ATS Automation Tooling Systems Inc.

Management's Discussion and Analysis

For the Quarter Ended December 27, 2020

TSX: ATA

This Management's Discussion and Analysis ("MD&A") for the three and nine months ended December 27, 2020 (third quarter of fiscal 2021) is as of February 2, 2021 and 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 unaudited interim condensed consolidated financial statements of the Company for the third quarter of fiscal 2021, which have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, and are reported in Canadian dollars. The Company assumes that the reader of this MD&A has access to, and has read, the audited consolidated financial statements prepared in accordance with IFRS and the MD&A of the Company for the year ended March 31, 2020 (fiscal 2020), and, accordingly, the purpose of this document is to provide a fiscal 2021 third quarter update to the information contained in the fiscal 2020 MD&A. Additional information is contained in the Company's filings with Canadian securities regulators, including its Annual Information Form, found on SEDAR at www.sedar.com and on the Company's website at www.atsautomation.com.

Notice to reader: Non-IFRS measures and additional IFRS measures
Throughout this document, management uses certain non-IFRS measures to evaluate the performance of the Company. The terms "operating margin", "EBITDA", "EBITDA margin", "adjusted net income", "adjusted earnings from operations", "adjusted basic earnings per share", "non-cash working capital", "Order Bookings" and "Order Backlog" 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 (which includes amortization of intangible assets and right-of-use assets). EBITDA margin is an expression of the Company's EBITDA as a percentage of revenues. 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 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. Non-cash working capital 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. 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.

Earnings from operations and EBITDA 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 EBITDA is an important indicator of the Company's ability to generate operating cash flows to fund continued investment in its operations. Management believes that adjusted earnings from operations and adjusted basic earnings per share (including adjusted net income) 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 evaluate the Company's management of its investment in non-cash working capital. Management calculates non-cash working capital as a percentage of revenues using period-end non-cash working capital divided by trailing two fiscal quarter revenues annualized. 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.

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) earnings from operations and EBITDA to net income, and (ii) adjusted earnings from operations to earnings from operations, adjusted net income to net income and adjusted basic earnings per share to basic earnings per share, in each case for the three- and nine-month periods ended December 27, 2020 and December 29, 2019, is contained in this MD&A (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 nine-month periods ended December 27, 2020 and December 29, 2019 is also contained in this MD&A (see "Order Backlog Continuity").

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 services, 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, chemicals, consumer products, electronics, food, beverage, transportation, energy, and oil and gas. Founded in 1978, ATS employs approximately 4,200 people at 20 manufacturing facilities and has over 50 offices in North America, Europe, Southeast Asia and China.

STRATEGY

To drive the creation of long-term sustainable shareholder value, the Company has developed 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 and employee engagement, and driving autonomy and accountability into its businesses.

Grow: To drive growth, management is focused on growing organically through the development and implementation of growth tools under the ABM, providing innovation and value to the Company's customers and markets, and growing the Company's recurring revenue.

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

The Company pursues these initiatives with a focus on strategic capital allocation in order to drive the creation of long-term sustainable shareholder value.

ATS Business Model

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

- **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 performance in order to yield world-class performance for our customers and shareholders.

The ABM is ATS' playbook, serving as the framework utilized by the Company to achieve its business goals and objectives through disciplined, continuous improvement. The ABM has been rolled out across ATS divisions globally, supported with extensive training in the use of key problem-solving tools, and applied through various projects to drive continuous improvement.

OVERVIEW – OPERATING RESULTS

Consolidated Revenues

(In millions of dollars)

Revenues by type	Three Months Ended December 27, 2020	Three Months Ended December 29, 2019	Nine Months Ended December 27, 2020	Nine Months Ended December 29, 2019
Revenues from construction contracts	**$ 217.2**	$ 228.9	**$ 637.0**	$ 626.9
Services rendered	**117.0**	108.4	**303.6**	325.8
Sale of goods	**35.5**	29.9	**89.5**	94.9
Total revenues	**$ 369.7**	$ 367.2	**$ 1,030.1**	$ 1,047.6

Revenues by market	Three Months Ended December 27, 2020	Three Months Ended December 29, 2019	Nine Months Ended December 27, 2020	Nine Months Ended December 29, 2019
Life sciences	**$ 213.2**	$ 207.5	**$ 576.6**	$ 570.4
Transportation	**66.7**	104.2	**205.0**	268.8
Consumer products	**61.1**	32.5	**168.4**	131.5
Energy	**28.7**	23.0	**80.1**	76.9
Total revenues	**$ 369.7**	$ 367.2	**$ 1,030.1**	$ 1,047.6

Fiscal 2021 third quarter revenues were 1% higher than in the corresponding period a year ago and included $7.8 million of revenues earned by acquired companies. Excluding acquired companies, third quarter revenues decreased $5.3 million, or 1%, compared to the corresponding period a year ago. Revenues from services increased 8% with broad-based strength across ATS' businesses. Revenues from the sale of goods increased 19% due primarily to increased sales of spare parts. This was partially offset by a 5% decrease in revenues generated from construction contracts due to the timing of program completion. Foreign exchange rate changes positively impacted the translation of revenues earned by foreign-based subsidiaries by approximately 2% compared to the corresponding period a year ago, primarily reflecting the weakening of the Canadian dollar relative to the Euro.

