



ATS Automation Tooling Systems Inc.

Management's Discussion and Analysis

For the Year Ended March 31, 2022

TSX: ATA

Management's Discussion and Analysis

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

IMPORTANT NOTES

Forward-Looking Statements

This document contains forward-looking information within the meaning of applicable securities laws. Please see "Forward-Looking Statements" for further information on page 27.

Non-IFRS and Other Financial Measures

Throughout this document, management uses certain Non-IFRS financial measures, Non-IFRS ratios and supplementary financial measures within the meaning of applicable securities laws to evaluate the performance of the Company. See "Non-IFRS and Other Financial Measures" on page 29 for an explanation of such measures and "Reconciliation of Non-IFRS Measures to IFRS Measures" beginning on page 20 for a reconciliation of Non-IFRS measures.

COMPANY PROFILE

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

STRATEGY

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

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

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

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

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

ATS Business Model (“ABM”)

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

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

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

Key ABM drivers include:

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

BUSINESS OVERVIEW

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

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

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

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

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

Competitive strengths

Management believes ATS has the following competitive strengths:

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

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

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

Company's extensive product and technology portfolio provides advantages in developing unique and leading solutions for customers and in maintaining competitiveness.

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

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

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

FINANCIAL HIGHLIGHTS

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

	Q4 2022	Q4 2021	Variance	Fiscal 2022	Fiscal 2021	Variance
Revenues	\$ 603.2	\$ 399.9	50.8%	\$ 2,182.7	\$ 1,430.0	52.6%
Net income	\$ 39.9	\$ 23.8	67.6%	\$ 121.4	\$ 64.1	89.4%
Adjusted earnings from operations ¹	\$ 85.8	\$ 49.5	73.3%	\$ 292.4	\$ 163.2	79.2%
Adjusted earnings from operations margin ¹	14.2%	12.4%	183 bps	13.4%	11.4%	198 bps
Adjusted EBITDA ¹	\$ 99.1	\$ 58.8	68.5%	\$ 343.9	\$ 200.7	71.4%
Adjusted EBITDA margin ¹	16.4%	14.7%	173 bps	15.8%	14.0%	172bps
Basic earnings per share	\$ 0.43	\$ 0.26	65.4%	\$ 1.32	\$ 0.70	88.6%
Adjusted basic earnings per share ¹	\$ 0.64	\$ 0.34	88.2%	\$ 2.17	\$ 1.07	102.8%
Order Bookings ¹	\$ 638.0	\$ 463.0	37.8%	\$ 2,456.0	\$ 1,626.0	51.0%
As at				March 31, 2022	March 31, 2021	Variance
Order Backlog ¹				\$ 1,438	\$ 1,160	24.0%

¹Non-IFRS Financial Measure, See "Non-IFRS and Other Financial Measures."

EXECUTIVE SUMMARY: GROWTH ORGANICALLY AND FROM ACQUISITIONS

- Fourth quarter revenues increased 50.8% or \$203.3 million year over year, reflecting \$172.1 million from strategic acquisitions and \$41.8 million of organic revenue primarily within the life sciences

market (excluding foreign exchange translation changes). (Organic revenue is a Non-IFRS Financial Measure; see “Non-IFRS and Other Financial Measures”.)

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

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

STRATEGIC BUSINESS ACQUISITIONS

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

Acquisition and Date	Profile	Purpose	Consideration/Accounting Method¹
BioDot, Inc. (“BioDot”) June 1, 2021 (Q1 FY22)	Leading manufacturer of automated fluid dispensing systems for point of care and clinical diagnostic labs	Expand life sciences capabilities in precise, low volume fluid dispensing	\$107.1 million (U.S. \$88.7 million); business combination/purchase method
NCC Automated Systems, Inc. (“NCC”) September 1, 2021 (Q2 FY22)	Provider of engineered to order sanitary automation solutions and stand-alone precision conveyance systems	Enhance position in food & beverage end market	\$56.9 million (U.S. \$45.1 million), \$56.0 million paid in Q2 FY 22 excluding cash acquired of \$6.3 million (balance based on fair value earn-out paid within 2 fiscal years if performance targets met); business combination/purchase method
SP Industries, Inc. (“SP”) December 3, 2021 (Q3 FY22)	Designer and manufacturer of high-grade biopharma processing equipment, life sciences equipment, and lab apparatus products	Expand life sciences capabilities in research and commercial lyophilizers, aseptic fill-finish equipment and systems, provide meaningful recurring revenues through its labware and glassware business	\$583.9 million (U.S. \$454.9 million); business combination/purchase method

