



ATS CORPORATION

Annual Audited Consolidated Financial Statements

For the year ended March 31, 2026

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management of the Company, under the supervision of the Chief Executive Officer and the Interim Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over the Company's financial reporting ("ICFR"). ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We, including the Chief Executive Officer and the Interim Chief Financial Officer, have assessed the effectiveness of the Company's ICFR in accordance with "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, we, including the Chief Executive Officer and the Interim Chief Financial Officer, have determined that the Company's ICFR was not effective as of March 31, 2026. The details of this evaluation and conclusion are documented in the Company's Annual MD&A under the heading "Management's Report on Internal Control over Financial Reporting."

However, giving full consideration to the ICFR conclusion, Management has concluded that the Audited Consolidated Financial Statements present fairly, in all material respects, the Company's financial position, the results of its operations and its cash flows for each of the periods presented in accordance with International Financial Reporting Standards.



Doug Wright
Chief Executive Officer



Anne Cybulski
Interim Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
ATS Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of ATS Corporation (the "Company") as of March 31, 2026 and 2025, the related consolidated statements of income (loss), comprehensive income, changes in equity and cash flows for each of the two years in the period ended March 31, 2026, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2026 and 2025, and its financial performance and its cash flows for each of the two years in the period ended March 31, 2026, in conformity with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of March 31, 2026, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated May 27, 2026 expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Estimated costs to complete on revenues from construction contracts

Description of the Matter

The Company recognizes revenue over time based on the percentage of completion method related to its contracts to design and construct engineered automated manufacturing and test systems. The percentage of completion 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 \$1,602,013 thousand of revenues from construction contracts for the year ended March 31, 2026.

Auditing the Company's estimated costs to complete on construction contracts where the Company has not fulfilled all performance obligations of the contracts scope of work at period-end was complex due to the significant estimation uncertainty and judgment involved in evaluating the assumptions made by management in estimating costs to complete. The total estimated costs to complete a contract can have a material impact on the amount and timing of revenue and profit recognized. The significant assumptions include those related to estimated future labour and materials costs.

How We Addressed the Matter in Our Audit To test the estimated costs to complete on construction contracts applying the percentage of completion method, our audit procedures included, among others, selecting a sample of open contracts and agreeing the key terms of contractual arrangements and change orders to management's contract analysis and revenue calculations. We inquired and evaluated the consistency of responses obtained from operational personnel across various levels of management regarding risks and uncertainties related to the completion of the contract, as well as the nature of the work yet to be completed and estimated costs to complete such work. We evaluated the reasonableness of management's cost to complete assumptions for a sample of contracts by comparing estimated labour and materials costs to complete to vendor quotes, purchase orders, contractual labour rates or actual costs incurred for comparable completed contracts. We evaluated the reasonableness of management's historical estimates of costs to complete by comparing previous cost estimation forecasts to actual results for historical jobs and comparing the margin for a sample of construction contracts as at period-end to the estimate of margin at inception of the project and, where applicable, prior year-end margin. We also assessed the adequacy of disclosures that describe the areas of judgement and estimation uncertainties involving revenue recognition for construction contracts applying the percentage of completion method.

/s/ Ernst & Young LLP

Chartered Professional Accountants

Licensed Public Accountants

We have served as the Company's auditor since 2009

Toronto, Canada

May 27, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
ATS Corporation

Opinion on Internal Control Over Financial Reporting

We have audited ATS Corporation's (the "Company") internal control over financial reporting as of March 31, 2026, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). In our opinion, because of the effect of the material weakness described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of March 31, 2026 based on the COSO criteria.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management identified a material weakness related to one international division whereby the IT environment required compensating management review controls that were not designed and implemented with a sufficient level of precision, including the review and validation over the completeness and accuracy of information used in the performance of these controls.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated statements of financial position of the Company as of March 31, 2026 and 2025 and the related consolidated statements of income (loss), comprehensive income, changes in equity and cash flows for each of the two years in the period ended March 31, 2026, and the related notes (collectively referred to as the "consolidated financial statements"). The material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2026 consolidated financial statements, and this report does not affect our report dated May 27, 2026 which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Chartered Professional Accountants

Licensed Public Accountants


Toronto, Canada


May 27, 2026

ATS CORPORATION
Consolidated Statements of Financial Position
(in thousands of Canadian dollars)

As at	Note	March 31 2026	March 31 2025
ASSETS	16		
Current assets			
Cash and cash equivalents		\$ 284,957	\$ 225,947
Accounts receivable	22	523,738	719,435
Income tax receivable		10,356	32,065
Contract assets	22	436,847	503,552
Inventories	6	295,206	320,172
Deposits, prepaids and other assets	7	94,873	104,179
		1,645,977	1,905,350
Assets held for sale	10	60,302	–
		1,706,279	1,905,350
Non-current assets			
Property, plant and equipment	10, 21	259,791	325,048
Right-of-use assets	8, 21	147,054	122,291
Long-term deposits	7	3,710	4,992
Other assets	9	4,464	7,062
Goodwill	11	1,399,253	1,394,576
Intangible assets	12, 21	704,210	758,531
Deferred income tax assets	18	115,269	104,022
		2,633,751	2,716,522
Total assets		\$ 4,340,030	\$ 4,621,872
LIABILITIES AND EQUITY			
Current liabilities			
Bank indebtedness	16	\$ 6,744	\$ 27,271
Accounts payable and accrued liabilities		622,436	665,109
Income tax payable		34,123	40,073
Contract liabilities	22	307,306	330,134
Provisions	14	32,100	29,960
Current portion of lease liabilities	8	35,202	32,694
Current portion of long-term debt	16	173	219
		1,038,084	1,125,460
Non-current liabilities			
Employee benefits	15	26,075	25,805
Long-term provisions	14	468	1,000
Long-term lease liabilities	8	119,486	96,699
Long-term debt	16	1,274,552	1,543,459
Deferred income tax liabilities	18	80,462	100,573
Other long-term liabilities	9	21,445	19,519
		1,522,488	1,787,055
Total liabilities		\$ 2,560,572	\$ 2,912,515
Commitments and contingencies	16, 20		
EQUITY			
Share capital	17	\$ 852,805	\$ 842,015
Contributed surplus		30,758	36,539
Accumulated other comprehensive income		171,573	166,855
Retained earnings		722,621	660,368
Equity attributable to shareholders		1,777,757	1,705,777
Non-controlling interests		1,701	3,580
Total equity		1,779,458	1,709,357
Total liabilities and equity		\$ 4,340,030	\$ 4,621,872

On behalf of the Board:


Michael E. Martino
Director


Joanne S. Ferstman
Director

ATS CORPORATION
Consolidated Statements of Income (Loss)
(in thousands of Canadian dollars, except per share amounts)

Years ended March 31	Note	2026	2025
Revenues	21, 22	\$ 2,972,932	\$ 2,533,288
Operating costs and expenses			
Cost of revenues	23	2,122,067	1,886,641
Selling, general and administrative	23	620,270	604,241
Restructuring costs	14	23,128	23,972
Stock-based compensation	19	8,687	9,178
Earnings from operations		198,780	9,256
Net finance costs	24	99,579	92,194
Income (loss) before income taxes		99,201	(82,938)
Income tax expense (recovery)	18	27,468	(54,960)
Net income (loss)		\$ 71,733	\$ (27,978)
Attributable to			
Shareholders		\$ 71,637	\$ (28,049)
Non-controlling interests		96	71
		\$ 71,733	\$ (27,978)
Earnings (loss) per share attributable to shareholders			
Basic and diluted	25	\$ 0.73	\$ (0.29)

See accompanying notes to the consolidated financial statements.

ATS CORPORATION
Consolidated Statements of Comprehensive Income
(in thousands of Canadian dollars)

Years ended March 31	Note	2026	2025
Net income (loss)		\$ 71,733	\$ (27,978)
Other comprehensive income (loss):			
Items to be reclassified subsequently to net income (loss):			
Currency translation adjustment (net of income taxes of \$nil)		(8,742)	122,614
Net unrealized gain (loss) on derivative financial instruments designated as cash flow hedges	13	5,295	(18,165)
Tax impact		(1,342)	4,555
Loss transferred to net income (loss) for derivatives designated as cash flow hedges	13	5,809	3,620
Tax impact		(1,431)	(924)
Cross-currency interest rate swap adjustment	13	2,378	(3,839)
Tax impact		(595)	960
Variable for fixed interest rate swap adjustment	13	3,328	(7,732)
Tax impact		(832)	1,933
Items that will not be reclassified subsequently to net income (loss):			
Actuarial gains (losses) on defined benefit pension plans	15	717	(133)
Tax impact		(191)	13
Other comprehensive income		4,394	102,902
Comprehensive income		\$ 76,127	\$ 74,924
Attributable to			
Shareholders		\$ 76,200	\$ 74,531
Non-controlling interests		(73)	393
		\$ 76,127	\$ 74,924

See accompanying notes to the consolidated financial statements.

ATS CORPORATION
Consolidated Statements of Changes in Equity
(in thousands of Canadian dollars)

Year ended March 31, 2026

	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, 2025	\$ 842,015	\$ 36,539	\$ 660,368	\$ 170,927	\$ (4,072)	\$ 166,855	\$ 3,580	\$ 1,709,357
Net income	–	–	71,637	–	–	–	96	71,733
Other comprehensive income (loss)	–	–	526	(8,573)	12,610	4,037	(169)	4,394
Total comprehensive income (loss)	–	–	72,163	(8,573)	12,610	4,037	(73)	76,127
Purchase of non-controlling interest	–	–	(2,564)	–	–	–	(1,806)	(4,370)
Stock-based compensation	–	5,057	–	–	–	–	–	5,057
Exercise of stock options	16,099	(3,677)	–	–	–	–	–	12,422
Settlement of RSUs (note 19)	7,161	(7,161)	–	–	–	–	–	–
Common shares held in trust (note 19)	(9,616)	–	–	–	–	–	–	(9,616)
Repurchase of common shares (note 17)	(2,854)	–	(7,346)	–	–	–	–	(10,200)
Hedging reserve reclassified to net income	–	–	–	–	681	681	–	681
Balance, as at March 31, 2026	\$ 852,805	\$ 30,758	\$ 722,621	\$ 162,354	\$ 9,219	\$ 171,573	\$ 1,701	\$ 1,779,458

Year ended March 31, 2025

	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, 2024	\$ 865,897	\$ 26,119	\$ 724,495	\$ 48,635	\$ 15,520	\$ 64,155	\$ 3,281	\$ 1,683,947
Net income (loss)	–	–	(28,049)	–	–	–	71	(27,978)
Other comprehensive income (loss)	–	–	(120)	122,292	(19,592)	102,700	322	102,902
Total comprehensive income (loss)	–	–	(28,169)	122,292	(19,592)	102,700	393	74,924
Purchase of non-controlling interest	–	–	94	–	–	–	(94)	–
Stock-based compensation	–	10,564	–	–	–	–	–	10,564
Exercise of stock options	639	(144)	–	–	–	–	–	495
Common shares held in trust	(14,690)	–	–	–	–	–	–	(14,690)
Repurchase of common shares	(9,831)	–	(36,052)	–	–	–	–	(45,883)
Balance, as at March 31, 2025	\$ 842,015	\$ 36,539	\$ 660,368	\$ 170,927	\$ (4,072)	\$ 166,855	\$ 3,580	\$ 1,709,357

See accompanying notes to the consolidated financial statements.