By market, revenues generated in life sciences increased 3% on higher Order Backlog entering the third quarter of fiscal 2021. Revenues in transportation decreased 36% on lower Order Backlog entering the third quarter of fiscal 2021. This was due to a slowdown in the transportation market and the implementation of a reorganization plan that reduced exposure to certain aspects of the market and created alignment with market demand (see "Reorganization Plan"). Revenues generated in consumer products increased 88%, primarily on higher Order Backlog entering the third quarter of fiscal 2021 related to warehouse and personal care automation projects, as well as revenues earned by acquired companies. Revenues in energy increased 25% due to timing of customer projects, primarily in the nuclear market.

Year-to-date

Revenues for the nine months ended December 27, 2020 were $1,030.1 million, 2% lower than in the corresponding period a year ago and included $24.4 million of revenues earned by acquired companies. Excluding acquired companies, revenues were $1,005.7 million, a 4% decrease from the corresponding period a year ago. This was due primarily to pandemic-related travel restrictions, as well as temporary closures and entry restrictions at some customer sites. Revenues from services and sale of goods decreased 7% and 6%, respectively, compared to the corresponding period a year ago. This was partially offset by a 2% increase in revenues generated from construction contracts. Foreign exchange rate changes positively impacted the translation of revenues earned by foreign-based subsidiaries by approximately 2% compared to the corresponding period a year ago, primarily reflecting the weakening of the Canadian dollar relative to the Euro.

By market, fiscal 2021 year-to-date revenues from life sciences markets increased 1%. Revenues in transportation decreased 24% due to a slowdown in the market brought on by the COVID-19 pandemic and the implementation of a reorganization plan that reduced exposure to certain aspects of the market and created alignment with market demand (see "Reorganization Plan"). Consumer products revenues increased 28% compared to a year ago, primarily on revenues related to warehouse automation and revenues earned by acquired companies. Energy revenues increased 4% compared to a year ago, primarily due to timing of projects in the nuclear market.

Consolidated Operating Results
(In millions of dollars)

	Three Months Ended December 27, 2020	Three Months Ended December 29, 2019	Nine Months Ended December 27, 2020	Nine Months Ended December 29, 2019
Earnings from operations	**$ 32.3**	$ 10.4	**$ 76.8**	$ 70.7
Amortization of acquisition-related intangible assets	**8.1**	6.9	**25.3**	25.1
Restructuring charges	**6.2**	18.8	**14.3**	20.8
Acquisition-related transaction costs	**2.5**	1.4	**2.5**	1.4
Gain on sale of facility	**(5.3)**	—	**(5.3)**	—
Adjusted earnings from operations[1]	**$ 43.8**	$ 37.5	**$ 113.6**	$ 118.0

[1] See "Notice to Reader: Non-IFRS Measures and Additional IFRS Measures."

	Three Months Ended December 27, 2020	Three Months Ended December 29, 2019	Nine Months Ended December 27, 2020	Nine Months Ended December 29, 2019
Earnings from operations	**$ 32.3**	$ 10.4	**$ 76.8**	$ 70.7
Depreciation and amortization	**17.4**	16.4	**53.5**	53.1
EBITDA[2]	**$ 49.7**	$ 26.8	**$ 130.3**	$ 123.8

[2] See "Notice to Reader: Non-IFRS Measures and Additional IFRS Measures."

Third Quarter
Fiscal 2021 third quarter earnings from operations were $32.3 million (9% operating margin) compared to $10.4 million (3% operating margin) in the third quarter a year ago. Earnings from operations included: $8.1 million related to amortization of acquisition-related intangible assets, up from $6.9 million a year ago; $6.2 million of restructuring charges incurred as part of the Company's reorganization plan, down from $18.8 million a year ago; $2.5 million of incremental costs related to the Company's acquisition activity, up from $1.4 million last year; and a $5.3 million gain on the sale of a facility made redundant due to the Company's reorganization activity (see "Reorganization Plan").

Excluding these items in both quarters, adjusted earnings from operations were $43.8 million (12% margin), compared to $37.5 million (10% margin) a year ago. Higher third quarter fiscal 2021 adjusted earnings from operations reflected a higher gross margin due to efficiencies made in the Company's cost structure, improved program execution and increased revenues from services. In the third quarter, the Company benefited from recoveries under the Canadian Emergency Wage Subsidy ("CEWS") program of $2.3 million.

Depreciation and amortization expense was $17.4 million in the third quarter of fiscal 2021, compared to $16.4 million a year ago. The increase primarily reflected incremental amortization of acquisition-related intangible assets due to the acquisition of MARCO.

EBITDA was $49.7 million (13% EBITDA margin) in the third quarter of fiscal 2021, compared to $26.8 million (7% EBITDA margin) in the third quarter of fiscal 2020. Higher EBITDA reflected lower restructuring expenses in the third quarter of fiscal 2021 compared to the prior year and the gain on sale of a facility, as well as an improved cost structure.

Year-to-date
For the nine months ended December 27, 2020, earnings from operations were $76.8 million (7% operating margin), compared to $70.7 million (7% operating margin) in the corresponding period a year ago. Excluding $25.3 million related to amortization of acquisition-related intangible assets, $14.3 million of restructuring costs, $2.5 million of incremental costs related to the Company's acquisition activity and a $5.3 million of gain on the sale of a facility, adjusted earnings from operations were $113.6 million (11% operating margin) in the first nine months of fiscal 2021, compared to $118.0 million (11% operating margin) in the corresponding period a year ago. Lower adjusted earnings from operations in the first nine months of fiscal 2021 primarily reflected lower revenues as well as COVID-related operational inefficiencies arising from new health and safety measures, including protocols to enable physical distancing. Travel restrictions, temporary closures and entry restrictions at some customer sites disrupted normal operations including after-sales services activities and added costs to projects. These increases were partially offset by

recoveries under the CEWS of $13.5 million, of which $10.1 million was recorded in cost of sales and $3.4 million was recorded in selling, general and administrative expenses. These payments were utilized by the Company to partially offset operational inefficiencies, minimize temporary work reductions and maintain employment of the Company's highly skilled workforce.

