



ATS AUTOMATION TOOLING SYSTEMS INC.

Interim Condensed Consolidated Financial Statements

For the period ended June 28, 2020

(Unaudited)

ATS AUTOMATION TOOLING SYSTEMS INC.
Interim Consolidated Statements of Financial Position
(in thousands of Canadian dollars - unaudited)

As at	Note	June 28 2020	March 31 2020
ASSETS			
Current assets			
Cash and cash equivalents	11	\$ 398,557	\$ 358,645
Accounts receivable		216,080	291,126
Income tax receivable		4,276	3,720
Contract assets	17	266,241	231,531
Inventories	5	84,287	68,436
Deposits, prepaids and other assets	6	35,249	31,149
		1,004,690	984,607
Non-current assets			
Property, plant and equipment		133,803	136,284
Right-of-use assets	7	57,058	61,156
Other assets	8	12,146	20,220
Goodwill		599,413	608,243
Intangible assets		208,565	220,169
Deferred income tax assets		2,959	2,725
Investment tax credit receivable		63,629	64,569
		1,077,573	1,113,366
Total assets		\$ 2,082,263	\$ 2,097,973
LIABILITIES AND EQUITY			
Current liabilities			
Bank indebtedness	11	\$ 4,635	\$ 4,572
Accounts payable and accrued liabilities		267,417	289,313
Income tax payable		3,886	3,084
Contract liabilities	17	138,072	117,757
Provisions	10	27,373	32,126
Current portion of lease liabilities	7	15,198	15,696
Current portion of long-term debt	11	124	133
		456,705	462,681
Non-current liabilities			
Employee benefits		26,095	26,247
Long-term lease liabilities	7	43,773	47,209
Long-term debt	11	587,777	597,965
Deferred income tax liabilities		84,419	86,821
Other long-term liabilities	8	5,624	8,037
		747,688	766,279
Total liabilities		\$ 1,204,393	\$ 1,228,960
Commitments and contingencies	11, 15		
EQUITY			
Share capital	12	\$ 524,505	\$ 521,884
Contributed surplus		11,464	11,680
Accumulated other comprehensive income		89,283	92,585
Retained earnings		251,775	242,076
Equity attributable to shareholders		877,027	868,225
Non-controlling interests		843	788
Total equity		877,870	869,013
Total liabilities and equity		\$ 2,082,263	\$ 2,097,973

See accompanying notes to the interim condensed consolidated financial statements.

ATS AUTOMATION TOOLING SYSTEMS INC.
Interim Consolidated Statements of Income
(in thousands of Canadian dollars, except per share amounts - unaudited)

For the three months ended	Note	June 28 2020	June 30 2019
Revenues			
Revenues from construction contracts		\$ 213,011	\$ 198,285
Sale of goods		25,227	33,387
Services rendered		86,629	107,552
Total revenues	17	324,867	339,224
Operating costs and expenses			
Cost of revenues		245,624	247,666
Selling, general and administrative		56,498	59,349
Stock-based compensation	14	1,636	3,638
Earnings from operations		21,109	28,571
Net finance costs	18	8,194	7,129
Income before income taxes		12,915	21,442
Income tax expense	13	3,161	5,028
Net income		\$ 9,754	\$ 16,414
Attributable to			
Shareholders		\$ 9,699	\$ 16,415
Non-controlling interests		55	(1)
		\$ 9,754	\$ 16,414
Earnings per share attributable to shareholders			
Basic and diluted	19	\$ 0.11	\$ 0.18

See accompanying notes to the interim condensed consolidated financial statements.

ATS AUTOMATION TOOLING SYSTEMS INC.
Interim Consolidated Statements of Comprehensive Income
(in thousands of Canadian dollars - unaudited)

For the three months ended	June 28 2020	June 30 2019
Net income	\$ 9,754	\$ 16,414
Other comprehensive income (loss):		
Items to be reclassified subsequently to net income:		
Currency translation adjustment (net of income taxes of \$nil)	(1,359)	(2,287)
Net unrealized gain on derivative financial instruments designated as cash flow hedges	3,620	2,647
Tax impact	(905)	(657)
Loss (gain) transferred to net income for derivatives designated as cash flow hedges	1,866	(136)
Tax impact	(468)	34
Cash flow hedge reserve adjustment	(8,075)	(1,809)
Tax impact	2,019	452
Other comprehensive loss	(3,302)	(1,756)
Comprehensive income	\$ 6,452	\$ 14,658
Attributable to		
Shareholders	\$ 6,397	\$ 14,659
Non-controlling interests	55	(1)
	\$ 6,452	\$ 14,658

See accompanying notes to the interim condensed consolidated financial statements.