ATS CORPORATION
Consolidated Statements of Cash Flows
(in thousands of Canadian dollars)

Years ended March 31	Note	2026	2025
Operating activities			
Net income (loss)		\$ 71,733	\$ (27,978)
Items not involving cash			
Depreciation of property, plant and equipment	10	34,470	33,674
Amortization of right-of-use assets	8	38,821	33,824
Amortization of intangible assets	12	90,582	85,172
Deferred income taxes	18	(37,522)	(84,546)
Other items not involving cash		(1,345)	(16,971)
Stock-based compensation	19	5,057	10,564
Change in non-cash operating working capital	26	246,587	(7,968)
Cash flows provided by operating activities		\$ 448,383	\$ 25,771
Investing activities			
Acquisition of property, plant and equipment	10	\$ (33,642)	\$ (33,952)
Acquisition of intangible assets	12	(43,134)	(44,078)
Business acquisitions, net of cash acquired	5	–	(179,389)
Settlement of cross-currency interest rate swap instrument	9	–	(16,555)
Proceeds from disposal of property, plant and equipment		740	5,532
Cash flows used in investing activities		\$ (76,036)	\$ (268,442)
Financing activities			
Bank indebtedness		\$ (20,420)	\$ 22,478
Repayment of long-term debt		(331,424)	(573,777)
Proceeds from long-term debt		84,999	907,015
Settlement of cross-currency interest rate swap instrument	9	–	24,262
Proceeds from exercise of stock options		12,422	495
Purchase of non-controlling interest		(4,370)	–
Repurchase of common shares	17	(10,000)	(44,983)
Acquisition of shares held in trust	19	(9,616)	(14,690)
Principal lease payments		(34,676)	(30,519)
Cash flows provided by (used in) financing activities		\$ (313,085)	\$ 290,281
Effect of exchange rate changes on cash and cash equivalents		(252)	8,160
Increase in cash and cash equivalents		59,010	55,770
Cash and cash equivalents, beginning of year		225,947	170,177
Cash and cash equivalents, end of year		\$ 284,957	\$ 225,947
Supplemental information			
Cash income taxes paid		\$ 42,166	\$ 61,936
Cash interest paid		\$ 97,501	\$ 95,151

See accompanying notes to the consolidated financial statements.

ATS CORPORATION
Notes to Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

1. CORPORATE INFORMATION

ATS Corporation and its subsidiaries (collectively, "ATS" or the "Company") is an industry leader in planning, designing, building, commissioning and servicing automated manufacturing systems - including automation products and test solutions - for a broadly diversified base of customers.

The Company is listed on the Toronto Stock Exchange and the New York Stock Exchange under the ticker symbol "ATS" and is incorporated and domiciled in Ontario, Canada. The address of its registered office is 730 Fountain Street North, Cambridge, Ontario, Canada.

The annual audited consolidated financial statements of the Company for the year ended March 31, 2026 were authorized for issue by the Board of Directors (the "Board") on May 27, 2026.

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 annual audited 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 ("IASB").

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 (loss) 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 will continue to be consolidated until the date that such control ceases. The Company's material subsidiaries are Automation Tooling Systems Enterprises GmbH, ATS Industrial Automation Inc., Olimon Hungary Kft., and Automation Tooling Systems Enterprises Inc. 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 MATERIAL 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.

ATS CORPORATION
Notes to Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

When the Company acquires a business, it assesses the assets and liabilities assumed based upon the estimated fair values at the date of acquisition, except where specific exceptions are provided in IFRS 3 - *Business Combinations* ("IFRS 3"). 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 the consolidated statements of income (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 standard.

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 (loss). 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 (loss).

ATS CORPORATION
Notes to Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

(c) Revenue: The Company recognizes revenue from construction contracts, the sale of goods, and by services rendered, in accordance with IFRS 15 - *Revenue from Contracts with Customers* ("IFRS 15"). 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.

Construction contracts

A construction contract generally includes the design, manufacture and installation of new equipment for a customer's 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, 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

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:

ATS CORPORATION
Notes to Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

- 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.

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. Unearned revenue is included in accounts payable and accrued liabilities in the consolidated statements of financial position.

(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.

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(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 (loss). 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.

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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 occurs 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 (loss) 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 (loss) when the asset is derecognized.

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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 (refer to (f) - Property, plant and equipment) 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 (loss) 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 (loss) as permitted by IFRS 16 - *Leases* ("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.

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(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 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 (loss) 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 (loss) 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

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recoverability of the deferred costs and, if considered unrecoverable, will expense the costs in the period the assessment is made. Unamortized development costs are tested for impairment annually.

(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 and contract assets 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, contract 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

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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 (loss).

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 is generally considered 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

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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 the consolidated statements of income (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 (loss).

Amounts recognized in other comprehensive income and accumulated in equity are transferred to the consolidated statements of income (loss) when the hedged item is recognized in profit or loss. These earnings are included within the same line of the consolidated statements of income (loss) as the hedged item.

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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 (loss). 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 related to its U.S. senior unsecured notes (the "U.S. 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 (loss). 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 (loss). 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.

(l) Inventories: Inventories are stated at the lower of cost and net realizable value on a weighted average 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.

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

(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, or other available fair value indicators.

(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

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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 (loss) 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 is 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 experience rate.

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 (loss). 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 (loss).

(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 and the Board of Directors, as consideration for equity instruments of the Company or cash payments.

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For equity-settled plans, 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 or restricted share units 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 (loss) with a corresponding adjustment to equity. The proceeds received are credited to share capital when the units are exercised.

For cash-settled plans, 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 (loss) in stock-based compensation expense.

(q) Non-current assets held for sale: The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. The Company must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Non-current assets classified as held for sale are presented separately as current items in the statements of financial position.

(r) Standards adopted in fiscal 2026:

The Company has not adopted any standards, interpretations or amendments that are expected to have an impact on the Company.

(s) Standards issued but not yet effective:

A number of new standards and amendments to standards have been issued but are not yet effective for the financial year ended March 31, 2026, and accordingly, have not been applied in preparing these consolidated financial statements. The Company reasonably expects the following standards to be applicable at a future date:

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(i) Issuance of IFRS 18 - *Presentation and Disclosure in Financial Statements*

On April 9, 2024, the IASB issued IFRS 18, which will replace IAS 1 for reporting periods beginning on or after January 1, 2027. The new standard aims to improve comparability and transparency of communication in financial statements. IFRS 18 introduces the following key changes:

- A revised structure for the consolidated statement of income, including new defined categories of income and expenses and required subtotals such as operating profit or loss and profit or loss before financing and income taxes;
- New presentation requirements for operating expenses, which must be presented directly on the face of the income statement and classified based on their nature, function, or a combination of both;
- Enhanced disclosure requirements related to management-defined performance measures, including explanations of how such measures are calculated and how they reconcile to amounts presented in the financial statements; and
- Additional guidance on the aggregation and disaggregation of information in the financial statements and the notes to improve the organization and presentation of financial information.

The standard is required to be applied retrospectively in both annual and interim financial statements starting in the fiscal year ending March 31, 2028.

The Company is in the process of reviewing the new standard to determine the impact on its consolidated financial statements.

(ii) Issuance of amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. These amendments clarify the timing of derecognition for financial liabilities settled through electronic payment systems, provide additional guidance on assessing the contractual cash flow characteristics of financial assets with a contingent feature, and introduce new disclosure requirements for equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. While Management is in the process of finalizing its analysis, it currently anticipates that the adoption of these amendments will not have a significant impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's annual audited 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 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) 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

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accounting policy on construction contracts, judgment is required in determining 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.

(b) 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.

(c) 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 of disposal and its value in use. The value in use calculation is based on forecasted discounted cash flows. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and growth rates used. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed in note 12.

(d) 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.

(e) 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

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share option, weighted average risk-free interest rate, volatility, dividend yield and achievement of performance conditions. The assumptions and models used for estimating fair value for stock-based payment transactions are disclosed in note 19.

(f) 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.

(g) Tariffs: Management is monitoring the global tariff environment, including reciprocal measures from impacted jurisdictions. While some customers are evaluating capital spend, management has not seen any material impact on the Company's financial position, cash flows and operations.

On February 20, 2026, the United States ("US") Supreme Court ruled that the US International Emergency Economic Powers Act ("IEEPA") does not provide the executive branch of government the authority to impose tariffs. The recovery mechanism has not yet been finalized and therefore the impact of any potential refunds have not been reflected in these consolidated financial statements. Management will continue to monitor and assess the impact of the tariffs, including IEEPA refunds, on its judgment, estimates and amounts recognized in its consolidated financial statements.

5. ACQUISITIONS

(a) Prior year acquisitions

(i) On July 24, 2024, the Company acquired 100% of the shares of Paxiom Group ("Paxiom"), a provider of primary, secondary, and end-of-line packaging machines in the food and beverage, cannabis, and pharmaceutical industries. The total purchase price paid upon finalization of working capital adjustments was \$146,438.