Depreciation and amortization expense was $53.5 million in the first nine months of fiscal 2021, compared to $53.1 million a year ago.

Year-to-date fiscal 2021 EBITDA was $130.3 million (13% EBITDA margin) compared to $123.8 million (12% EBITDA margin) in the first nine months of fiscal 2020. Higher EBITDA reflected lower restructuring expenses and the gain on sale of a facility.

Order Bookings by Quarter

Third quarter fiscal 2021 Order Bookings were a record $435 million, an 18% increase compared to the third quarter of fiscal 2020. Excluding Order Bookings from acquired companies, third quarter fiscal 2021 Order Bookings were $429 million, a 17% year-over-year increase. By market, higher Order Bookings in life sciences primarily related to medical device programs. Higher Order Bookings in consumer products primarily reflected Order Bookings of acquired companies and programs related to warehouse automation. Order Bookings in transportation decreased as customers paused investment decisions due to the impact of the pandemic on the market. Bookings in energy increased due to timing of customer projects, primarily in the nuclear market, and included expansion of the Company's nuclear business into the United States. Foreign exchange rate changes positively impacted the translation of Order Bookings from foreign-based ATS subsidiaries by approximately 3% compared to the corresponding period a year ago, primarily reflecting the weakening of the Canadian dollar relative to the Euro.

Order Backlog Continuity

(In millions of dollars)

	Three Months Ended December 27, 2020	Three Months Ended December 29, 2019	**Nine Months Ended December 27, 2020**	Nine Months Ended December 29, 2019
Opening Order Backlog	**$ 956**	$ 945	**$ 942**	$ 904
Revenues	**(370)**	(367)	**(1,030)**	(1,048)
Order Bookings	**435**	368	**1,163**	1,112
Order Backlog adjustments[1]	**(36)**	(7)	**(90)**	(29)
Total	**$ 985**	$ 939	**$ 985**	$ 939

[1] Order Backlog adjustments include foreign exchange adjustments, scope changes and cancellations. Order Backlog adjustments for the three and nine months ended December 27, 2020 also included incremental Order Backlog of $4 million acquired with MARCO.

Order Backlog by Market

(In millions of dollars)

As at	**December 27, 2020**	December 29, 2019
Life sciences	**$ 596**	$ 514
Transportation	**151**	262
Consumer products	**130**	69
Energy	**108**	94
Total	**$ 985**	$ 939

At December 27, 2020, Order Backlog was $985 million, 5% higher than at December 29, 2019, primarily driven by higher Order Bookings in the life sciences and consumer products markets. Order Backlog adjustments for the three months ended December 27, 2020 included an adjustment of $8 million related to the cancellation of a customer program which was previously placed on hold. For the nine months ended December 27, 2020, foreign exchange rate changes negatively impacted the translation of Order Backlog from foreign-based ATS subsidiaries by approximately 3% compared to the corresponding period a year ago, primarily reflecting the strengthening of the Canadian dollar relative to the U.S. dollar.

Reorganization Plan
In September 2020, the Company announced a reorganization plan to help mitigate the expected impact of a slowdown in transportation markets brought on by the COVID-19 pandemic. The reorganization plan was designed to align the capacity and cost structure of ATS' transportation business to current and expected conditions. The reorganization included the sale of certain assets and the transfer of employees from a German-based subsidiary that was completed in October 2020. The Company recorded restructuring expense of $8.1 million and $6.2 million in the second and third quarters of fiscal 2021, respectively, in relation to the reorganization. No further restructuring charges are expected.

In fiscal 2020, the Company completed a reorganization plan which included the consolidation of certain operations and the closure of some underperforming facilities and small branch offices, none of which were strategically important to future growth. The Company recorded charges of $2.0 million and $18.8 million in the second and third quarters of fiscal 2020, respectively, in relation to the reorganization. In the third quarter of fiscal 2021, a $5.3 million gain on the sale of a facility made redundant due to the Company's previously completed reorganization was included in selling, general and administrative expenses.

Outlook
The outbreak of COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel restrictions, self-isolation, quarantine periods and physical distancing requirements, have affected economies and disrupted business operations. It is difficult to predict the ultimate duration or severity of this downturn or its affect on the business, financial results and conditions of the Company. Among other impacts, the pandemic may affect customer demand, disrupt global supply chains and equipment installation, cause staff shortages and increase government regulations or intervention in the near term.

Management has implemented several countermeasures designed to: protect employees (including work from home protocols, in-plant physical distancing requirements and shift work); ensure work on customer projects progress; and enable continued customer service through digital tools and regional support networks. These responses have allowed the Company to maintain operations, although with less efficiency.

Overall, the Company's funnel (which includes customer requests for proposal and ATS identified customer opportunities) remains significant; however, the timing of conversion of opportunities into Order Bookings is more variable as some customers delay their planned project timing.