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

Other Acquisitions

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

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

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

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

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

Order Bookings by Quarter

(In millions of dollars)

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

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

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

acquisitions, with SP contributing \$26 million of consumer products bookings. Order Bookings in energy increased due to timing of customer projects, primarily in the nuclear market.

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

Order Backlog Continuity

(In millions of dollars)

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

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

OUTLOOK

Order Backlog by Market

(In millions of dollars)

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

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

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

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

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

management's estimate of current projects in Order Backlog and expectations for revenues that will be booked and recognized within the period.

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

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

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

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

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

DETAILED ANALYSIS

CONSOLIDATED RESULTS

(In millions of dollars, except per share data)

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

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

¹Non-IFRS Financial Measures, see "Non-IFRS and Other Financial Measures."

Consolidated Revenues

(In millions of dollars)

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

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

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

Fourth Quarter

Fiscal 2022 fourth quarter revenues were 50.8% or \$203.3 million higher than in the corresponding period a year ago and included \$172.1 million of revenues earned by acquired companies, most notably \$80.2 million from CFT and \$59.4 million from SP. Organic revenue growth, excluding contributions from acquired companies and the impact of foreign exchange rate changes, was \$41.8 million, or 10.5% higher than the fourth quarter of fiscal 2021. Foreign exchange translation negatively impacted revenues by \$10.6 million or 2.7%, primarily reflecting the strengthening of the Canadian dollar relative to the Euro. Life sciences was the primary source of organic revenue growth and reflected increased activity on medical device and pharmaceutical projects. Revenues generated from construction contracts increased 37.8% or \$97.5 million due to a combination of revenues earned by acquired companies of \$72.0 million (primarily \$53.0 million from CFT), and organic revenue growth. Revenues from services increased 24.2% or \$26.6 million primarily

due to revenues earned by acquired companies of \$20.7 million. Organic growth in services accounted for \$11.1 million of the year-over-year increase and reflected the Company's after-sales service initiatives. Foreign exchange translation negatively impacted service revenues by \$5.2 million. Revenues from the sale of goods increased 246.7% or \$79.2 million due to revenues earned by acquired companies, primarily CFT and SP, which generate a higher percentage of their revenues from product sales. Organic revenue and organic revenue growth are Non-IFRS measures. Please see "Non-IFRS and Other Financial Measures."

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

Full Year

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

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

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

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

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

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

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

Earnings and adjusted earnings from operations

(In millions of dollars)

	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Earnings from operations	\$ 59.8	\$ 42.8	\$ 186.6	\$ 119.6
Amortization of acquisition-related intangible assets	19.2	8.1	63.9	33.5
Acquisition-related transaction costs	1.4	4.2	12.0	6.7
Acquisition-related inventory fair value charges	5.2	—	25.7	—
Gain on sale of facility	—	—	—	(5.3)
Contingent consideration adjustment	(1.7)	(5.6)	(1.7)	(5.6)
Restructuring charges	1.9	—	5.9	14.3
Adjusted earnings from operations¹	\$ 85.8	\$ 49.5	\$ 292.4	\$ 163.2

¹Non-IFRS Financial Measure, See “Non-IFRS and Other Financial Measures”

Fourth Quarter

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

restructuring costs. Fiscal 2021 fourth quarter earnings from operations included \$8.1 million of amortization of acquisition-related intangible assets, \$4.2 million of incremental costs related to the Company's acquisition activity, and \$5.6 million in adjustments to contingent consideration related to the acquisition of MARCO.