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Cash used in investing activities in the year of acquisition was determined as follows:

Cash consideration	\$	146,438
Less: cash acquired		(9,923)
	\$	136,515

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

Purchase price allocation		
Cash	\$	9,923
Other current assets		18,945
Property, plant and equipment		1,588
Right-of-use assets		11,562
Intangible assets with a definite life		
Technology		10,200
Customer relationships		44,700
Other		1,694
Intangible assets with an indefinite life		
Brands		12,200
Current liabilities		(17,745)
Other long-term liabilities		(10,438)
Deferred tax liability		(15,160)
Net identifiable assets	\$	67,469
Residual purchase price allocated to goodwill		78,969
Purchase consideration	\$	146,438

Current assets as of the acquisition date included accounts receivable of \$5,328, representing the fair value of accounts receivable expected to be collected.

The purchase cost was allocated to the underlying assets acquired and liabilities assumed based upon the estimated fair values at the date of acquisition. The fair value of the assets acquired and the liabilities assumed have been finalized.

The primary factors contributing to the recognition of goodwill include the acquired workforce, access to new market growth opportunities, and the strategic value to the Company's growth plan. Approximately 80% of the amounts assigned to intangible assets and 87% of the amounts assigned to goodwill are not expected to be tax-deductible. This acquisition was accounted for as a business combination, with the Company acquiring Paxiom using the purchase method of accounting as of July 24, 2024.

(ii) On August 30, 2024, the Company acquired all material assets from Heidolph Instruments GmbH & Co. KG and Hans Heidolph GmbH ("Heidolph"), a leading manufacturer of premium lab equipment for the life sciences and pharmaceutical industries. This acquisition was accounted for as a business combination with the Company as the acquirer, since Heidolph meets the definition of a business under IFRS 3. The total purchase price paid upon finalization of post-closing adjustments was \$45,064 (30,252 Euros).

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Cash used in investing activities in the year of acquisition was determined as follows:

Cash consideration	\$	45,064
Less: cash acquired		(2,190)
	\$	42,874

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

Purchase price allocation		
Cash	\$	2,190
Other current assets		17,645
Property, plant and equipment		18,014
Right-of-use assets		3,204
Intangible assets with a definite life		
Customer relationships		1,564
Other		297
Intangible assets with an indefinite life		
Brands		5,213
Current liabilities		(9,093)
Other long-term liabilities		(3,204)
Net identifiable assets	\$	35,830
Residual purchase price allocated to goodwill		9,234
Purchase consideration	\$	45,064

Current assets as of the acquisition date included accounts receivable of \$2,087, representing the fair value of accounts receivable expected to be collected.

The purchase cost was allocated to the underlying assets acquired and liabilities assumed based upon the estimated fair values at the date of acquisition. The fair value of the assets acquired and the liabilities assumed has been finalized. During the year ended March 31, 2026, changes to the purchase price allocation for the acquisition resulted in an increase to intangible assets of \$893, a decrease to working capital of \$3,638, and an increase to goodwill of \$2,745.

The primary factors contributing to the recognition of goodwill include the acquired workforce and adjacent strategic capabilities, which will complement existing ATS businesses to provide comprehensive laboratory solutions. The amounts assigned to goodwill and intangible assets are expected to be 100% tax-deductible. This acquisition was accounted for as a business combination, with the Company acquiring Heidolph using the purchase method of accounting as of August 30, 2024.

6. INVENTORIES

As at	March 31 2026	March 31 2025
Raw materials	\$ 140,322	\$ 145,110
Work in progress	91,466	105,836
Finished goods	63,418	69,226
	\$ 295,206	\$ 320,172

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The amount charged to net income (loss) and included in cost of revenues for the write-down of inventories for valuation issues during the year ended March 31, 2026 was \$13,356 (March 31, 2025 - \$5,021). The amount of inventories carried at net realizable value as at March 31, 2026 was \$20,992 (March 31, 2025 - \$8,035). For the year ended March 31, 2026, the Company recognized expense related to cost of inventories of \$988,453 (March 31, 2025 - \$795,706) in cost of revenues in the consolidated statements of income (loss).

7. DEPOSITS, PREPAIDS AND OTHER ASSETS

As at	March 31 2026	March 31 2025
Prepaid assets	\$ 40,571	\$ 41,208
Restricted cash ⁽ⁱ⁾	623	784
Supplier deposits ⁽ⁱⁱ⁾	24,507	33,429
Investment tax credits receivable	23,448	24,463
Current portion of cross-currency interest rate swap instrument	—	2,597
Forward foreign exchange contracts	5,724	1,698
	\$ 94,873	\$ 104,179

(i) Restricted cash primarily consists of a pledged account for post-employment benefit payments.

(ii) As at March 31, 2026, the long-term portion of deposits was \$3,710 (March 31, 2025 - \$4,992), which is recorded in long-term deposits in the consolidated statements of financial position.

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Changes in the net balance of right-of-use assets during the years ended March 31, 2026 and March 31, 2025 were as follows:

	Buildings	Vehicles and equipment	Total
Balance, at March 31, 2024	\$ 85,588	\$ 20,073	\$ 105,661
Additions	17,577	11,463	29,040
Amortization	(24,129)	(9,695)	(33,824)
Acquisition of subsidiaries	14,766	—	14,766
Exchange and other adjustments	5,000	1,648	6,648
Balance, at March 31, 2025	\$ 98,802	\$ 23,489	\$ 122,291
Additions	48,682	13,006	61,688
Amortization	(27,249)	(11,572)	(38,821)
Exchange and other adjustments	1,574	322	1,896
Balance, at March 31, 2026	\$ 121,809	\$ 25,245	\$ 147,054

Changes in the balance of lease liabilities during the years ended March 31, 2026 and March 31, 2025 were as follows:

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	2026	2025
Balance, at April 1	\$ 129,393	\$ 111,379
Additions	61,688	29,040
Interest	6,715	6,048
Payments	(41,391)	(36,567)
Exchange and other adjustments	(1,717)	4,727
Balance, at March 31	\$ 154,688	\$ 129,393
Less: current portion	35,202	32,694
	\$ 119,486	\$ 96,699

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, 2026, the Company recognized an expense related to short-term and low-value leases of \$3,768 in cost of revenues (March 31, 2025 - \$4,077), and \$2,969 (March 31, 2025 - \$2,409) in selling, general and administrative expenses in the consolidated statements of income (loss).

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

As at	March 31 2026
Less than one year	\$ 39,730
One - two years	32,854
Two - three years	27,650
Three - four years	23,559
Four - five years	17,784
Due in over five years	32,463
Total undiscounted lease liabilities	\$ 174,040

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 2026	March 31 2025
Cross-currency interest rate swap instruments ^{(i), (iv)}	\$ —	\$ 1,342
Long-term investment tax credits ^(vi)	4,096	5,705
Long-term forward foreign exchange contracts ^(v)	335	—
Other	33	15
	\$ 4,464	\$ 7,062

Other long-term liabilities consist of the following:

As at	March 31 2026	March 31 2025
Cross-currency interest rate swap instruments ⁽ⁱ⁾	\$ 20,406	\$ 10,131
Variable for fixed interest rate swap instruments ^{(ii), (iii)}	200	6,534
Long-term forward foreign exchange contracts ^(v)	108	2,854
Other	731	—
	\$ 21,445	\$ 19,519

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(i) On December 5, 2024, the Company settled the cross-currency interest rate swap instrument to swap U.S. \$175,000 into Canadian dollars that was maturing on December 15, 2025. The Company received interest of 4.125% U.S. per annum and paid interest of 4.169% Canadian. The Company also settled the cross-currency interest rate swap instrument to swap 161,142 Euros into Canadian dollars that was maturing on December 15, 2025. The Company received interest of 4.169% Canadian per annum and paid interest of 2.351% Euros. The Company received \$7,707 to settle the cross-currency swaps, of which \$16,555 was recorded as cash paid in investing activities (portion related to Euro-denominated net investment hedge) and \$24,262 was recorded as cash received in financing activities (portion related to the foreign currency Senior Note hedge) in the consolidated statements of cash flows.

On December 5, 2024, the Company entered into a cross-currency interest rate swap instrument 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 ("U.S. Senior Notes"). The Company will receive interest of 4.125% U.S. per annum and pay interest of 3.128% Canadian. The terms of the hedging instrument will end on December 15, 2027.

The Company also entered into a cross-currency interest rate swap instrument on December 5, 2024 to swap 165,328 Euros into Canadian dollars to hedge the net investment in European operations. The Company will receive interest of 3.128% Canadian per annum and pay interest of 2.645% Euros. The terms of the hedging relationship will end on December 15, 2027.

(ii) On November 21, 2023, the Company entered into a variable for fixed interest rate swap instrument to swap the variable interest rate on the \$300,000 outstanding on the secured credit facility at that date, to a fixed 4.044% interest rate. The terms of the hedging relationship will end on November 4, 2026. The current portion of the variable for fixed interest rate swap instrument is recorded in deposits, prepaids and other assets for asset balances, and accounts payable and accrued liabilities for liability balances, on the consolidated statements of financial position.

On March 16, 2026, the Company discontinued hedge accounting on the \$150,000 revolver portion of the credit facility due to a repayment of the hedged item. The \$1,367 accumulated in other comprehensive income related to this portion of the hedge, was transferred to the consolidated statements of income (loss) for the year ended March 31, 2026. The \$150,000 term loan remains in the pre-existing hedging relationship.

(iii) On March 16, 2026, the Company entered into a forward starting variable for fixed interest rate swap instrument to swap the variable interest rate on the \$150,000 outstanding on the term loan to a fixed 3.264%. The terms of the hedging relationship will be effective November 4, 2026 and will end on November 4, 2028.

(iv) The current portion of the cross-currency interest rate swap instrument is recorded in deposits, prepaids and other assets, on the consolidated statements of financial position.

(v) The current portion of the forward foreign exchange contracts is recorded in deposits, prepaids and other assets for asset balances, and accounts payable and accrued liabilities for liability balances, on the consolidated statements of financial position.

(vi) The current portion of the investment tax credits is recorded in deposits, prepaids and other assets on the consolidated statements of financial position.