By market, the life sciences funnel remains robust, as activity in medical devices, pharmaceuticals and radiopharmaceuticals has improved and is being supplemented by opportunities related to the fight against the COVID-19 virus. In transportation, some strategic opportunities related to new technologies have proceeded; however, challenging end-market conditions have caused customers to delay and re-examine capital investment plans. The Company has executed a reorganization plan to help address the expected decreases in revenues resulting from these conditions (see "Reorganization Plan"). Funnel activity in energy is variable and this market provides niche opportunities for ATS. Funnel activity in the consumer products market has improved; however, management expects some customers to remain cautious in deploying capital in the current economic environment. Improvement in the Company's third quarter Order Bookings resulted in an Order Backlog of $985 million that will help mitigate the potential impact of volatile 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 fourth quarter of fiscal 2021, management expects the conversion of Order Backlog to revenues to be in the 35% to 40% range. Inefficiencies as a result of travel restrictions, restricted access to customer facilities and measures implemented to enable physical distancing across the Company's operations are reflected in this expected conversion range, which is also based on order delivery schedules and the anticipated timing for the receipt of third-party component supplies.

The Company's sales organization continues to work to engage customers on enterprise-type solutions. Enterprise orders are expected to provide ATS with more strategic customer relationships, better program control, workload predictability and less short-term sensitivity to macroeconomic forces. This approach to market and 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. The Company is working to grow after-sales service revenues as a percentage of overall revenues over time, which is expected to provide some balance to the capital expenditure cycle of the Company's customers. Improvements were made in generating revenues from the Company's after-sales service business in the third fiscal quarter compared to the first half of the fiscal year; however, the Company continues to be impacted by on-going travel restrictions and some limitations on customer facility access.

Management is pursuing several initiatives with the goal of expanding its adjusted earnings from operations margin over the long term, including: growing the Company's higher margin after-sales service business; improving global supply chain management; increasing the use of standardized platforms and technologies; growing revenues while leveraging the Company's current cost structure; and developing the ABM. The Company benefitted from the CEWS program in the first three quarters due to lower revenues in its Canadian operations. The Canadian government has extended the CEWS program until June 2021, albeit at a lower recovery rate.

Over the long term, the Company generally expects to continue increasing its overall investment in non-cash working capital to support the growth of its business, with fluctuations 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: provide additional liquidity should the economic impacts of the COVID-19 pandemic persist for an extended period; 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.

On December 7, 2020, the Company announced its intention to launch a voluntary public tender offer to acquire CFT S.p.A. ("CFT"), a global supplier of automated processing and packaging equipment to the food and beverage equipment market. The tender offer of €4.60 per share represents a total equity value of €88 million and a total enterprise value of €166 million (~C$260 million). CFT is a strategic transaction which complements the Company's recent MARCO acquisition and will allow ATS to establish a broader growth platform in the regulated food and beverage equipment market. In the event the tender offer is successful, the acquisition of CFT would be expected to close in the first quarter of calendar 2021.

The tender period under the offer will commence if and when approval is obtained from the applicable Italian securities regulatory authority, such approval now expected to be granted in February 2021. The voluntary tender offer is subject to various approvals and closing conditions, and there can be no assurance that any remaining approvals will be obtained and/or any remaining conditions will be met and therefore no assurance that ATS will be successful in acquiring CFT. To date, certain conditions or approvals have been met or obtained, including approvals from the German anti-trust authority and the Spanish foreign investment authority, and the waiver of certain lock-up arrangements. Remaining conditions to closing include that: (i) ATS be in a position to acquire at least 90% of outstanding ordinary share capital by the end of the offer period in order to effect the delisting of CFT's ordinary shares from the AIM Italia stock exchange, (ii) specified changes to the by-laws of CFT are approved by its shareholders, and (iii) customary regulatory approvals are received, including approval from the Italian foreign investment authority. In the event that less than 90% of the outstanding ordinary shares of CFT were to be submitted to the tender offer, ATS may elect to close on such lesser amount and pursue other methods for effecting the delisting. In addition, if less than 100% of the outstanding shares of CFT were to be submitted pursuant to the tender offer, ATS would retain minority shareholder interests in CFT should it proceed to complete the tender offer.

BUSINESS ACQUISITION: Inimco CV

On November 24, 2020, the Company acquired 100% of the shares of Inimco CV ("Inimco"). Inimco is a Belgium-based company that offers knowledge, resources and IoT-based solutions for the process and manufacturing industry on MS Azure and equivalent platforms. With its remote monitoring tool, SaaS solutions and domain expertise, Inimco enables its customers to gain insights into their machine and productivity data, improve operational efficiency and to engage with third parties. Inimco supports ATS' digital strategy and with its analytics tools, ATS can identify overall equipment effectiveness improvement potential which can lead to tangible manufacturing productivity improvements by digitalization.

Cash consideration paid in the third quarter of fiscal 2021 was $3.9 million (2.5 million Euros). Included in the purchase price is contingent consideration of up to $1.5 million (1.0 million Euros) which is payable if certain performance targets are met within three fiscal years of the acquisition date. This acquisition was accounted for as a business combination with the Company as the acquirer of Inimco. The purchase method of accounting was used and the earnings were consolidated from the acquisition date, November 24, 2020.

CONSOLIDATED RESULTS
(In millions of dollars, except per share data)

	Three Months Ended December 27, 2020	Three Months Ended December 29, 2019	**Nine Months Ended December 27, 2020**	Nine Months Ended December 29, 2019
Revenues	**$ 369.7**	$ 367.2	**$ 1,030.1**	$ 1,047.6
Cost of revenues	**267.0**	275.0	**757.0**	774.2
Selling, general and administrative	**59.3**	58.5	**174.5**	174.7
Restructuring costs	**6.2**	18.8	**14.3**	20.8
Stock-based compensation	**4.9**	4.5	**7.5**	7.2
Earnings from operations	**$ 32.3**	$ 10.4	**$ 76.8**	$ 70.7
Net finance costs	**$ 7.3**	$ 6.5	**$ 23.5**	$ 20.3
Provision for income taxes	**6.1**	(0.2)	**13.0**	10.5
Net income	**$ 18.9**	$ 4.1	**$ 40.3**	$ 39.9
Basic and diluted earnings per share	**$ 0.20**	$ 0.04	**$ 0.44**	$ 0.43

Revenues. At $369.7 million, consolidated revenues for the third quarter of fiscal 2021 were $2.5 million or 1% higher than in the corresponding period a year ago. At $1,030.1 million, year-to-date consolidated revenues were $17.5 million, or 2%, lower than in the corresponding period a year ago (see "Overview – Operating Results").