ATS AUTOMATION TOOLING SYSTEMS INC.
Interim Consolidated Statements of Changes in Equity
(in thousands of Canadian dollars - unaudited)

Three months ended June 28, 2020

	Share capital	Contributed surplus	Retained earnings	Currency translation adjustments	Cash flow hedge reserve	Total accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, as at March 31, 2020	\$ 521,884	\$ 11,680	\$ 242,076	\$ 81,158	\$ 11,427	\$ 92,585	\$ 788	\$ 869,013
Net income	—	—	9,699	—	—	—	55	9,754
Other comprehensive loss	—	—	—	(1,359)	(1,943)	(3,302)	—	(3,302)
Total comprehensive income (loss)	—	—	9,699	(1,359)	(1,943)	(3,302)	55	6,452
Stock-based compensation	—	136	—	—	—	—	—	136
Exercise of stock options	2,621	(352)	—	—	—	—	—	2,269
Balance, as at June 28, 2020	\$ 524,505	\$ 11,464	\$ 251,775	\$ 79,799	\$ 9,484	\$ 89,283	\$ 843	\$ 877,870

Three months ended June 30, 2019

	Share capital	Contributed surplus	Retained earnings	Currency translation adjustments	Cash flow hedge reserve	Total accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, as at April 1, 2019	\$ 516,613	\$ 11,709	\$ 191,228	\$ 67,773	\$ 1,776	\$ 69,549	\$ 311	\$ 789,410
Net income	—	—	16,415	—	—	—	(1)	16,414
Other comprehensive income (loss)	—	—	—	(2,287)	531	(1,756)	—	(1,756)
Total comprehensive income (loss)	—	—	16,415	(2,287)	531	(1,756)	(1)	14,658
Stock-based compensation	—	263	—	—	—	—	—	263
Exercise of stock options	1,019	(280)	—	—	—	—	—	739
Balance, as at June 30, 2019	\$ 517,632	\$ 11,692	\$ 207,643	\$ 65,486	\$ 2,307	\$ 67,793	\$ 310	\$ 805,070

See accompanying notes to the interim condensed consolidated financial statements.

ATS AUTOMATION TOOLING SYSTEMS INC.
Interim Consolidated Statements of Cash Flows
(in thousands of Canadian dollars - unaudited)

Three months ended	Note	June 28 2020	June 30 2019
Operating activities			
Net income		\$ 9,754	\$ 16,414
Items not involving cash			
Depreciation of property, plant and equipment		3,652	3,546
Amortization of right-of-use assets	7	4,120	3,738
Amortization of intangible assets		10,286	11,355
Deferred income taxes	13	(1,593)	(196)
Other items not involving cash		(668)	6,198
Stock-based compensation	14	1,636	3,638
		27,187	44,693
Change in non-cash operating working capital		19,802	(84,712)
Cash flows provided by (used in) operating activities		\$ 46,989	\$ (40,019)
Investing activities			
Acquisition of property, plant and equipment		\$ (3,997)	\$ (6,415)
Acquisition of intangible assets		(1,741)	(2,933)
Proceeds from disposal of property, plant and equipment		2,647	46
Cash flows used in investing activities		\$ (3,091)	\$ (9,302)
Financing activities			
Restricted cash		\$ (51)	\$ —
Bank indebtedness		177	836
Repayment of long-term debt		(55,035)	(16,958)
Proceeds from long-term debt		55,080	19
Proceeds from exercise of stock options		2,269	739
Principal lease payments		(3,771)	(3,290)
Cash flows used in financing activities		\$ (1,331)	\$ (18,654)
Effect of exchange rate changes on cash and cash equivalents		(2,655)	(1,703)
Increase (decrease) in cash and cash equivalents		39,912	(69,678)
Cash and cash equivalents, beginning of period		358,645	224,540
Cash and cash equivalents, end of period		\$ 398,557	\$ 154,862
Supplemental information			
Cash income taxes paid		\$ 2,886	\$ 4,171
Cash interest paid		\$ 13,689	\$ 12,429

See accompanying notes to the interim condensed consolidated financial statements.