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

Full Year

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

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

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

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

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

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

Other Non-IFRS Measures of Performance

(In millions of dollars)

	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Earnings from operations	\$ 59.8	\$ 42.8	\$ 186.6	\$ 119.6
Depreciation and amortization	32.5	17.4	115.4	71.0
EBITDA¹	\$ 92.3	\$ 60.2	\$ 302.0	\$ 190.6
Restructuring charges	1.9	—	5.9	14.3
Acquisition-related transaction costs	1.4	4.2	12.0	6.7
Acquisition-related inventory fair value charges	5.2	—	25.7	—
Gain on sale of facility	—	—	—	(5.3)
Contingent consideration adjustment	(1.7)	(5.6)	(1.7)	(5.6)
Adjusted EBITDA¹	\$ 99.1	\$ 58.8	\$ 343.9	\$ 200.7

¹Non-IFRS Financial Measure, See “Non-IFRS and Other Financial Measures”

Fourth Quarter

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

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

Full Year

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

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

SHARE DATA

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

NORMAL COURSE ISSUER BID

On December 13, 2021, the Company announced that the Toronto Stock Exchange (“TSX”) had accepted a notice filed by the Company of its intention to make a normal course issuer bid (“NCIB”). Under the NCIB,

ATS may purchase for cancellation up to a maximum of 7,383,567 Common Shares during the 12-month period ending December 14, 2022.

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

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

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

INVESTMENTS, LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

Investments

(In millions of dollars)

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

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

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

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

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

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

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

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

Liquidity, Cash Flow, and Financial Resources

(In millions of dollars, except ratios)

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

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

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

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

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

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

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

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

The Credit Facility is available in Canadian dollars by way of prime rate advances and/or bankers' acceptances, in U.S. dollars by way of base rate advances and/or LIBOR advances, in Swiss francs, Euros and British pounds sterling by way of LIBOR advances, and by way of letters of credit for certain purposes in Canadian dollars, U.S. dollars and Euros. The interest rates applicable to the Credit Facility are determined based on a net debt-to-EBITDA ratio as defined in the Credit Facility. For prime rate advances and base rate advances, the interest rate is equal to the bank's prime rate or the bank's U.S. dollar base

rate in Canada, respectively, plus a margin ranging from 0.45% to 2.00%. For bankers' acceptances and LIBOR advances, the interest rate is equal to the bankers' acceptance fee or LIBOR, respectively, plus a margin that varies from 1.45% to 3.00%. The Company pays a fee for usage of financial letters of credit that ranges from 0.97% to 2.00%, and a fee for usage of non-financial letters of credit that ranges from 0.97% to 2.00%. The Company pays a standby fee on the unadvanced portions of the amounts available for advance or draw-down under the Credit Facility at rates ranging from 0.29% to 0.60%.

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

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

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

Contractual Obligations

(In millions of dollars)

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

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

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

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

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

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

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

FINANCIAL INSTRUMENTS

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

RISK MANAGEMENT

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

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

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

FOREIGN EXCHANGE RISK

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

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

The Company uses cross-currency swaps as derivative financial instruments to hedge a portion of its foreign exchange risk related to its U.S. dollar-denominated Senior Notes. Subsequent to the fourth quarter (on April 20, 2022), the Company settled its cross-currency interest rate swap instrument outstanding at

March 31, 2022 to swap U.S. \$175.0 million into Canadian dollars. The Company received interest of 4.125% U.S. per annum and paid interest of 4.257% Canadian. The Company also settled a cross-currency interest rate swap instrument to swap 143.9 million Euros into Canadian dollars that was outstanding on March 31, 2022. The Company received interest of 4.257% Canadian per annum and paid interest of 3.145% Euros. The Company received \$17.2 million to settle the cross-currency swaps.

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

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

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

Period Average Exchange Rates in Canadian Dollars

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

CONSOLIDATED QUARTERLY RESULTS

(In millions of dollars, except per share amounts)

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

¹ Earnings from operations, net income and basic and diluted earnings per share for Q1 and Q2 fiscal 2022 have been re-presented as a result of measurement period adjustments for the acquisitions of CFT, BioDot and NCC as required by IFRS 3, *Business Combinations*.