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10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and leaseholds	Production equipment	Other equipment	Total
Cost:					
Balance, at March 31, 2024	\$ 39,727	\$ 226,225	\$ 54,464	\$ 102,423	\$ 422,839
Additions	1,498	9,139	7,445	15,870	33,952
Acquisition of subsidiaries	4,359	11,212	2,060	1,971	19,602
Disposals	–	(2,178)	(1,832)	(6,354)	(10,364)
Exchange and other adjustments ⁽ⁱ⁾	3,482	9,080	5,168	(490)	17,240
Balance, at March 31, 2025	\$ 49,066	\$ 253,478	\$ 67,305	\$ 113,420	\$ 483,269
Additions	223	8,973	9,343	15,103	33,642
Disposals	–	(1,302)	(2,709)	(10,256)	(14,267)
Assets held for sale ⁽ⁱⁱ⁾	(5,305)	(62,762)	–	–	(68,067)
Exchange and other adjustments ⁽ⁱ⁾	321	(955)	3,373	(2,042)	697
Balance, at March 31, 2026	\$ 44,305	\$ 197,432	\$ 77,312	\$ 116,225	\$ 435,274
Depreciation:					
Balance, at March 31, 2024	\$ –	\$ (46,780)	\$ (22,753)	\$ (56,329)	\$ (125,862)
Depreciation expense	–	(12,627)	(8,293)	(12,754)	(33,674)
Disposals	–	579	1,301	5,813	7,693
Exchange and other adjustments ⁽ⁱ⁾	–	(2,249)	(1,498)	(2,631)	(6,378)
Balance, at March 31, 2025	\$ –	\$ (61,077)	\$ (31,243)	\$ (65,901)	\$ (158,221)
Depreciation expense	–	(11,909)	(9,359)	(13,202)	(34,470)
Disposals	–	1,184	2,624	9,719	13,527
Assets held for sale ⁽ⁱⁱ⁾	–	7,765	–	–	7,765
Exchange and other adjustments ⁽ⁱ⁾	–	(795)	(1,628)	(1,661)	(4,084)
Balance, at March 31, 2026	\$ –	\$ (64,832)	\$ (39,606)	\$ (71,045)	\$ (175,483)
Net book value:					
At March 31, 2026	\$ 44,305	\$ 132,600	\$ 37,706	\$ 45,180	\$ 259,791
At March 31, 2025	\$ 49,066	\$ 192,401	\$ 36,062	\$ 47,519	\$ 325,048

(i) Represents translation from the functional currency of the related foreign operations into Canadian dollars at the period-end exchange rate. The resulting exchange differences are recognized in the consolidated statements of comprehensive income.

(ii) The Company has classified the land, building and leaseholds associated with certain facilities in the US and a facility in Germany as held for sale, as part of the reorganization of the Company's transportation related business. The assessed fair value, less costs to sell, of the assets exceeds the current carrying value and therefore no adjustments were recorded to the carrying value. For the year ended March 31, 2026, amortization expense of \$2,060 was recognized in cost of revenues in the consolidated statements of income (loss), prior to the assets being classified as held for sale at year end. Fair value was estimated with reference to current external offers as well as property appraisals.

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Included in building and leaseholds as at March 31, 2026 were \$3,366 (March 31, 2025 - \$3,678) of assets that relate to the expansion and improvement of a manufacturing facility that is in progress and has not been depreciated. Included in other equipment as at March 31, 2026 is \$10,928 (March 31, 2025 - \$7,630) of assets that are under construction and have not been depreciated.

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, ATS Corporation, as follows:

As at	Note	2026	2025
Balance, at April 1		\$ 1,394,576	\$ 1,228,600
Acquisition of subsidiaries ⁽ⁱ⁾	5	2,745	85,458
Exchange and other adjustments ⁽ⁱⁱ⁾		1,932	80,518
Balance, at March 31		\$ 1,399,253	\$ 1,394,576

(i) Includes measurement period adjustments in accordance with IFRS 3. There were no acquisitions recorded for the year ended March 31, 2026.

(ii) Represents translation from the functional currency of the related foreign operations into Canadian dollars at the period-end exchange rate. The resulting exchange differences are recognized in the consolidated statements of comprehensive income.

The Company performed its annual impairment test of goodwill in the fourth quarter. 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 is defined as earnings from operations excluding depreciation and amortization ("EBITDA").

In determining a maintainable future EBITDA, historical operating results and year to date results for the current year were compared to the budgeted results for the year ending March 31, 2027, 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 7.6% to 8.4% 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.

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12. INTANGIBLE ASSETS

	Note	Development projects	Computer software, licenses and other	Technology	Customer relationships	Brands ⁽ⁱ⁾	Total
Cost:							
Balance, at March 31, 2024		\$ 80,367	\$ 69,656	\$ 315,256	\$ 345,318	\$ 199,828	\$ 1,010,425
Additions		32,826	10,391	116	–	745	44,078
Acquisition of subsidiaries		–	1,991	10,200	45,743	17,041	74,975
Disposals		(723)	(1,843)	–	(164)	–	(2,730)
Exchange and other adjustments ⁽ⁱⁱ⁾		16,356	2,519	20,334	(96,261)	10,411	(46,641)
Balance, at March 31, 2025		\$ 128,826	\$ 82,714	\$ 345,906	\$ 294,636	\$ 228,025	\$ 1,080,107
Additions		31,102	11,952	80	–	–	43,134
Acquisition of subsidiaries ⁽ⁱⁱⁱ⁾	5	–	–	–	521	372	893
Disposals		(2,754)	(853)	(2,232)	(760)	–	(6,599)
Exchange and other adjustments ⁽ⁱⁱ⁾		4,225	(5,503)	(28,795)	(7,952)	(4,625)	(42,650)
Balance, at March 31, 2026		\$ 161,399	\$ 88,310	\$ 314,959	\$ 286,445	\$ 223,772	\$ 1,074,885

		Development projects	Computer software, licenses and other	Technology	Customer relationships	Brands ⁽ⁱ⁾	Total
Amortization:							
Balance, at March 31, 2024		\$ (34,045)	\$ (38,085)	\$ (99,364)	\$ (152,973)	\$ (6,411)	\$ (330,878)
Amortization		(9,135)	(11,431)	(32,616)	(29,065)	(2,925)	(85,172)
Disposals		723	1,843	–	164	–	2,730
Exchange and other adjustments ⁽ⁱⁱ⁾		(9,259)	(1,308)	(7,818)	107,785	2,344	91,744
Balance, at March 31, 2025		\$ (51,716)	\$ (48,981)	\$ (139,798)	\$ (74,089)	\$ (6,992)	\$ (321,576)
Amortization		(14,553)	(13,005)	(31,472)	(25,233)	(6,319)	(90,582)
Disposals		2,754	793	2,232	760	–	6,539
Exchange and other adjustments ⁽ⁱⁱ⁾		(3,285)	6,797	25,804	2,440	3,188	34,944
Balance, at March 31, 2026		\$ (66,800)	\$ (54,396)	\$ (143,234)	\$ (96,122)	\$ (10,123)	\$ (370,675)

Net book value:

At March 31, 2026	\$ 94,599	\$ 33,914	\$ 171,725	\$ 190,323	\$ 213,649	\$ 704,210
At March 31, 2025	\$ 77,110	\$ 33,733	\$ 206,108	\$ 220,547	\$ 221,033	\$ 758,531

(i) The Company has assessed a portion of its brand intangible assets to have a useful life of five years. The carrying amount of the intangible assets estimated to have an indefinite life as at March 31, 2026 was \$200,846 (March 31, 2025 - \$200,473).

(ii) Represents translation from the functional currency of the related foreign operations into Canadian dollars at the period-end exchange rate, and includes the elimination of intangible assets that have been fully amortized. The resulting exchange differences are recognized in the consolidated statements of comprehensive income.

(iii) Includes measurement period adjustments in accordance with IFRS 3. There were no acquisitions recorded for the year ended March 31, 2026.

Research and development costs that are not eligible for capitalization of \$16,584 have been expensed and are recognized in cost of revenues (March 31, 2025 - 10,632).

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The Company performed its annual impairment test of indefinite-lived intangible assets in the fourth quarter. 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 CGU. This approach requires management to estimate cash flows that include earnings from operations less capital expenditures and related tax effects.

In determining future cash flows, the budgeted results for the year ending March 31, 2027, 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 each market. The average revenue growth rate used for the intangible asset impairment testing of indefinite-lived brands was 5.2% (March 31, 2025 - 6.1%). The terminal growth rate used in the impairment testing was 3% (March 31, 2025 - 3%). The rates used to project cash flows are based on management's expectations for the growth of the cash generating unit. Management used a discount rate range from 10.0% to 15.5% (March 31, 2025 - 11.0% to 19.5%), depending on the characteristics of the CGU, 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, 2026			
	Fair value through profit or loss	Amortized cost	Fair value through other comprehensive income	Total carrying value
Financial assets:				
Cash and cash equivalents ⁽ⁱ⁾	\$ —	\$ 284,957	\$ —	\$ 284,957
Trade accounts receivable	—	504,577	—	504,577
Financial liabilities:				
Bank indebtedness	—	(6,744)	—	(6,744)
Trade accounts payable and accrued liabilities	—	(508,223)	—	(508,223)
Long-term debt	—	(1,274,725)	—	(1,274,725)
Derivative instruments:				
Held for trading derivatives that are not designated in hedge accounting relationships – loss ⁽ⁱⁱ⁾	(2,723)	—	—	(2,723)
Derivative instruments in designated hedge accounting relationships – loss ⁽ⁱⁱ⁾	—	—	(1,152)	(1,152)
Cross-currency interest rate swap instruments – loss ⁽ⁱⁱⁱ⁾	—	—	(20,406)	(20,406)
Interest rate swap instruments – loss ⁽ⁱⁱⁱ⁾	(1,322)	—	(1,384)	(2,706)

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As at	March 31, 2025			
	Fair value through profit or loss	Amortized cost	Fair value through other comprehensive income	Total carrying value
Financial assets:				
Cash and cash equivalents ⁽ⁱ⁾	\$ —	\$ 225,947	\$ —	\$ 225,947
Trade accounts receivable	—	696,079	—	696,079
Financial liabilities:				
Bank indebtedness	—	(27,271)	—	(27,271)
Trade accounts payable and accrued liabilities	—	(543,978)	—	(543,978)
Long-term debt	—	(1,543,678)	—	(1,543,678)
Derivative instruments:				
Held for trading derivatives that are not designated in hedge accounting relationships – loss ⁽ⁱⁱ⁾	(6,823)	—	—	(6,823)
Derivative instruments in designated hedge accounting relationships – loss ⁽ⁱⁱ⁾	—	—	(12,255)	(12,255)
Cross-currency interest rate swap instruments – loss ⁽ⁱⁱⁱ⁾	—	—	(6,192)	(6,192)
Interest rate swap instruments – loss ⁽ⁱⁱⁱ⁾	—	—	(6,534)	(6,534)

(i) Cash and cash equivalents is in the form of deposits on demand with major financial institutions. Cash equivalents were \$nil at March 31, 2026 and March 31, 2025.

