also serves as lead director of Osisko Gold Royalties Ltd. (a mining royalty company), and as a director of Cogeco Communications Inc. (a communications company). Ms. Ferstman was formerly a director of Aimia Inc., and Osisko Development Corporation, and a trustee of DREAM Office REIT.

Ms. Ferstman brings a wealth of experience. She was CEO of Dundee Capital Markets Inc., a financial services company focused on investment banking, sales trading and financial advisory. She is a financial expert, being a CPA, having been a CFO of complex public companies for approximately 18 years, and an audit committee member/chair in various industries. Her capital markets experience was gained throughout her executive career at a financial company which operated in the capital markets and performed a variety of capital markets functions for clients. In addition, as a CFO of a public company, Ms. Ferstman dealt with many aspects of capital markets, debt and equity financings, research analysis, and M&A transactions. Ms. Ferstman's international exposure includes having overseen operations in the U.S. and Europe. She has had the opportunity to deal with many aspects of executive compensation in her career. Her experience on various boards of directors has provided additional exposure to capital markets, international business, human resources, legal, and governance matters.

Andrew P. Hider

Mr. Hider is the Chief Executive Officer of ATS Automation Tooling Systems Inc. He is an experienced executive with a track record of success founded on his ability to drive business growth and operational performance in complex business environments and across multiple industries including transportation, advanced technology, instrumentation and industrial products. Most recently, Mr. Hider served as President and CEO of the Taylor Made Group, LLC, a diversified global leader in the supply of innovative products and systems for marine, transportation, agriculture, and construction markets, a position he held from May 2016 through to February 2017. Prior to that, Mr. Hider served for 10 years at Danaher Corporation, a global science and technology company, initially joining Danaher as General Manager and Director of Dover and most recently serving as President of Veeder Root. Mr. Hider began his career with General Electric, serving in a number of areas over a six-year period including manufacturing, project management, procurement and finance, culminating in his appointment as General Manager of GE Tri-Remanufacturing. Mr. Hider holds a Bachelor of Science in Interdisciplinary Engineering and Management and a Master of Business Administration, both from Clarkson University.

Prior to joining ATS, Mr. Hider gained CEO experience at Taylor Made Group, LLC where he had responsibility for all aspects of the business. Mr. Hider has significant experience touching upon operations, manufacturing, sales and marketing, product management, innovation, international business, service, quality, continuous improvement, and M&A. This experience was gained through participation in an operational leadership program while at General Electric where he cycled through four different leadership roles, and full P&L leadership positions at four different companies while at Danaher Corporation, those group companies being involved in fuel management, application-specific X-ray analyzers, instrumentation, and motion technology. Some specific projects that Mr. Hider led include acquisitions, brand rationalization, sales force execution, quality improvements, continuous improvement, strategy development, and a successful acquisition of an SaaS business that enabled a total smart solution with hardware and cloud-based software solutions.

Kirsten Lange

Ms. Lange, a German citizen, has more than 30 years of business experience in top management and in consulting across many of the geographies ATS serves, including Germany and China. Most recently, she was the CEO of Fritsch Holding AG, a mid-sized German machinery company. Before that, she served as a member of the Management Board of Voith Hydro, where she was responsible for growing the Automation and Service divisions as well as for developing new digital business models. Previous to that, Ms. Lange spent 22 years with the Boston Consulting Group (BCG), based in Munich, Germany, where she worked as a Partner and Managing Director with over 100 companies in sectors such as machine and plant construction, chemicals, automotive, energy, packaged consumer goods and many more. During her time with BCG she spent two years in Shanghai, running the local office and developing the Chinese market. Until recently, she has been a member of the Board of Directors and Audit Committee of Heidelberger Druckmaschinen AG. Ms. Lange graduated from the University of Munich with a degree in Journalism and earned a Master of Business Administration from INSEAD/France, where she is also teaching in the MBA program as Adjunct Professor.

Ms. Lange brings to ATS a broad skill set including: her experience as a CEO at Fritsch Holding AG, overseeing all aspects of the business; direct experience in operations, manufacturing, sales and marketing, R&D/technology, and digital offerings at Voith Hydro, where she was responsible for the after-market business, automation business, running a sales and marking organization, product management of turbines, generators and complete power plants, and development of new digital offerings. At BCG, Ms. Lange gained human resources experience, being responsible for career development in Germany and leading the European women's initiative. Having lived and worked in China for two years, and having spent several months in each of the USA, Russia, Brazil, Israel, U.K., and Thailand (among others), Ms. Lange brings a unique international perspective. In addition to Ms. Lange's exposure to financial matters throughout her career, financial experience was also gained by way of an MBA specialization in corporate finance, and having been a member of the Audit Committee of Heidelberger Druckmaschinen AG.