² Non-IFRS measure. See "Non-IFRS and Other Financial Measures" and "Reconciliation of Non-IFRS Measures to IFRS Measures."

³ Non-IFRS measure. See "Non-IFRS and Other Financial Measures" and "Order Bookings by Quarter."

⁴ Non-IFRS measure. See "Non-IFRS and Other Financial Measures" and "Order Backlog Continuity."

Interim financial results are not necessarily indicative of annual or longer-term results because capital equipment markets served by the Company tend to be cyclical in nature. Operating performance quarter to

quarter may also be affected by the timing of revenue recognition on large programs in Order Backlog, which is impacted by such factors as customer delivery schedules, the timing of third-party content, and by the timing of acquisitions. General economic trends, product life cycles and product changes may impact revenues and operating performance. ATS typically experiences some seasonality with its Order Bookings, revenues and earnings from operations, due to employee vacations, seasonality of growing seasons within the food industry and summer plant shutdowns by its customers. The COVID-19 pandemic has caused variation within the life sciences industry in past quarters and is likely to affect quarterly performance patterns in fiscal 2023.

RELATED PARTY TRANSACTIONS

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

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

Reconciliation of Non-IFRS Measures to IFRS Measures

(In millions of dollars, except per share data)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

COVID-19

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

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

Revenue recognition and contracts in progress

The nature of ATS contracts requires the use of estimates to quote new business, and most automation systems are typically sold on a fixed-price basis. Revenues on construction contracts and other long-term contracts are recognized on a percentage of completion basis as outlined in note 3(c) "Revenue recognition – Construction contracts" to the consolidated financial statements. In applying the accounting policy on construction contracts, judgment is required in determining the estimated costs to complete a contract. These cost estimates are reviewed at each reporting period and by their nature may give rise to income

volatility. If the actual costs incurred by the Company to complete a contract are significantly higher than estimated, the Company's earnings may be negatively affected. The use of estimates involves risks, including volatility within the supply chain that can lead to inflation to the price of inputs as well as the work to be performed involving varying degrees of technical uncertainty, including possible development work to meet the customer's specification, the extent of which is sometimes not determinable until after the project has been awarded. In the event the Company is unable to meet the defined performance specification for a contracted automation system, it may need to redesign and rebuild all or a portion of the system at its expense without an increase in the selling price. Certain contracts may have provisions that reduce the selling price or provide purchase price refunds if the Company fails to deliver or complete the contract by specified dates. These provisions may expose the Company to liabilities or adversely affect the Company's results of operations or financial position.

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

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

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

Investment tax credits and income taxes

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

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

Stock-based payment transactions

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

Impairment of non-financial assets

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

Provisions

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

Employee benefits

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

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

CHANGES IN ACCOUNTING POLICIES

ACCOUNTING STANDARDS ADOPTED IN FISCAL 2022

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

CONTROLS AND PROCEDURES

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

Disclosure Controls and Procedures

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

them regarding required disclosure within the time periods specified in provincial and territorial securities legislation.

Internal Control over Financial Reporting

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

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

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

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

Limitation on Scope

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

<i>(millions of dollars)</i>	
Revenue ¹	\$126.8 million
Net loss ¹	(\$9.2) million
Current assets ²	\$151.3 million
Non-current assets ²	\$692.1 million
Current liabilities ²	\$83.2 million
Non-current liabilities ²	\$230.0 million

¹Results from June 1, 2021 to March 31, 2022

²Balance sheet as at March 31, 2022

OTHER MAJOR CONSIDERATIONS AND RISK FACTORS

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

- Market volatility;
- Inflation risks;
- Geopolitical disputes and conflicts;
- Regional energy shortages; price increases;
- Macroeconomic or industry conditions risks;