(ii) The current portion of 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, while the long term portion is included in other long-term assets or other long-liabilities on the consolidated statements of financial position.

(iii) The current portion of the cross-currency interest rate swap and interest rate swap instruments in a gain position are included in deposits, prepaids and other assets, while the long term portion is included in other assets on the consolidated statements of financial position. The cross-currency interest rate swap and interest rate swap instruments in a loss position are included in other long-term liabilities on the consolidated statements of financial position. Interest rate swap instruments recorded through fair value through profit or loss are instruments that are not designated in hedge accounting relationships.

During the years ended March 31, 2026 and March 31, 2025, 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:

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As at	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	\$ (2,723)	\$ –	\$ (2,723)	\$ –	\$ (2,723)
Derivative instruments in designated hedge accounting relationships	(1,152)	–	(1,152)	–	(1,152)
Cross-currency interest rate swap instruments	(20,406)	–	(20,406)	–	(20,406)
Interest rate swap instruments	(2,706)	–	(2,706)	–	(2,706)
Disclosed at fair value:					
Long-term debt	(1,274,725)	–	(1,264,086)	–	(1,264,086)

As at	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	\$ (6,823)	\$ –	\$ (6,823)	\$ –	\$ (6,823)
Derivative instruments in designated hedge accounting relationships	(12,255)	–	(12,255)	–	(12,255)
Cross-currency interest rate swap instruments	(6,192)	–	(6,192)	–	(6,192)
Interest rate swap instruments	(6,534)	–	(6,534)	–	(6,534)
Disclosed at fair value:					
Long-term debt	(1,543,678)	–	(1,505,614)	–	(1,505,614)

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 senior secured credit facility (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 reflects the trading price of the CAD senior unsecured notes (the "CAD Senior Notes"), and the U.S. Senior Notes as at March 31, 2026 and March 31, 2025.

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, 2026 and March 31, 2025, 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

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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 (loss) 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, 2026 of approximately +/- \$56,887 and \$30,669, respectively (2025 +/- \$14,148 and \$34,635), and on income (loss) before income taxes for the year ended March 31, 2026 of approximately +/- \$5,998 and \$3,156, respectively (2025 +/- \$7,291 and \$13,978).

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 (loss).

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. Senior Notes are translated into Canadian dollars at the foreign exchange rate in effect at the consolidated statement of financial position date. As a result, the Company is exposed to foreign currency translation gains and losses. The Company uses cross-currency interest rate swaps as

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derivative financial instruments to hedge a portion of its foreign exchange risk related to the U.S. 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, 2026, \$206,744 or 16.0% (March 31, 2025 - \$479,519 or 30.0%) 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 +/- \$2,067 on income (loss) before income taxes for the year ended March 31, 2026 (March 31, 2025 +/- \$4,795).

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 2026	March 31 2025
Current	\$ 384,583	\$ 594,154
1 – 30 days	53,026	31,548
31 – 60 days	14,980	18,521
61 – 90 days	8,112	8,141
Over 90 days	59,560	52,891
Total	\$ 520,261	\$ 705,255

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

	2026	2025
Balance, at April 1	\$ 9,176	\$ 6,241
Provision for doubtful accounts	5,460	2,722
Amounts written off	(798)	(536)
Recoveries	(611)	(239)
Exchange and other adjustments	2,457	988
Balance, at March 31	\$ 15,684	\$ 9,176

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 trade 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 2026	March 31 2025
1 – 30 days	\$ 180,277	\$ 189,242
31 – 60 days	23,500	35,959
61 – 90 days	15,159	21,209
Over 90 days	16,350	20,769
Total	\$ 235,286	\$ 267,179

As at March 31, 2026, the Company was holding cash and cash equivalents of \$284,957 (March 31, 2025 - \$225,947) and had unutilized lines of credit of \$951,097 (March 31, 2025 - \$683,535). The Company expects that continued cash flows from operations in fiscal 2027, 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.

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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. Senior Notes. The Company has established a hedge ratio of 1:1 for its hedging relationships. The Company has identified counterparty credit risk as the only potential source of hedge ineffectiveness. The terms of the hedging instruments are described in note 9.

Cash flow hedges - variable for fixed interest rate swaps

The Company uses variable for fixed interest rate swaps to hedge its exposure to fluctuations in variable interest rates. The Company has established a hedge ratio of 1:1 for its hedging relationships. The Company has identified counterparty credit risk as the only potential source of hedge ineffectiveness. The terms of the hedging instruments are described in note 9.

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 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. The terms of the hedging instruments are described in note 9.

During the years ended March 31, 2026 and March 31, 2025, \$nil and loss of \$1,502, 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:

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March 31, 2026

Item sold	Item bought	Nominal amount (in CAD)	Carrying amount		Hedging instrument	Hedged item	Cash flow hedge reserves	
			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⁾								
Revenue hedges								
U.S. dollars	Canadian dollars	297,947	2,252	–	2,252	2,252	2,252	–
Euros	Canadian dollars	72,864	–	1,915	1,915	1,915	1,915	–
U.S. dollars	Euros	36,603	–	751	751	751	751	–
Euros	Czech Koruna	1,058	–	26	26	26	26	–
U.S. dollars	Czech Koruna	15,285	–	455	455	455	455	–
Purchase hedges								
Euros	U.S. dollars	11,135	–	257	257	257	257	–
Cross-currency interest rate swap instruments ⁽ⁱⁱ⁾								
U.S. dollars	Canadian dollars	243,460	–	2,013	(5,952)	(5,952)	2,013	–
Canadian dollars	Euros	265,848	–	18,393	(8,262)	(8,262)	18,393	–
Interest rate swap instruments ⁽ⁱⁱⁱ⁾								
Variable rate	Fixed rate	150,000	–	1,384	1,883	1,883	1,384	–

As at

March 31, 2025

Item sold	Item bought	Nominal amount (in CAD)	Carrying amount		Hedging instrument	Hedged item	Cash flow hedge reserves	
			Assets	Liabilities	Changes in fair value used for calculating hedge ineffectiveness	Changes in fair value used for calculating hedge ineffectiveness	For continued hedges	For discontinued hedges
Derivative hedging instruments ⁽ⁱ⁾								
Revenue hedges								
U.S. dollars	Canadian dollars	389,289	–	7,181	7,181	7,181	7,181	–
Euros	Canadian dollars	155,877	–	5,016	5,016	5,016	5,016	–
U.S. dollars	Euros	8,734	29	–	29	29	29	–
Euros	U.S. dollars	9,415	–	271	271	271	271	–
Euros	Czech Koruna	622	6	–	6	6	6	–
Purchase hedges								
Euros	U.S. dollars	11,175	29	–	29	29	29	–
U.S. dollars	Canadian dollars	5,193	21	–	21	21	21	–
Euros	Canadian dollars	3,043	128	–	128	128	128	–
Cross-currency interest rate swap instruments ⁽ⁱⁱ⁾								
U.S. dollars	Canadian dollars	251,790	3,939	–	(13,265)	(13,265)	3,939	–
Canadian dollars	Euros	257,284	–	10,131	3,970	3,970	10,131	–
Interest rate swap instruments ⁽ⁱⁱⁱ⁾								
Variable rate	Fixed rate	300,000	–	6,534	(7,732)	(7,732)	6,534	–

(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.

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(ii) The current portion of the cross-currency interest rate swap and interest rate swap instruments in a gain position are included in deposits, prepaids and other assets, and the long term portion is included in other assets on the consolidated statements of financial position. The cross-currency interest rate swap and interest rate swap instruments in a loss position are included in other long-term liabilities on the consolidated statements of financial position.

On March 16, 2026, the Company discontinued hedge accounting for \$150,000 of the \$300,000 notional amount outstanding on the interest rate swap instruments in the prior year, due to a repayment of the hedged item. The impact of the discontinuation of hedge accounting is described in note 9.

As at March 31, 2026, the Company is holding the following forward foreign exchange contracts to hedge the exposure on its revenues and purchases:

As at		March 31, 2026									
Currency sold	Currency bought	Less than 3 months		3 to 6 months		6 to 9 months		9 to 12 months		1 to 2 years	
		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											
U.S. dollars	Canadian dollars	63,933	1.400	62,896	1.398	54,257	1.398	47,301	1.378	69,560	1.374
Euros	Canadian dollars	10,956	1.453	14,472	1.496	14,472	1.578	20,904	1.624	12,060	1.633
U.S. dollars	Euros	11,117	0.840	7,202	0.849	9,153	0.841	4,577	0.842	4,554	0.831
Euros	Czech Koruna	743	23.845	315	24.387	—	—	—	—	—	—
U.S. dollars	Czech Koruna	11,369	20.572	2,226	20.610	1,690	20.614	—	—	—	—
Purchase hedges											
Euros	U.S. dollars	3,079	1.183	3,039	1.187	2,508	1.195	2,509	1.199	—	—

As at		March 31, 2025									
Currency sold	Currency bought	Less than 3 months		3 to 6 months		6 to 9 months		9 to 12 months		1 to 2 years	
		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	8,092	1.054	1,323	1.058	—	—	—	—	—	—
U.S. dollars	Canadian dollars	48,977	1.370	48,847	1.369	41,006	1.388	56,221	1.406	194,238	1.397
Euros	Canadian dollars	38,633	1.517	31,342	1.515	34,548	1.511	18,674	1.500	32,680	1.495
U.S. dollars	Euros	7,032	0.922	1,122	0.926	—	—	484	0.946	97	0.941
Euros	Czech Koruna	467	25.220	156	25.230	—	—	—	—	—	—
Purchase hedges											
U.S. dollars	Canadian dollars	5,193	1.428	—	—	—	—	—	—	—	—
Euros	U.S. dollars	2,949	1.081	2,910	1.088	2,795	1.092	2,521	1.098	—	—
Euros	Canadian dollars	3,403	1.496	—	—	—	—	—	—	—	—

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

As at	March 31, 2026			
Cash flow hedges	Change in the value of the hedging instrument recognize in OCI gain (loss)	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from the cash flow hedge reserve to profit or loss gain (loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk:				
Revenue hedges	\$ 11,539	\$ —	\$ (6,871)	Revenues
Purchase hedges	(435)	—	1,062	Cost of revenues
Cross-currency interest rate swap	2,378	—	—	Net finance costs
Interest rate swap instrument	3,328	—	(1,367)	Net finance costs

As at	March 31, 2025			
Cash flow hedges	Change in the value of the hedging instrument recognize in OCI gain (loss)	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from the cash flow hedge reserve to profit or loss gain (loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk:				
Revenue hedges	\$ (14,744)	\$ —	\$ (3,529)	Revenues
Purchase hedges	199	—	(91)	Cost of revenues
Cross-currency interest rate swap	(3,839)	500	—	Net finance costs
Interest rate swap instrument	(7,732)	—	—	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 (loss).