ATS AUTOMATION TOOLING SYSTEMS INC.
Notes to Interim Condensed Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts - unaudited)

1. CORPORATE INFORMATION

ATS Automation Tooling Systems Inc. and its subsidiaries (collectively, “ATS” or the “Company”) design and build custom-engineered turn-key automated manufacturing and test systems and provide pre-automation and post-automation services to their customers.

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

The interim condensed consolidated financial statements of the Company for the three months ended June 28, 2020 were authorized for issue by the Board of Directors (the “Board”) on August 11, 2020.

2. BASIS OF PREPARATION

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

Statement of compliance

These interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 - *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), have been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended March 31, 2020. The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the presentation of the Company’s annual consolidated financial statements for the year ended March 31, 2020.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are consistent with those disclosed in the Company’s fiscal 2020 audited consolidated financial statements.

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

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

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In response to the COVID-19 pandemic, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") in April 2020. For the three months ended June 28, 2020, the Company received payments of \$7,499 under the CEWS program, of which \$5,620 was included in cost of revenues and \$1,879 was included in selling, general and administrative expenses in the interim condensed consolidated financial statements.

4. ACQUISITION

During the three months ended June 28, 2020, the Company finalized the allocation of the purchase price for the previously completed acquisition of MARCO Limited ("MARCO"). There were no changes to the MARCO purchase price allocation during the three months ended June 28, 2020.

5. INVENTORIES

As at	June 28 2020	March 31 2020
Raw materials	\$ 33,651	\$ 32,133
Work in progress	47,331	34,436
Finished goods	3,305	1,867
	\$ 84,287	\$ 68,436

The amount charged to net income and included in cost of revenues for the write-down of inventories for valuation issues during the three months ended June 28, 2020 was \$32 (June 30, 2019 - \$24). The amount of inventories carried at net realizable value as at June 28, 2020 was \$1,401 (March 31, 2020 - \$1,177).

6. DEPOSITS, PREPAIDS AND OTHER ASSETS

As at	June 28 2020	March 31 2020
Prepaid assets	\$ 16,512	\$ 15,228
Restricted cash ⁽ⁱ⁾	51	—
Supplier deposits	14,910	10,497
Forward foreign exchange contracts	3,776	5,424
	\$ 35,249	\$ 31,149

(i) Restricted cash primarily consists of cash collateralized to secure letters of credit.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Changes in the net balance of right-of-use assets during the three months ended June 28, 2020 were as follows:

	Buildings	Vehicles and equipment	Total
Balance, at March 31, 2020	\$ 50,322	\$ 10,834	\$ 61,156
Additions	885	586	1,471
Amortization	(2,741)	(1,379)	(4,120)
Exchange and other adjustments	(1,359)	(90)	(1,449)
Balance, at June 28, 2020	\$ 47,107	\$ 9,951	\$ 57,058

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Changes in the balance of lease liabilities during the three months ended June 28, 2020 were as follows:

Balance, at March 31, 2020	\$ 62,905
Additions	1,471
Interest	729
Payments	(4,500)
Exchange and other adjustments	(1,634)
Balance, at June 28, 2020	\$ 58,971
Less: current portion	15,198
	\$ 43,773

The right-of-use assets and lease liabilities relate to leases of real estate properties, automobiles and other equipment. For the three months ended June 28, 2020, the Company recognized expense related to short-term, and low-value leases of \$834 in cost of revenues (June 30, 2019 - \$958), and \$323 in selling, general and administrative expenses (June 30, 2019 - \$351) in the consolidated statements of income.

8. CROSS-CURRENCY INTEREST RATE SWAP

As at	June 28 2020	March 31 2020
Cross-currency interest rate swap instrument	\$ 6,522	\$ 12,183
Disclosed as:		
Other assets	\$ 12,146	\$ 20,220
Other long-term liabilities	(5,624)	(8,037)
	\$ 6,522	\$ 12,183

The Company holds a cross-currency interest rate swap instrument to swap U.S. \$150,000 into Canadian dollars to hedge a portion of its foreign exchange risk related to its U.S. dollar-denominated Senior Notes. The Company receives interest of 6.50% U.S. per annum and pays interest of 6.501% Canadian. The Company holds a cross-currency interest rate swap instrument to swap 134,084 Euros into Canadian dollars to hedge a portion of the foreign exchange risk related to its Euro-denominated net investment. The Company receives interest of 6.501% Canadian per annum and pays interest of 5.094% Euros. The terms of the hedging relationships will end on June 15, 2023.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

During the three months ended June 28, 2020 and the year ended March 31, 2020, there were no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