- Strategy execution risks;
- Acquisition risks;
- Expansion risks;
- Pandemic and epidemic risks;
- Natural or other disasters, acts of war, terrorism, international conflicts or other disruptions;
- Industry consolidation;
- Liquidity, access to capital markets and leverage;
- Security breaches or disruptions of information technology systems risks;
- Restrictive covenants;
- Availability of performance and other guarantees from financial institutions;
- Share price volatility;
- Competition;
- First-time program and production risks;
- Automation systems pricing;
- Revenue mix risk;
- Pricing, quality, delivery and volume risks;
- Product failure;
- New product market acceptance, obsolescence, and commercialization;
- Insurance coverage;
- Availability of raw materials and other manufacturing inputs;
- Customer risks;
- Insolvency or financial distress of third parties;
- Availability of human resources and dependence on key personnel;
- Cumulative loss of several significant contracts;
- Lengthy sales cycles;
- Lack of long-term customer commitment;
- Foreign exchange risk;
- Doing business in foreign countries;
- International trade;
- Conditions in China;
- China Subsidiaries' Permits and Business Licenses;
- Misuse of China Subsidiaries' Chops;
- Costs of Labour in China;
- Enforcing Rights and Judgements in China;
- Legislative compliance;
- Environmental compliance;
- Canadian Corruption of Foreign Public Officials Act, United States Foreign Corrupt Practices Act and Anti-bribery laws risk;
- Intellectual property protection risks;
- Infringement of third parties' intellectual property rights risk;
- Internal controls;
- Impairment of intangible assets risk;
- Income and other taxes and uncertain tax liabilities;
- Variations in quarterly results;
- Litigation;
- Risks associated with product businesses;
- Environmental, social and governance considerations risk;
- Manufacturing facilities disruption;
- Restructuring and work stoppage risk; and
- Dependence on performance of subsidiaries.

FORWARD-LOOKING STATEMENTS

This management's discussion and analysis of financial conditions, and results of operations of ATS contains certain statements that may constitute forward-looking information within the meaning of

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

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

Forward-looking statements are necessarily based on a number of estimates, factors and assumptions regarding, among others, management's current plans, estimates, projections, beliefs and opinions, the

future performance and results of the Company's business and operations; assumption of successful implementation of margin improvement initiative; and general economic conditions and global events, including the COVID-19 pandemic.

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

NON-IFRS AND OTHER FINANCIAL MEASURES

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

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

Operating margin, adjusted earnings from operations, EBITDA, EBITDA margin, adjusted EBITDA, and adjusted EBITDA margin are used by the Company to evaluate the performance of its operations. Management believes that earnings from operations is an important indicator in measuring the performance of the Company's operations on a pre-tax basis and without consideration as to how the Company finances

its operations. Management believes that organic revenue and organic revenue growth, when considered with IFRS measures, allow the Company to better measure the Corporation's performance and evaluate long-term performance trends. Organic revenue growth also facilitates easier comparisons of the Corporation's performance with prior and future periods and relative comparisons to its peers. Management believes that EBITDA and adjusted EBITDA are important indicators of the Company's ability to generate operating cash flows to fund continued investment in its operations. Management believes that adjusted earnings from operations, adjusted operating margin, adjusted EBITDA, adjusted net income and adjusted basic earnings per share are important measures to increase comparability of performance between periods. The adjustment items used by management to arrive at these metrics are not considered to be indicative of the business' ongoing operating performance. Management uses the measure "non-cash working capital as a percentage of revenues" to assess overall liquidity. Free cash flow is used by the Company to measure cash flow from operations after investment in property, plant and equipment and intangible assets. Management uses net debt to adjusted EBITDA as a measurement of leverage of the Company. Order Bookings provide an indication of the Company's ability to secure new orders for work during a specified period, while Order Backlog provides a measure of the value of Order Bookings that have not been completed at a specified point in time. Both Order Bookings and Order Backlog are indicators of future revenues that the Company expects to generate based on contracts that management believes to be firm. Book to bill ratio is used to measure the Company's ability and timeliness to convert Order Bookings into revenues. Management believes that ATS shareholders and potential investors in ATS use these additional IFRS measures and non-IFRS financial measures in making investment decisions and measuring operational results.

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