For the year ended March 31, 2026, the Company recorded risk management losses of \$8,094 (losses of \$24,117 for the year ended March 31, 2025) on foreign currency risk management forward contracts in the consolidated statements of income (loss). Included in these amounts were unrealized losses of \$2,695 (losses of \$6,823 during the year ended March 31, 2025), representing the change in fair value. In addition, during the year ended March 31, 2026, the Company realized losses in foreign exchange of \$5,399 (losses of \$17,294 during the year ended March 31, 2025), which were settled.

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14. PROVISIONS

	Warranty	Restructuring	Other	Total
Balance, at March 31, 2024	\$ 13,192	\$ 21,863	\$ 923	\$ 35,978
Provisions made	4,141	23,972	16,342	44,455
Acquisition of subsidiaries	–	2,008	–	2,008
Provisions used	(7,740)	(29,796)	(15,734)	(53,270)
Exchange adjustments	769	975	45	1,789
Balance, at March 31, 2025	\$ 10,362	\$ 19,022	\$ 1,576	\$ 30,960
Provisions made	4,230	23,128	17,606	44,964
Provisions used	(4,608)	(22,712)	(16,412)	(43,732)
Exchange adjustments	91	312	(27)	376
Balance, at March 31, 2026	\$ 10,075	\$ 19,750	\$ 2,743	\$ 32,568

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.

The Company periodically undertakes reviews of its operations to ensure alignment with strategic market opportunities including the realignment of the cost structure and capital needs of its businesses. During the year ended March 31, 2026, restructuring expenses of \$23,128 were recorded in relation to these activities (March 31, 2025 - \$23,972). The costs incurred related primarily to workforce reductions.

Included in the restructuring provisions are \$468 of costs classified as long-term due to country-specific requirements for termination benefits (March 31, 2025 - \$1,000).

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, 2026. The next valuations are scheduled to be completed as at March 31, 2027.

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

As at	March 31 2026	March 31 2025
Accrued benefit obligations:		
Opening balance	\$ 29,660	\$ 28,382
Interest cost	971	986
Service cost	557	921
Assumption changes	(717)	133
Transfers and benefits paid	(2,423)	(2,156)
Exchange and other adjustments	1,631	1,394
Accrued benefit obligations, ending balance	\$ 29,679	\$ 29,660
Plan assets:		
Opening balance	\$ 3,855	\$ 3,797
Interest income included in net interest expense	—	(28)
Exchange and other adjustments	(251)	86
Plan assets, ending balance	\$ 3,604	\$ 3,855
Employee benefits liability	\$ 26,075	\$ 25,805

Amounts recognized in other comprehensive income (before tax) were as follows:

As at	March 31 2026	March 31 2025
Total actuarial gains (losses) recognized in OCI	\$ 717	\$ (133)

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

As at	March 31 2026	March 31 2025
Discount rate	3.8 %	3.7 %
Rate of compensation increase	0.7 %	0.7 %

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, 2026, 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	\$ (2,518)	\$ 2,406	\$ 629	\$ (636)

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The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation. 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 2026	March 31 2025
Other	100.0 %	100.0 %

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

The net employee benefits expense included the following components:

Years ended	March 31 2026	March 31 2025
Defined benefit plans		
Service cost	\$ 557	\$ 921
Interest cost	971	986
	1,528	1,907
Defined contribution plans	12,368	11,471
Net employee benefits expense	\$ 13,896	\$ 13,378

The Company expects to contribute \$nil to its defined benefit plans during the year ending March 31, 2027.

The cumulative actuarial losses, net of income taxes, recognized in retained earnings as at March 31, 2026 were \$2,391 (March 31, 2025 - \$2,917).

16. BANK INDEBTEDNESS AND LONG-TERM DEBT

On December 4, 2025, the Company amended its Credit Facility, extending the maturity date to December 4, 2029. The Credit Facility consists of (i) a \$900,000 secured committed revolving line of credit and (ii) a fully drawn \$150,000 secured term credit facility. The Company incurred transaction costs of \$2,640 which were deferred and are being amortized over the term of the Credit Facility. 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, 2026, the Company had utilized \$200,000 under the Credit Facility, of which \$200,000 was classified as long-term debt (March 31, 2025 - \$452,248) and \$nil by way of letters of credit (March 31, 2025 - \$nil). Subsequent to March 31, 2026, the Company paid \$50,000 towards the outstanding balance on the revolving line of credit.

The Credit Facility is available in Canadian dollars by way of prime rate advances, Term CORRA advances and/or Daily Compounded CORRA advances, in U.S. dollars by way of base rate advances and/or Term SOFR advances, in Euros by way of EURIBOR advances, in British pounds sterling by way of Daily Simple SONIA advances, and by way of letters of credit for certain purposes. 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 agent's prime rate or the agent's U.S. dollar base rate in Canada, respectively, plus a margin ranging from 0.45% to 2.00%. For Term CORRA advances, Daily Compounded CORRA advances, Term SOFR advances,

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EURIBOR advances and Daily Simple SONIA advances, the interest rate is equal to the Term CORRA rate, the Daily Compounded CORRA rate, the Term SOFR rate, the EURIBOR rate or the Daily Simple SONIA rate, 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 1.45% to 3.00%, 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 drawdown under the Credit Facility at rates ranging from 0.29% to 0.60%. The Company's Credit Facility is subject to changes in market interest rates. Changes in economic conditions outside of the Company's control could result in higher interest rates, thereby increasing its interest expense. The Company uses a variable for fixed interest rate swap to hedge a portion of its Credit Facility (see note 9). 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. At March 31, 2026, all of the covenants were met.

The Company has additional credit facilities available of \$110,897 (40,029 Euros, \$24,000 U.S., 110,000 Thai Baht, 2,500 GBP, 5,000 CNY, \$1,000 AUD and \$1,873 CAD). The total amount outstanding on these facilities as at March 31, 2026 was \$8,664, of which \$6,744 was classified as bank indebtedness (March 31, 2025 - \$27,271), \$1,920 was classified as long-term debt (March 31, 2025 - \$2,129) and \$nil by way of letters of credit (March 31, 2025 - \$nil). The interest rates applicable to the credit facilities range from 3.10% to 6.75% per annum, in local currency. 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 U.S. 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 U.S. 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 U.S. Senior Notes. If the Company experiences a change of control, the Company may be required to repurchase the U.S. Senior Notes, in whole or in part, at a purchase price equal to 101% of the aggregate principal amount of the U.S. Senior Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date. The U.S. 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, 2026, all of the covenants were met. Subject to certain exceptions, the U.S. 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 are being amortized over the term of the U.S. Senior Notes. The Company uses a cross-currency interest rate swap instrument to hedge a portion of its U.S. Senior Notes (see note 9).

On August 21, 2024, the Company completed a private placement of \$400,000 aggregate principal amount of CAD senior unsecured notes ("CAD Senior Notes"). The CAD Senior Notes were issued at par, bear interest at a rate of 6.50% per annum and mature on August 21, 2032. On December 19, 2024, the Company completed a private placement of an additional \$200,000 of CAD Senior Notes, bringing the total amount of CAD Senior Notes issued to \$600,000. The additional CAD Senior Notes were issued at a premium of \$1,250 which is classified as long-term debt. The Company may redeem the CAD Senior Notes, at any time after August 21, 2027, in whole or in part, at specified redemption prices and subject to certain conditions required by the CAD Senior Notes. If the Company experiences a change of control, the Company may be required to repurchase the CAD Senior Notes, in whole or in part, at a purchase price equal to 101% of the aggregate principal amount of the CAD Senior Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date. The CAD 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,

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incur additional debt, pay dividends, create liens, make investments, and engage in specified transactions with affiliates. Transaction fees of \$9,604 were deferred and are being amortized over the term of the CAD Senior Notes. At March 31, 2026, all of the covenants were met. Subject to certain exceptions, the CAD Senior Notes are guaranteed by each of the subsidiaries of the Company that is a borrower or has guaranteed obligations under the Credit Facility.

(i) Bank indebtedness

As at	March 31 2026	March 31 2025
Other facilities	\$ 6,744	\$ 27,271

(ii) Long-term debt

As at	March 31 2026	March 31 2025
Credit Facility	\$ 200,000	\$ 452,248
Senior Notes	1,087,954	1,104,740
Other facilities	1,920	2,129
Issuance costs	(15,149)	(15,439)
	1,274,725	1,543,678
Less: current portion	173	219
	\$ 1,274,552	\$ 1,543,459

Scheduled principal repayments and interest payments on long-term debt as at March 31, 2026 are as follows (variable interest repayments on the Credit Facility are not reflected in the table below as they fluctuate based on the amounts drawn):

	Principal	Interest
Less than one year	\$ 173	\$ 59,053
One - two years	508	59,035
Two - three years	487,265	59,016
Three - four years	200,366	38,910
Four - five years	388	38,887
Thereafter	601,174	57,259
	\$ 1,289,874	\$ 312,160

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 18, 2025, 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 8,225,621 common shares during the 12-month period ending December 21, 2026.

During the year ended March 31, 2026, the Company purchased nil common shares under the current NCIB program and 308,758 common shares for \$10,000 under the previous NCIB program (March 31, 2025 - \$nil). At March 31, 2026, a total of 8,225,621 common shares remained available for repurchase

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under the current NCIB. 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. Included in share capital is \$200 of transaction costs related to taxes on the share repurchase (note 18).