During the three months ended June 28, 2020 and the year ended March 31, 2020, there were no transfers of financial instruments between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Instruments not subject to hedge accounting

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

For the three months ended June 28, 2020, the Company recorded risk management gains of \$1,872 (gains of \$826 for the three months ended June 30, 2019) on foreign currency risk management forward contracts in the interim consolidated statements of income. Included in these amounts, during the three months ended June 28, 2020, were unrealized losses of \$457 (gains of \$858 during the three months ended June 30, 2019), representing the change in fair value. In addition, during the three months ended June 28, 2020, the

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Company realized foreign exchange gains of \$2,329 (losses of \$32 during the three months ended June 30, 2019), which were settled.

10. PROVISIONS

	Warranty	Restructuring	Other	Total
Balance, at March 31, 2020	\$ 7,962	\$ 19,796	\$ 4,368	\$ 32,126
Provisions made	1,422	—	1,901	3,323
Provisions reversed	(308)	—	(114)	(422)
Provisions used	(209)	(5,221)	(1,851)	(7,281)
Exchange adjustments	(96)	(257)	(20)	(373)
Balance, at June 28, 2020	\$ 8,771	\$ 14,318	\$ 4,284	\$ 27,373

Warranty provisions

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

Restructuring

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

Other provisions

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

11. BANK INDEBTEDNESS AND LONG-TERM DEBT

On July 29, 2020, the Company amended its senior secured credit facility (the "Credit Facility") and extended its maturity to August 29, 2022. The Credit Facility provides a committed revolving credit facility of \$750,000. The Credit Facility is secured by the Company's assets, including a pledge of shares of certain of the Company's subsidiaries. Certain of the Company's subsidiaries also provide guarantees under the Credit Facility. At June 28, 2020, the Company had utilized \$393,252 under the Credit Facility, of which \$249,676 was classified as long-term debt (March 31, 2020 - \$250,000) and \$143,576 by way of letters of credit (March 31, 2020 - \$149,351). Subsequent to the end of the first quarter, the Company repaid \$130,000 of its long-term debt.

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 0.95% to 2.50%. 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 1.95% to 3.50%. The Company pays a fee for usage of financial letters of credit that ranges from 1.95% to 3.50%, and a fee for usage of non-financial letters of credit that ranges from 1.30% to 2.33%. 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 0.39% to 0.79%.

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 June 28, 2020, all of the covenants were met.

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Notes to Interim Condensed Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts - unaudited)

The Company has additional credit facilities available of \$31,403 (10,063 Euros, \$10,000 U.S., 50,000 Thai Baht and 1,445 Czech Koruna). The total amount outstanding on these facilities at June 28, 2020 was \$4,814, of which \$4,635 was classified as bank indebtedness (March 31, 2020 - \$4,572) and \$179 was classified as long-term debt (March 31, 2020 - \$215). The interest rates applicable to the credit facilities range from 1.75% to 6.25% per annum. A portion of the long-term debt is secured by certain assets of the Company.

The Company's U.S. \$250,000 aggregate principal amount of senior notes (the "Senior Notes") are unsecured, were issued at par, bear interest at a rate of 6.50% per annum and mature on June 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 June 28, 2020, 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 \$7,200 were deferred and are being amortized over the term of the Senior Notes. The Company uses a cross-currency interest rate swap instrument to hedge a portion of its U.S.-dollar-denominated Senior Notes (see note 8).

(i) Bank indebtedness

As at	June 28 2020	March 31 2020
Other facilities	\$ 4,635	\$ 4,572

(ii) Long-term debt

As at	June 28 2020	March 31 2020
Credit Facility	\$ 249,676	\$ 250,000
Senior Notes	341,725	351,925
Other facilities	179	215
Issuance costs	(3,679)	(4,042)
	587,901	598,098
Less: current portion	124	133
	\$ 587,777	\$ 597,965

Scheduled principal repayments and interest payments on long-term debt as at June 28, 2020 are as follows:

	Principal	Interest
Less than one year	\$ 124	\$ 21,258
One – two years	249,731	21,258
Two – three years	341,725	21,258
	\$ 591,580	\$ 63,774

12. SHARE CAPITAL

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

On December 19, 2019, 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 has the ability to purchase for cancellation up to a maximum of 5,134,930 common shares.