Cost of revenues. At $267.0 million, third quarter fiscal 2021 cost of revenues decreased by $8.0 million, or 3%, compared to the corresponding period a year ago, primarily due to efficiencies made in the Company's cost structure and improved program execution. Year-to-date cost of revenues of $757.0 million decreased $17.2 million, or 2%, compared to the prior year, primarily due to lower revenues. Gross margin was 28% for the third quarter of fiscal 2021 compared to 25% in the corresponding period a year ago, due to efficiencies made in the Company's cost structure, improved program execution, increased revenues from services and $1.8 million of recoveries under the CEWS program.

Year-to-date gross margin was 27% compared to 26% in the corresponding period a year ago, due primarily to efficiency gains from the Company's implemented reorganizations, improved program execution and $10.1 million of recoveries under the CEWS program, which helped to offset lower after-sales services revenues and operational inefficiencies related to COVID-19.

Selling, general and administrative ("SG&A") expenses. SG&A expenses were $59.3 million, which included $8.1 million of costs related to the amortization of identifiable intangible assets on business acquisitions, $2.5 million of incremental costs related to the Company's acquisition activity and a $5.3 million gain on the sale of a facility. Excluding these items, SG&A expenses were $54.0 million in the third quarter of fiscal 2021. Comparably, SG&A expenses for the third quarter of fiscal 2020 were $50.2 million, which excluded $6.9 million of costs related to the amortization of identifiable intangible assets recorded on business acquisitions and $1.4 million of incremental costs related to the Company's acquisition activity. Higher SG&A expenses in the third quarter of fiscal 2021 primarily reflected SG&A costs from acquired companies and increased employee costs, partially offset by the benefit of the fiscal 2020 reorganization, $0.5 million of recoveries under the CEWS program and cost containment measures.

For the nine months ended December 27, 2020, SG&A expenses were $174.5 million, which included $25.3 million of expenses related to the amortization of identifiable intangible assets on business acquisitions, $2.5 million of incremental costs related to the Company's acquisition activity and a $5.3 million gain on the sale of a facility. Excluding these items, year-to-date SG&A expenses were $152.0 million. Comparably, SG&A expenses for the nine months ended December 29, 2019 were $148.2 million, which excluded $25.1 million of expenses related to the amortization of identifiable intangible assets on business acquisitions and $1.4 million of incremental costs related to the Company's acquisition activity. Higher SG&A expenses primarily related to the assumption of SG&A from acquired companies, partially offset by $3.4 million of recoveries under the CEWS program.

Restructuring costs. For the three- and nine-months ended December 27, 2020, restructuring costs were $6.2 million and $14.3 million, respectively, compared to restructuring costs of $18.8 million and $20.8 million, respectively, in the corresponding periods a year ago (see "Reorganization Plan").

Stock-based compensation. Stock-based compensation expense was $4.9 million in the third quarter of fiscal 2021 compared to $4.5 million in the corresponding period a year ago. For the nine-month period ended December 27, 2020, stock-based compensation expense was $7.5 million, compared to $7.2 million a year earlier.

Earnings from operations. For the three- and nine-month periods ended December 27, 2020, earnings from operations were $32.3 million (9% operating margin) and $76.8 million (7% operating margin), respectively, compared to earnings from operations of $10.4 million (3% operating margin) and $70.7 million (7% operating margin), respectively, in the corresponding periods a year ago (see "Overview – Operating Results").

Net finance costs. Net finance costs were $7.3 million in the third quarter of fiscal 2021, compared to $6.5 million a year ago. Higher interest expense in the three months ended December 27, 2020 was primarily due to lower interest income and higher standby fees. For the nine months ended December 27, 2020, finance costs were $23.5 million compared to $20.3 million in the corresponding period a year ago. Higher year-to-date interest related to a $250.0 million cash draw on the Company's senior secured credit facility at the end of March 2020 as a precautionary measure related to the pandemic. These funds were repaid in the second quarter of fiscal 2021.

Income tax provision. For the three and nine months ended December 27, 2020, the Company's effective income tax rate of 24% differed from the combined Canadian basic federal and provincial income tax rate of 27% primarily due to income earned in certain jurisdictions with different statutory tax rates.

Net income. Fiscal 2021 third quarter net income was $18.9 million (20 cents per share basic and diluted) compared to $4.1 million (4 cents per share basic and diluted) for the third quarter of fiscal 2020. Adjusted basic earnings per share were 30 cents compared to 26 cents in the third quarter of fiscal 2020 (see "Reconciliation of Non-IFRS Measures to IFRS Measures").

Net income for the nine months ended December 27, 2020 was $40.3 million (44 cents per share basic and diluted) compared to $39.9 million (43 cents per share basic and diluted) for the corresponding period a year ago. Adjusted basic earnings per share were 73 cents in the nine months ended December 27, 2020 compared to 80 cents in the corresponding period a year ago (see "Reconciliation of Non-IFRS Measures to IFRS Measures").