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

	Note	Number of common shares	Share capital
Balance, at March 31, 2024		98,219,496	\$ 865,897
Exercise of stock options		19,261	639
Common shares purchased and held in trust		(332,165)	(14,690)
Repurchase of common shares		(1,020,887)	(9,831)
Balance, at March 31, 2025		96,885,705	\$ 842,015
Exercise of stock options		472,230	16,099
Common shares purchased and held in trust	19	(238,621)	(9,616)
Settlement of RSUs	19	186,896	7,161
Repurchase of common shares		(308,758)	(2,854)
Balance, at March 31, 2026		96,997,452	\$ 852,805

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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	March 31 2026	March 31 2025
Income (loss) before income taxes and non-controlling interest	\$ 99,201	\$ (82,938)
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	\$ 26,288	\$ (21,979)
Increase (decrease) in income taxes resulting from:		
Adjustments in respect of current income tax of previous periods	(2,864)	3,309
Non-taxable items net of non-deductible items	(4,789)	(3,848)
Change in unrecognized assets	5,302	(31,343)
Income taxed at different rates and statutory rate changes	4,739	(462)
Manufacturing and processing allowance and all other items	(1,208)	(637)
At the effective income tax rate of 28% (March 31, 2025 – 66.3%)	\$ 27,468	\$ (54,960)

Income tax expense (recovery) reported in the consolidated statements of income (loss):		
Current tax expense	\$ 64,990	\$ 29,586
Deferred tax recovery	(37,522)	(84,546)
	\$ 27,468	\$ (54,960)

Deferred tax related to items charged or credited directly to equity and goodwill:		
Gain (loss) on revaluation of cash flow hedges	\$ (4,200)	\$ 6,524
Opening deferred tax of acquired company	–	(15,160)
Other items recognized through equity	(391)	347
Income tax charged directly to equity and goodwill	\$ (4,591)	\$ (8,289)

(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 are comprised of the following:

As at	March 31 2026	March 31 2025
Accounting income not currently taxable	\$ (21,446)	\$ 42,267
Intangible assets	(127,021)	(138,615)
Investment tax credits taxable in future years when utilized	(6,092)	(4,781)
Loss available for offset against future taxable income	82,688	14,222
Interest limitation	80,433	58,397
Property, plant and equipment	22,699	21,197
Other	3,546	10,762
Net deferred income tax asset	\$ 34,807	\$ 3,449
Presented as:		
Deferred income tax assets	\$ 115,269	\$ 104,022
Deferred income tax liabilities	(80,462)	(100,573)
Net deferred income tax asset	\$ 34,807	\$ 3,449

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Recognized deferred income tax assets: The Company has determined that previously unrecognized deferred income tax assets qualify for recognition as of March 31, 2026 based on an expectation of future taxable profits in the related jurisdictions as a result of a legal entity consolidation.

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

As at	March 31 2026	March 31 2025
Losses and other assets available for offset against future taxable income	\$ 38,283	\$ 51,070

Loss carryforwards: As at March 31, 2026, the Company has the following net operating loss carryforwards that are scheduled to expire in the following years:

As at	March 31, 2026	
Years of expiry	Non-Canadian	Canadian
2027 - 2033	\$ 9,062	\$ –
2034 - 2046	67,120	119,626
2047 - 2056	1,185	–
No expiry	350,411	–
	\$ 427,778	\$ 119,626

As at	March 31, 2025	
Years of expiry	Non-Canadian	Canadian
2026 - 2032	\$ 9,175	\$ –
2033 - 2045	26,350	9,204
No expiry	187,917	–
	\$ 223,442	\$ 9,204

At March 31, 2026, the Company has U.S. federal and state capital loss carryforwards of \$547 (March 31, 2025 – \$566) that do not expire, and Canadian capital loss carryforwards of \$92,366 (March 31, 2025 - \$86,269) that do not expire.

Investment tax credits: As at March 31, 2026, the Company has investment tax credits available to be applied against future taxes payable in Canada of approximately \$21,918 and in foreign jurisdictions of approximately \$18,237. The investment tax credits are scheduled to expire as follows:

Years of expiry	Gross ITC balance	
2027 - 2031	\$	7,561
2032 - 2037		2,831
2038 - 2046		29,763
	\$	40,155

The benefit of \$27,381 (March 31, 2025 - \$30,168) of these investment tax credits has been recognized in the consolidated financial statements. Unrecognized investment tax credits are scheduled to expire between 2040 and 2046.

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

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(iv) There are temporary differences of \$104,232 associated with investments in subsidiaries for which no deferred income tax liability has been recognized (March 31, 2025 - \$113,654).

(v) Pillar Two legislation became enacted in Canada and came into effect on April 1, 2024 for the Company. Pillar Two introduces a 15% global minimum tax on income earned in each jurisdiction where the Company operates. During the year ended March 31, 2026, the Company recognized income tax expense related to Pillar Two income taxes of \$2,222 (March 31, 2025 - \$2,100) in the consolidated statement of income (loss), which was attributable to the Company's earnings in Hungary. The Company has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

(vi) On June 20, 2024, Bill C-59 received Royal Assent, enacting a 2% tax on certain share buybacks. The impact of this tax is reflected in the consolidated financial statements (note 17).

The "income taxed at different rates and statutory rate changes" line includes the impact of remeasurement of deferred tax assets and liabilities arising from the reduction in the corporate income tax rate in Germany. The change in the enacted tax rate resulted in an increase to income tax expense of \$5,372 in the year ended March 31, 2026, reflecting the decrease in the value of deferred tax assets previously 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 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. 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, 2026 and March 31, 2025, no shares were issued from treasury related to the plan.

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. 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.

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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, 2026, there are a total of 1,715,727 common shares remaining for future stock option grants under both plans (March 31, 2025 - 1,560,749).

Years ended	March 31 2026		March 31 2025	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Stock options outstanding, beginning of year	994,599	\$ 35.87	823,527	\$ 33.56
Granted ⁽ⁱ⁾	1,054,106	40.83	241,327	45.37
Exercised ⁽ⁱⁱ⁾	(472,230)	26.31	(19,261)	25.70
Forfeited	(509,084)	45.33	(50,994)	47.39
Stock options outstanding, end of year	1,067,391	\$ 40.49	994,599	\$ 35.87
Stock options exercisable, end of year, time-vested options	138,896	\$ 34.53	531,910	\$ 28.06

(i) Included in the units granted during the year ended March 31, 2026 is 700,000 units of Performance Stock Options ("PSO"). The PSOs are not granted under the 1995 Plan or the 2006 Plan, however the terms of the 2006 Plan apply to the PSOs. The PSOs include both a time-vesting and market-vesting component and expire on the seventh anniversary of the grant date. The PSOs vest in tranches, with the earliest vesting date occurring in fiscal 2029.

(ii) For the year ended March 31, 2026, the weighted average share price at the date of exercise was \$38.37 (March 31, 2025 - \$40.13).

As at March 31, 2026	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
\$20.22 - \$40.71	256,979	4.5 years	\$ 34.98	98,571	\$ 27.55
\$40.72 - \$43.23	700,000	6.9 years	41.09	—	0.00
\$43.24 - \$51.54	73,047	5.1 years	45.37	19,990	45.37
\$51.55 - \$57.71	37,365	4.2 years	57.71	20,335	57.71
\$20.22 - \$57.71	1,067,391	6.1 years	\$ 40.49	138,896	\$ 34.53

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.

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For the year ended	March 31 2026	March 31 2025
Weighted average risk-free interest rate	2.90 %	3.75 %
Dividend yield	0 %	0 %
Weighted average expected volatility	37 %	35 %
Weighted average expected life	4.75 years	4.75 years
Number of stock options granted: ⁽ⁱ⁾		
Time-vested	354,106	241,327
Weighted average exercise price per option	\$ 40.32	\$ 45.37
Weighted average value per option:		
Time-vested	\$ 14.52	\$ 16.45

(i) The 700,000 PSOs are performance-vested options and are excluded from the above table.

The fair values of the PSOs issued during the year were estimated at the date of grant using the Monte Carlo option pricing model with a risk-free rate of 2.96% and expected volatility of 35.70%. The fair values for the tranches are in the range of \$11.48 to \$15.81 and the weighted average exercise price is \$41.09.

Restricted Share Unit Plan:

During the year ended March 31, 2026, the Company granted 357,491 time-vesting restricted share units ("RSUs") (255,055 in the year ended March 31, 2025), and 521,477 performance-based RSUs, (210,803 in the year ended March 31, 2025).

Included in the performance-based RSUs granted are 248,355 market share price condition based restricted share units ("MSPC PSU"). The fair value of the MSPC PSUs was determined using the Monte Carlo valuation model.

The Company measures these RSUs based on the fair value at the date of grant and a compensation expense is recognized over the vesting period in the consolidated statements of income (loss) with a corresponding increase in contributed surplus. The performance-based RSUs vest upon successful achievement of certain operational and share price targets.

On May 18, 2022, the RSU plan was amended so that RSUs granted may be settled in ATS Common Shares, where deemed advisable by the Company, as an alternative to cash payments. It is the Company's intention to settle these RSUs with ATS Common Shares and therefore the Company measures these RSUs as equity awards based on fair value. During the year ended March 31, 2026, 238,621 common shares were purchased for \$9,616 and placed in trust (332,165 shares for \$14,690 in the year ended March 31, 2025).

During the year ended March 31, 2026, the Company settled 131,057 time-vesting RSUs and 55,839 performance-based RSUs (nil in the year ended March 31, 2025) in ATS Common Shares from the common shares held in trust (note 17). At March 31, 2026, 1,109,180 shares are held in a trust and may be used to settle some or all of the RSU grants when they are fully vested (March 31, 2025 - 1,057,455 shares). The trust is consolidated in the Company's annual audited consolidated financial statements with the value of the acquired common shares presented as a reduction of share capital.

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

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("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, 2026, the Company granted 58,019 units (March 31, 2025 - 43,456 units). During the year ended March 31, 2026, 31,625 units were redeemed upon directors' retirement from the Board (March 31, 2025 - no units). As at March 31, 2026, the value of the outstanding liability related to the DSUs was \$19,168 (March 31, 2025 - \$17,031). 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 (loss) in the period of the change.