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As at June 28, 2020 the Company had purchased 300,768 common shares for \$4,775 under the NCIB program. All purchases are made in accordance with the bid at prevalent market prices plus brokerage fees, or such other prices that may be permitted by the TSX, with consideration allocated to share capital up to the average carrying amount of the shares, and any excess allocated to retained earnings. The weighted average price per repurchased was \$15.87.

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

	Number of common shares	Share capital
Balance, at March 31, 2020	92,130,955	\$ 521,884
Exercise of stock options	181,384	2,621
Balance, at June 28, 2020	92,312,339	\$ 524,505

13. TAXATION

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

For the three months ended	June 28 2020	June 30 2019
Income before income taxes and non-controlling interest	\$ 12,915	\$ 21,442
Combined Canadian basic federal and provincial income tax rate	26.50%	26.50%
Income tax expense based on combined Canadian basic federal and provincial income tax rate	\$ 3,422	\$ 5,682
Increase (decrease) in income taxes resulting from:		
Adjustments in respect to current income tax of previous periods	(90)	254
Non-taxable income net of non-deductible expenses	(264)	(245)
Unrecognized assets	1,797	250
Income taxed at different rates and statutory rate changes	(1,053)	(403)
Manufacturing and processing allowance and all other items	(651)	(510)
At the effective income tax rate of 24% (June 30, 2019 – 23%)	\$ 3,161	\$ 5,028

Income tax expense reported in the interim consolidated statements of income:

Current tax expense	\$ 4,754	\$ 5,224
Deferred tax recovery	(1,593)	(196)
	\$ 3,161	\$ 5,028

Deferred tax related to items charged or credited to equity and goodwill:

Gain (loss) on revaluation of cash flow hedges	\$ 646	\$ (171)
Opening deferred tax of acquired company	—	(280)
Other items recognized through equity	235	101
Income tax charged directly to equity	\$ 881	\$ (350)

14. STOCK-BASED COMPENSATION

In the calculation of the stock-based compensation expense in the interim consolidated statements of income, the fair value of the Company's stock option grants were estimated using the Black-Scholes option pricing model for time vesting stock. During the three months ended June 28, 2020, the Company did not grant any time vesting stock options (184,228 in the three months ended June 30, 2019). The stock options granted vest over four years and expire on the seventh anniversary from the date of issue.

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For the three months ended	June 28 2020		June 30 2019	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Stock options outstanding, beginning of period	1,162,149	\$ 15.71	1,524,198	\$ 13.61
Granted	—	—	184,228	20.89
Exercised ⁽ⁱ⁾	(181,384)	12.51	(69,977)	10.56
Forfeited	(40,014)	18.98	(1,000)	8.85
Stock options outstanding, end of period	940,751	\$ 16.19	1,637,449	\$ 14.56
Stock options exercisable, end of period, time-vested options	692,465	\$ 15.31	786,276	\$ 14.01
Stock options exercisable, end of period, performance-based options	—	—	333,333	\$ 11.60

(i) For the three months ended June 28, 2020, the weighted average share price at the date of exercise was \$19.40 (June 30, 2019 - \$20.85).

The fair values of the Company's stock options issued during the three months ended June 30, 2019 were estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions. Expected stock price volatility was determined at the time of the grant by considering historical share price volatility. Expected stock option grant life was determined at the time of the grant by considering the average of the grant vesting period and the grant exercise period.

For the three months ended	June 30 2019
Weighted average risk-free interest rate	1.48%
Dividend yield	0%
Weighted average expected volatility	30%
Weighted average expected life	4.75 years
Number of stock options granted:	
Time-vested	184,228
Weighted average exercise price per option	\$ 20.89
Weighted average value per option:	
Time-vested	\$ 5.88

Restricted Share Unit Plan

During the three months ended June 28, 2020, the Company did not grant any time-vesting restricted share units ("RSUs") (143,264 in the three months ended June 30, 2019). The RSUs give the employee the right to receive a cash payment equal to the market value of a common share of the Company. During the three months ended June 28, 2020, the Company did not grant any performance-based RSUs (139,524 in the three months ended June 30, 2019). The performance-based RSUs vest upon successful achievement of certain operational and share price targets. The performance-based RSUs give the employee the right to receive a cash payment based on the market value of a common share of the Company. The weighted average remaining vesting period for the time-vesting RSUs and performance-based RSUs is 0.9 years. The RSU liability is recognized quarterly based on the expired portion of the vesting period and the change in the Company's stock price. At June 28, 2020 the value of the outstanding liability related to the RSU plan was \$5,733 (March 31, 2020 - \$5,234). The RSU liability is included in accounts payable and accrued liabilities on the interim consolidated statements of financial position.