Reconciliation of Non-IFRS Measures to IFRS Measures
(In millions of dollars, except per share data)

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

	Three Months Ended December 27, 2020	Three Months Ended December 29, 2019	**Nine Months Ended December 27, 2020**	Nine Months Ended December 29, 2019
EBITDA	**$ 49.7**	$ 26.8	**$ 130.3**	$ 123.8
Less: depreciation and amortization expense	**17.4**	16.4	**53.5**	53.1
Earnings from operations	**$ 32.3**	$ 10.4	**$ 76.8**	$ 70.7
Less: net finance costs	**7.3**	6.5	**23.5**	20.3
Provision for income taxes	**6.1**	(0.2)	**13.0**	10.5
Net income	**$ 18.9**	$ 4.1	**$ 40.3**	$ 39.9

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 December 27, 2020			Three Months Ended December 29, 2019		
	IFRS	**Adjustments**	**Adjusted (non-IFRS)**	IFRS	Adjustments	Adjusted (non-IFRS)
Earnings from operations	**$ 32.3**	**$ —**	**$ 32.3**	$ 10.4	$ —	$ 10.4
Amortization of acquisition-related intangible assets	**—**	**8.1**	**8.1**	—	6.9	6.9
Restructuring charges	**—**	**6.2**	**6.2**	—	18.8	18.8
Acquisition-related transaction costs	**—**	**2.5**	**2.5**	—	1.4	1.4
Gain on sale of facility	**—**	**(5.3)**	**(5.3)**	—	—	—
	$ 32.3	**$ 11.5**	**$ 43.8**	$ 10.4	$ 27.1	$ 37.5
Less: net finance costs	**$ 7.3**	**$ —**	**$ 7.3**	$ 6.5	$ —	$ 6.5
Income before income taxes	**$ 25.0**	**$ 11.5**	**$ 36.5**	$ 3.9	$ 27.1	$ 31.0
Provision for income taxes	**$ 6.1**	**$ —**	**$ 6.1**	$ (0.2)	$ —	$ (0.2)
Adjustment to provision for income taxes[1]	**—**	**3.1**	**3.1**	—	7.5	7.5
	$ 6.1	**$ 3.1**	**$ 9.2**	$ (0.2)	$ 7.5	$ 7.3
Net income	**$ 18.9**	**$ 8.4**	**$ 27.3**	$ 4.1	$ 19.6	$ 23.7
Basic earnings per share	**$ 0.20**	**$ 0.10**	**$ 0.30**	$ 0.04	$ 0.22	$ 0.26

[1] 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.

	Nine Months Ended December 27, 2020			Nine Months Ended December 29, 2019		
	IFRS	**Adjustments**	**Adjusted (non-IFRS)**	IFRS	Adjustments	Adjusted (non-IFRS)
Earnings from operations	**$ 76.8**	**$ —**	**$ 76.8**	$ 70.7	$ —	$ 70.7
Amortization of acquisition-related intangible assets	**—**	**25.3**	**25.3**	—	25.1	25.1
Restructuring charges	**—**	**14.3**	**14.3**	—	20.8	20.8
Acquisition-related transaction costs	**—**	**2.5**	**2.5**	—	1.4	1.4
Gain on sale of facility	**—**	**(5.3)**	**(5.3)**	—	—	—
	$ 76.8	**$ 36.8**	**$ 113.6**	$ 70.7	$ 47.3	$ 118.0
Less: net finance costs	**$ 23.5**	**$ —**	**$ 23.5**	$ 20.3	$ —	$ 20.3
Income before income taxes	**$ 53.3**	**$ 36.8**	**$ 90.1**	$ 50.4	$ 47.3	$ 97.7
Provision for income taxes	**$ 13.0**	**$ —**	**$ 13.0**	$ 10.5	$ —	$ 10.5
Adjustment to provision for income taxes[1]	**—**	**9.9**	**9.9**	—	13.0	13.0
	$ 13.0	**$ 9.9**	**$ 22.9**	$ 10.5	$ 13.0	$ 23.5
Net income	**$ 40.3**	**$ 26.9**	**$ 67.2**	$ 39.9	$ 34.3	$ 74.2
Basic earnings per share	**$ 0.44**	**$ 0.29**	**$ 0.73**	$ 0.43	$ 0.37	$ 0.80

[1] 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.

LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

(In millions of dollars, except ratios)

As at	**December 27, 2020**	March 31, 2020
Cash and cash equivalents	**$ 224.5**	$ 358.6
Debt-to-equity ratio[1]	**0.46:1**	0.86:1

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

	Three Months Ended December 27, 2020	Three Months Ended December 29, 2019	**Nine Months Ended December 27, 2020**	Nine Months Ended December 29, 2019
Cash flows (used in) provided by operating activities	**$ 78.9**	$ (7.0)	**$ 146.2**	$ 10.6

At December 27, 2020, the Company had cash and cash equivalents of $224.5 million compared to $358.6 million at March 31, 2020. At December 27, 2020, the Company's debt-to-total equity ratio was 0.46:1 and reflected $250.0 million repaid under the Company's senior secured credit facility.

In the third quarter of fiscal 2021, cash flows provided by operating activities were $78.9 million ($7.0 million used in operating activities in the third quarter a year ago). In the nine months ended December 27, 2020, cash flows provided by operating activities were $146.2 million ($10.6 million provided by operating activities in the corresponding period a year ago). The increase in operating cash flows related primarily to the timing of investments in non-cash working capital in certain customer programs.