The following table shows the compensation expense related to the Company's share-based payment plans:

For the years ended	March 31 2026	March 31 2025
Stock options	\$ 661	\$ 2,832
RSUs	4,729	8,976
DSUs	3,297	(2,630)
	\$ 8,687	\$ 9,178

On July 7, 2025, the Company announced the departure of its former Chief Executive Officer ("CEO"). During the year ended March 31, 2026, the Company reversed \$7,300 of previously recorded stock-based compensation expense associated with the unvested stock-based awards held by the former CEO.

20. COMMITMENTS AND CONTINGENCIES

Minimum purchase obligations as at	March 31 2026
Less than one year	\$ 361,393
One - two years	25,313
Two - three years	4,228
Three - four years	679
Four - five years	60
More than five years	75
	\$ 391,748

The Company's off-balance sheet arrangements consist of purchase obligations, primarily 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. As at

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March 31, 2026, the total value of outstanding letters of credit was approximately \$283,871 (March 31, 2025 - \$279,383).

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, 2026		
	Right-of-use assets	Property, plant and equipment	Intangible assets
Canada	\$ 41,073	\$ 66,059	\$ 81,747
United States	23,027	79,427	403,402
Germany	25,264	52,814	46,079
Italy	35,927	49,204	132,706
Other Europe	18,539	9,403	35,095
Other	3,224	2,884	5,181
Total Company	\$ 147,054	\$ 259,791	\$ 704,210

As at	March 31, 2025		
	Right-of-use assets	Property, plant and equipment	Intangible assets
Canada	\$ 32,751	\$ 67,254	\$ 84,269
United States	22,935	145,788	450,892
Germany	24,485	55,700	46,256
Italy	18,662	44,539	135,217
Other Europe	19,959	9,169	33,724
Other	3,499	2,598	8,173
Total Company	\$ 122,291	\$ 325,048	\$ 758,531

Revenues from external customers for the years ended	March 31 2026	March 31 2025
Canada	\$ 196,407	\$ 131,465
United States	1,273,047	1,036,378
Germany	283,385	251,138
Italy	108,318	87,842
Other Europe	628,691	599,078
Other	483,084	427,387
Total Company	\$ 2,972,932	\$ 2,533,288

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For the years ended March 31, 2026 and March 31, 2025, the Company did not have revenues from a single customer that amounted to 10% or more of total consolidated revenues.

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Revenue by type:

For the years ended	March 31 2026	March 31 2025
Revenues from construction contracts	\$ 1,602,013	\$ 1,311,119
Services rendered	723,879	651,143
Sale of goods	647,040	571,026
Total Company	\$ 2,972,932	\$ 2,533,288

(b) Disaggregation of revenue from contracts with customers:

Revenues by market for the years ended	March 31 2026	March 31 2025
Life Sciences	\$ 1,521,973	\$ 1,471,797
Consumer Products	553,002	335,690
Food & Beverage	498,749	416,879
Energy	226,658	123,951
Transportation	172,550	184,971
Total Company	\$ 2,972,932	\$ 2,533,288

Timing of revenue recognition based on transfer of control for the years ended	March 31 2026	March 31 2025
Goods and services transferred at a point in time	\$ 647,040	\$ 571,026
Goods and services transferred over time	2,325,892	1,962,262
Total Company	\$ 2,972,932	\$ 2,533,288

(c) 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, 2026 and March 31, 2025. 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 2026	March 31 2025
Less than one year	\$ 1,329,000	\$ 1,648,000
Thereafter	629,000	491,000
Total	\$ 1,958,000	\$ 2,139,000

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(d) Accounts receivable:

As at	March 31 2026	March 31 2025
Trade accounts receivable	\$ 520,261	\$ 705,255
Less: allowance for expected credit loss	(15,684)	(9,176)
Trade accounts receivables, net	\$ 504,577	\$ 696,079
Other accounts receivable	19,161	23,356
Total	\$ 523,738	\$ 719,435

(e) Contract balances:

As at	March 31 2026	March 31 2025
Trade receivables	\$ 504,577	\$ 696,079
Contract assets	436,847	503,552
Contract liabilities	(307,306)	(330,134)
Unearned revenue ⁽ⁱ⁾	(93,713)	(97,777)
Net contract balances	\$ 540,405	\$ 771,720

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

Contract assets relate to revenue earned in exchange of goods or services that have been transferred to a customer. These assets are transferred to accounts receivable when billed. 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 and contract liability balances decreased by \$66,705 and by \$22,828, respectively during the year ended March 31, 2026. Included in the decrease of the net contract asset balance is an impairment charge relating to the reorganization of the Company's Transportation business, along with other costs from the reorganization, which resulted in an increase to cost of revenues of \$28,600. The remaining decrease in net contract assets is related to the timing of billings on certain customer contracts.

The financial statements for the year ended March 31, 2025 included the impact of an agreement with an electric vehicle ("EV") customer, with respect to previously disclosed outstanding payments, where the Company received \$194,000 (U.S. \$134,750) in the first quarter of fiscal 2026, with no further work required by the Company. All previously recorded amounts related to the program with the customer were written off as of March 31, 2025, resulting in an increase to net loss of \$129,000 after income taxes (\$171,090 before income taxes). The increase to net loss was recorded as a reduction to revenues of \$146,900, as the settlement agreement is accounted for as a contract modification under IFRS 15, and an increase to selling, general and administrative expenses of \$24,190 (note 23).

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23. OPERATING COSTS AND EXPENSES

Depreciation, amortization and employee benefit expenses recorded in the consolidated statements of income (loss) are detailed as follows:

For the years ended	March 31 2026	March 31 2025
Included in cost of revenues:		
Depreciation of property, plant and equipment	\$ 25,483	\$ 24,793
Amortization of right-of-use assets	31,850	27,146
Amortization of intangible assets	21,334	13,247
Transportation reorganization	28,600	–
Wages, salaries and other employee benefits	878,749	867,743
Included in selling, general and administrative expenses:		
Depreciation of property, plant and equipment	\$ 8,987	\$ 8,881
Amortization of right-of-use assets	6,971	6,678
Amortization of intangible assets	69,248	71,925
Wages, salaries and other employee benefits	281,862	267,616
EV customer settlement - other	–	24,190
Retirement benefits ⁽ⁱ⁾	13,896	13,378

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

24. NET FINANCE COSTS

For the years ended	Note	March 31 2026	March 31 2025
Interest expense		\$ 93,820	\$ 92,195
Interest on lease liabilities	8	6,715	6,048
Interest income		(956)	(6,049)
		\$ 99,579	\$ 92,194

25. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share

Earnings (loss) per common share is calculated by dividing earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding.

Diluted earnings (loss) per share

The treasury stock method is used to determine the dilutive impact of stock options and RSUs. This method assumes any proceeds from the exercise of stock options and vesting of RSUs would be used to purchase common shares at the average market price during the period.

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For the years ended	March 31 2026	March 31 2025
Weighted average number of common shares outstanding	97,897,034	97,975,703
Dilutive effect of RSUs	146,863	–
Dilutive effect of stock option conversion	96,291	–
Diluted weighted average number of common shares outstanding ⁽ⁱ⁾	98,140,188	97,975,703

(i) As of March 31, 2025, the weighted average number of common shares outstanding equaled the diluted weighted average number of common shares outstanding as all stock-based compensation was antidilutive.

The Company presents basic and diluted earnings (loss) per share data. Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for common shares held in trust under the RSU Plans. Diluted earnings (loss) per share is determined by further adjusting the weighted average number of common shares outstanding for the effects of all potential dilutive shares, which comprise stock options, RSUs and performance-based RSUs granted to executive officers and designated employees.

For the year ended March 31, 2026, stock options to purchase 410,705 common shares, 27,167 RSUs, and nil performance-based RSUs are excluded from the weighted average number of common shares in the calculation of diluted earnings per share as they are anti-dilutive (584,137 common shares, 165,729 RSUs and 294,413 performance-based RSUs were excluded for the year ended March 31, 2025).

26. SUPPLEMENTAL CASH FLOW INFORMATION

The following table sets forth the supplemental cash flow information on net change in non-cash working capital:

For the years ended	March 31 2026	March 31 2025
Accounts receivable	\$ 195,697	\$ (240,675)
Income tax receivable	21,709	(18,238)
Contract assets	66,705	201,151
Inventories	24,966	1,562
Deposits, prepaids and other assets	9,573	(3,017)
Accounts payable and accrued liabilities	(46,511)	42,131
Income tax payable	(5,950)	(7,085)
Contract liabilities	(22,828)	17,930
Provisions	1,608	(7,026)
Foreign exchange and other	1,618	5,299
Total change in non-cash working capital	\$ 246,587	\$ (7,968)

27. 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.

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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 senior net debt to EBITDA of not greater than 3.5 to 1 (note 16). For the years ended March 31, 2026 and March 31, 2025, 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 2026	March 31 2025
Equity excluding accumulated other comprehensive income	\$ 1,607,885	\$ 1,542,502
Long-term debt	1,274,725	1,543,678
Lease liabilities	154,688	129,393
Bank indebtedness	6,744	27,271
Cash and cash equivalents	(284,957)	(225,947)
Capital under management	\$ 2,759,085	\$ 3,016,897
Debt-to-equity ratio	0.89:1	1.10:1

28. RELATED PARTY DISCLOSURE

The Company had an agreement with a shareholder, Mason Capital Management, LLC ("Mason Capital"), pursuant to which Mason Capital provided 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 (the "Board") who is associated with Mason Capital, had waived any fees to which he may otherwise have been entitled for serving as a member of the Board or as a member of any committee of the Board. As Mr. Martino was selected by the Board to serve as the Chair of the Board, Mason Capital and the Company collectively determined that it would be appropriate to terminate, and have terminated, this agreement effective March 31, 2026.

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

For the years ended	March 31 2026	March 31 2025
Short-term employee benefits	\$ 5,012	\$ 4,601
Fees	691	696
Stock-based compensation ⁽ⁱ⁾	(522)	3,792
Post-employment benefits	64	64
Total remuneration	\$ 5,245	\$ 9,153

(i) Stock-based compensation includes approximately \$1,457 (March 31, 2025 - approximately \$(5,300)) related to changes in the fair value of cash-settled plans due to the decrease 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.