Deferred Stock Unit Plan

During the three months ended June 28, 2020, the Company did not grant any units (three months ended June 30, 2019 - 47,569). The DSU liability is revalued at each reporting date based on the change in the Company's stock price. The change in the value of the DSU liability is included in the interim consolidated statements of income in the period of the change. As at June 28, 2020, the value of the outstanding liability related to the DSUs was \$7,462 (March 31, 2020 - \$6,454). The DSU liability is included in accounts payable and accrued liabilities on the interim consolidated statements of financial position.

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15. COMMITMENTS AND CONTINGENCIES

The minimum purchase obligations are as follows as at June 28, 2020:

Less than one year	\$ 134,792
One – two years	4,995
Two – three years	2,770
Three – four years	2,583
	\$ 145,140

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. As at June 28, 2020, the total value of outstanding letters of credit was approximately \$180,963 (March 31, 2020 - \$219,039).

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 interim consolidated statement of financial position.

16. SEGMENTED DISCLOSURE

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

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

As at	June 28, 2020		
	Right-of-use assets	Property, plant and equipment	Intangible assets
Canada	\$ 9,119	\$ 55,974	\$ 25,589
United States	1,715	25,930	12,772
Germany	26,354	42,974	75,351
Italy	7,789	2,189	72,048
United Kingdom	—	2,790	22,534
Other Europe	7,070	2,354	107
Other	5,011	1,592	164
Total Company	\$ 57,058	\$ 133,803	\$ 208,565

As at	March 31, 2020		
	Right-of-use assets	Property, plant and equipment	Intangible assets
Canada	\$ 9,324	\$ 53,968	\$ 25,943
United States	1,829	26,748	14,006
Germany	28,196	44,542	80,736
Italy	8,239	2,338	74,579
United Kingdom	—	2,909	24,505
Other Europe	7,631	2,578	231
Other	5,937	3,201	169
Total Company	\$ 61,156	\$ 136,284	\$ 220,169

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	June 28 2020	June 30 2019
Revenues from external customers for the three months ended		
Canada	\$ 24,472	\$ 15,978
United States	134,243	101,993
Germany	63,569	88,424
Italy	2,914	6,611
United Kingdom	15,085	34,304
Other Europe	55,531	60,279
Other	29,053	31,635
Total Company	\$ 324,867	\$ 339,224

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers:

	June 28 2020	June 30 2019
Revenues by market for the three months ended		
Life sciences	\$ 181,514	\$ 171,757
Transportation	67,110	86,870
Consumer products	48,161	53,791
Energy	28,082	26,806
Total Company	\$ 324,867	\$ 339,224

	June 28 2020	June 30 2019
Timing of revenue recognition based on transfer of control for the three months ended		
Goods and services transferred at a point in time	\$ 25,227	\$ 33,387
Goods and services transferred over time	299,640	305,837
Total Company	\$ 324,867	\$ 339,224

(b) Contract balances

	June 28 2020	March 31 2020
As at		
Trade receivables	\$ 197,562	\$ 270,756
Contract assets	266,241	231,531
Contract liabilities	(138,072)	(117,757)
Unearned revenue ⁽ⁱ⁾	(36,673)	(28,460)
Net contract balances	\$ 289,058	\$ 356,070

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

	June 28 2020	March 31 2020
As at		
Contracts in progress:		
Costs incurred	\$ 1,652,800	\$ 1,689,539
Estimated earnings	634,736	630,908
	2,287,536	2,320,447
Progress billings	(2,159,367)	(2,206,673)
Net contract assets & liabilities	\$ 128,169	\$ 113,774

18. NET FINANCE COSTS

	June 28 2020	June 30 2019
For the three months ended		
Interest expense	\$ 7,991	\$ 6,814
Interest on lease liabilities	729	913
Interest income	(526)	(598)
	\$ 8,194	\$ 7,129

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19. EARNINGS PER SHARE

	June 28 2020	June 30 2019
For the three months ended		
Weighted average number of common shares outstanding	92,154,894	91,938,606
Dilutive effect of stock option conversion	228,752	492,435
Diluted weighted average number of common shares outstanding	92,383,646	92,431,041

For the three months ended June 28, 2020, stock options to purchase 329,658 common shares are excluded from the weighted average number of common shares in the calculation of diluted earnings per share as they are anti-dilutive (369,149 common shares were excluded for the three months ended June 30, 2019).