Michael E. Martino

Mr. Martino is a founder and principal of Mason Capital Management. Mr. Martino began his investment career at Oppenheimer & Company where he was responsible for risk arbitrage research; he ended his tenure at Oppenheimer as Executive Director, Risk Arbitrage. He began his business career at GE Capital Corporation where he held positions in information systems and business analysis. He was formerly a director of Spar Aerospace Limited, a publicly-traded aerospace company. Mr. Martino graduated from Fairfield University with a degree in Political Science and earned a Master of Business Administration in Finance from New York University's Stern School of Business. Mr. Martino currently serves as a chairperson of Mason Industrial Technology, a special purpose acquisition company.

Mr. Martino has gained over 20 years' experience at a CEO level through his involvement in Mason Capital. Eight years at General Electric exposed him to the manufacturing industry. Beginning at Oppenheimer & Company, Mr. Martino has worked in the capital markets for the last 27 years. From an international perspective, Mr. Martino has been involved with U.S. and Canadian investments, including holding board positions, and has overseen global investments throughout his career.

David L. McAusland

Mr. McAusland, the Chairman of the Board, is a corporate advisor, lawyer and experienced corporate director and senior executive. Mr. McAusland is counsel to the law firm McCarthy Tétrault and was previously Executive Vice-President, Corporate Development and Chief Legal Officer of Alcan Inc., where he provided leadership on its worldwide mergers, growth strategies, major transactions and capital investments. Mr. McAusland currently acts as a director of Cogeco Inc., and Cogeco Communications Inc. Mr. McAusland is also involved with several not-for-profit organizations and private companies. Mr. McAusland received his B.C.L. in 1976 and his LL.B. in 1977, both from McGill University. In 2002, he was awarded the Queen Elizabeth II Jubilee Medal in recognition of service to the community, in 2015 he was conferred the title Advocatus Emeritus (Ad. E.) by the Quebec Bar and in 2020 he received the distinction of Fellow of the Institute of Corporate Directors (F. ICD) by the Institute of Corporate Directors.

With his 40-year career, Mr. McAusland brings to ATS deep experience in the strategic issues facing a wide variety of businesses, both domestically and internationally, based on a broad variety of perspectives including as a senior executive of a large multi-national business, corporate director, lawyer and strategic advisor. Mr. McAusland is highly knowledgeable in all matters of corporate governance; his roles as a corporate director go back over 20 years and include membership on human resource and compensation committees as well as audit committees and roles as board chair. He has designed and led many high-value-at-stake strategic initiatives and transactions, both friendly and contested as well as domestic and international, and he has spent much of his career with close involvement in the capital markets and corporate finance issues and initiatives. Mr. McAusland also brings experience as a leader of successful government relations initiatives and the development of strategies based on stakeholder alignment.

Philip B. Whitehead

Mr. Whitehead is an experienced business leader. He is currently Chairman Emeritus of Danaher's European Board and Vice President Corporate Development of the Danaher Corporation, a global science and technology company. Since joining Danaher in 1992, Mr. Whitehead has held a number of executive and operational roles beginning with Managing Director of Veeder Root Europe. In his current position he plays a major part in contributing to Danaher's mergers and acquisition activity in Europe and supports the corporation's growth initiatives in selected high growth markets. Earlier in his career, Mr. Whitehead worked in senior sales and marketing roles at Procter and Gamble, Hovis Marketing, and Unilever. He also operated his own management consultancy business. Mr. Whitehead has a Diploma in Marketing, Accounting and Finance from Bournemouth College, U.K. Mr. Whitehead currently serves as a director of Mason Industrial Technology, a special purpose acquisition company.

Mr. Whitehead is skilled in overseeing businesses, having held CEO/managing director roles at several public and private companies in the U.K. and one in Switzerland. He has operations, manufacturing and lean operations experience through the many roles he has had within Danaher group companies, including Veeder Root, Gems Sensors, and others. Mr. Whitehead's capital markets experience was gained from his involvement in the listing of Micrelec as a U.K. public company, serving as Chairman of Nobel Biocare whilst it was publicly listed in Switzerland and through the many public to private deals completed as the lead on Danaher's prolific M&A record where he has been Managing Director of Corporate Development in Europe for the last 20 years. Mr. Whitehead sees his main skill set as lying within sales and marketing where he has held many senior responsibilities, including Brand Manager at Procter and Gamble, National Sales Manager at Unilever, and Marketing Director at Micrelec PLC. Internationally, he has had roles covering many geographies, including EU, South Africa, Australia, Middle East, Russia, Turkey, Hong Kong and parts of Asia and South America.

Shareholder Information

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Registrar and Transfer Agent

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Website

www.atsautomation.com

Shareholders' Annual Meeting

August 11, 2022
10:00 a.m. Toronto Time

Virtual-Only Meeting
Live webcast link will be available at
www.atsautomation.com

Concept and design: **worksdesign.com**

ATS Automation

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