In the third quarter of fiscal 2021, the Company's investment in non-cash working capital decreased by $43.6 million from September 27, 2020. On a year-to-date basis, investment in non-cash working capital decreased $55.2 million. Accounts receivable decreased by $0.1 million, and net contract assets decreased $91.8 million, or 81%, compared to March 31, 2020, due to the timing of billings in certain customer contracts. The Company actively manages its accounts receivable, contract asset and contract liability balances through billing terms on long-term contracts and collection efforts. Inventories decreased 1%, or $0.8 million, primarily due to a decrease in work-in-process on certain customer projects. Deposits and prepaid assets decreased $0.1 million from March 31, 2020. Accounts payable and accrued liabilities decreased 13%, or $36.4 million, compared to March 31, 2020. Provisions decreased 13%, or $4.2 million, compared to March 31, 2020, due to payments in the first nine months of fiscal 2021 related to the Company's reorganization plan.

Cash investments in property, plant and equipment totalled $11.1 million in the first nine months of fiscal 2021, primarily related to the expansion and improvement of certain manufacturing facilities.

Intangible assets expenditures were $7.4 million in the first nine months of fiscal 2021 and primarily related to computer software and various internal development projects.

At December 27, 2020, the Company had $776.9 million of unutilized multipurpose credit, including letters of credit, available under existing credit facilities and an additional $172.5 million available under letter of credit facilities.

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 $750.0 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 December 27, 2020, the Company had utilized $2.2 million under the Credit Facility, of which $nil was classified as long-term debt (March 31, 2020 - $250.0 million) and $2.2 million by way of letters of credit (March 31, 2020 - $149.4 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 0.95% 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 December 27, 2020, all covenants were met.

The Company has additional credit facilities available of $30.8 million (10.1 million Euros, $10.0 million U.S., 50.0 million Thai Baht and 0.7 million Czech Koruna). The total amount outstanding on these facilities at December 27, 2020 was $1.3 million, of which $1.2 million was classified as bank indebtedness (March 31, 2020 - $4.6 million) and $0.1 million was classified as long-term debt (March 31, 2020 - $0.2

million). 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.

Subsequent to the third quarter (on December 29, 2020), the Company completed a private placement of U.S. $350.0 million aggregate principal amount of senior notes (the "Senior Notes"). Transaction fees of $8.1 million were deferred and will be amortized over the term of the Senior Notes. On January 13, 2021, ATS used the net proceeds from the Senior Notes to fund the redemption of its $250.0 million 6.500% senior notes due 2023 (the "Existing Notes"), which were outstanding as at December 27, 2020, and intends to use the remainder of the net proceeds for general corporate purposes. Subsequent to December 27, 2020, the Company recorded finance costs of approximately $9.0 million related to the redemption of the Existing Notes.

The Senior Notes were issued at par, bear interest at a rate of 4.125% per annum and mature on December 15, 2028. 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. 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.

Contractual Obligations
(In millions of dollars)

The Company's minimum purchase obligations are as follows as at December 27, 2020:		
Less than one year	$	173.6
One – two years		4.8
Two – three years		1.0
Three – four years		0.2
	$	179.6

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 December 27, 2020, the total value of outstanding letters of credit was approximately $160.6 million (March 31, 2020 - $219.0 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 interim 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 creditworthiness. 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.

SHARE DATA

During the first nine months of fiscal 2021, 408,363 stock options were exercised. At February 2, 2021, the total number of shares outstanding was 92,027,790, and there were 946,271 stock options outstanding to acquire common shares of the Company.

NORMAL COURSE ISSUER BID

On December 21, 2020, 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 7,351,834 common shares of the Company during the 12-month period ending December 22, 2021.

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 ATS 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.

For the nine months ended December 27, 2020, the Company purchased 511,528 common shares for $8.7 million under the previous NCIB program and nil common shares under the new NCIB program. The weighted average price per repurchased share was $16.93.

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, 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 during the first nine months of fiscal 2021.

FOREIGN EXCHANGE

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 made by the Company in currencies other than its functional currency and through its 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 into 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 third quarter (on January 13, 2021), the Company settled the cross-currency interest rate swap instrument to swap U.S. $150.0 million into Canadian dollars that was outstanding at December 27, 2020. The Company received interest of 6.50% U.S. per annum and paid interest of 6.501% Canadian. The Company also settled a cross-currency interest rate swap instrument to swap 134.1 million Euros into Canadian dollars that was outstanding on December 27, 2020. The Company received interest of 6.501% Canadian per annum and paid interest of 5.094% Euros. The Company paid $16.9 million to settle the cross-currency swaps.

Subsequent to the third quarter (on January 13, 2021), 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 4.257% Canadian. The terms of the hedging relationship 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 third quarter (on January 13, 2021), the Company entered into a cross-currency interest rate swap instrument to swap 143.9 million Euros into Canadian dollars. The Company will receive interest of 4.257% Canadian per annum and pay interest of 3.145% 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 CDN$

	Three Months Ended			Nine Months Ended		
	December 27, 2020	December 29, 2019	% change	**December 27, 2020**	December 29, 2019	% change
U.S. dollar	1.304	1.321	(1.3%)	1.340	1.327	1.0%
Euro	1.553	1.462	6.2%	1.545	1.478	4.5%

CONSOLIDATED QUARTERLY RESULTS

(In millions of dollars, except per share amounts)

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Revenues	**$ 369.7**	$ 335.5	$ 324.9	$ 382.1	$ 367.2	$ 341.2	$ 339.2	$ 348.6
Earnings from operations	**$ 32.3**	$ 23.4	$ 21.1	$ 24.9	$ 10.4	$ 31.7	$ 28.6	$ 30.3
Adjusted earnings from operations[1]	**$ 43.8**	$ 40.1	$ 29.7	$ 39.3	$ 37.5	$ 42.5	$ 38.0	$ 38.2
Net income	**$ 18.9**	$ 11.6	$ 9.8	$ 13.1	$ 4.1	$ 19.3	$ 16.4	$ 18.2
Basic and diluted earnings per share	**$ 0.20**	$ 0.13	$ 0.11	$ 0.14	$ 0.04	$ 0.21	$ 0.18	$ 0.20
Adjusted basic earnings per share[1]	**$ 0.30**	$ 0.26	$ 0.17	$ 0.26	$ 0.26	$ 0.29	$ 0.25	$ 0.26
Order Bookings[2]	**$ 435.0**	$ 403.0	$ 325.0	$ 356.0	$ 368.0	$ 321.0	$ 423.0	$ 298.0
Order Backlog[3]	**$ 985.0**	$ 956.0	$ 909.0	$ 942.0	$ 939.0	$ 945.0	$ 982.0	$ 904.0

[1] Non-IFRS measure. See “Notice to reader: Non-IFRS measures and additional IFRS measures” and “Reconciliation of Non-IFRS Measures to IFRS Measures.”
[2] Non-IFRS measure. See “Notice to reader: Non-IFRS measures and additional IFRS measures” and “Order Bookings by Quarter.”
[3] Non-IFRS measure. See “Notice to reader: Non-IFRS measures and additional IFRS measures” and “Order Backlog Continuity.”

Interim financial results are not necessarily indicative of annual or longer-term results because many of the individual 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 vacation time and summer plant shutdowns by its customers. The COVID-19 pandemic is likely to affect quarterly performance patterns in fiscal 2021.

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. 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 interim condensed 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. There have been no material changes to the critical accounting estimates described in the Company's fiscal 2020 MD&A.

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

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").

In response to the COVID-19 pandemic, the Company implemented measures to enable physical distancing across ATS' operations, including remote work. This change required certain processes and controls that were previously done or documented manually to be completed and retained in electronic form. The Company continues to monitor whether remote work arrangements have adversely affected the Company's ability to maintain internal controls over financial reporting and disclosure controls and procedures. Despite the changes required by the current environment, there have been no changes or material weaknesses in the design of the Company's internal controls over financial reporting during the three and nine months ended December 27, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls 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.

Note to Readers: 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"). Such forward-looking statements involve 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. Forward-looking statements include all disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. ATS cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements relate to, among other things: the strategic framework; the Company's strategy to expand organically and through acquisition; the ATS Business Model ("ABM"); restructuring charges related to the reorganization plan; the potential impact of COVID-19 and government emergency measures; conversion of opportunities into Order Bookings; the Company's Order Backlog partially mitigating the impact of volatile Order Bookings; rate of Order Backlog conversion; the expected benefits where the company engages with

customers on enterprise-type solutions and the potential impact on Order Bookings, performance period, and timing of revenue recognition; expected benefits with respect to the Company's efforts to expand its services revenues; initiatives having the goal of expanding adjusted earnings from operations margin over long-term; the CEWS program; non-cash working capital levels as a percentage of revenues; expectation in relation to meeting liquidity and funding requirements for investments; potential to use leverage to support growth strategy; voluntary public tender offer to acquire CFT; and the Company's belief with respect to the outcome of certain lawsuits, claims and contingencies. The risks and uncertainties that may affect forward-looking statements include, among others: the progression of COVID-19 and its impacts on the Company's ability to operate its assets, including the possible shut-down of facilities due to COVID-19 outbreaks; the severity and duration of the COVID-19 pandemic in all jurisdictions where the Company conducts its business; the nature and extent of government imposed restrictions on travel and business activities and the nature, extent, and applicability of government assistance programs, in both cases related to the COVID-19 pandemic, as applicable in all jurisdictions where the Company conducts its business; the impact of the COVID-19 pandemic on the Company's employees, customers, and suppliers; impact of COVID-19 on the global economy; general market performance including capital market conditions and availability and cost of credit; performance of the markets that ATS serves; foreign currency and exchange risk; the relative strength of the Canadian dollar; impact of factors such as increased pricing pressure 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 acquisitions made are not integrated as quickly or effectively as planned or expected and, as a result, anticipated benefits and synergies are not realized; that some or all of the sales funnel is not converted to Order Bookings due to competitive factors or failure to meet customer needs; timing of customer decisions related to large enterprise programs and potential for negative impact associated with any cancellations or non-performance in relation thereto; variations in the amount of Order Backlog completed in any given quarter; 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 is 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 the CEWS program ceases to be available, that the Company ceases to qualify, or that the benefits under the program are other than expected; 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 the proposed acquisition of CFT will not occur or that the anticipated benefits and effects of the transaction will not be realized – the CFT tender offer is subject to various approvals and the fulfillment of certain conditions and there can be no assurance that any such approvals will be obtained and/or any such conditions will be met - the tender offer could be modified, restructured or terminated; risk that the ultimate outcome of lawsuits, claims, and contingencies give rise to material liabilities for which no provisions have been recorded; that one or more customers, or other entities with which the Company has contracted, experience insolvency or bankruptcy with resulting delays, costs or losses to the Company; political, labour or supplier disruptions; the development of superior or alternative technologies to those developed by ATS; the success of competitors with greater capital and resources in exploiting their technology; market risk for developing technologies; risks relating to legal proceedings to which ATS is or may become a party; exposure to product and/or professional liability claims; risks associated with greater than anticipated tax liabilities or expenses; and other risks detailed from time to time in ATS' filings with Canadian provincial securities regulators. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and other than as required by applicable securities laws, ATS does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.