ATS Automation Tooling Systems Inc.

Management's Discussion and Analysis

For the Quarter Ended June 27, 2021

TSX: ATA

This Management's Discussion and Analysis ("MD&A") for the three months ended June 27, 2021 (first quarter of fiscal 2022) is as of August 10, 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 first quarter of fiscal 2022, 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 International Financial Reporting Standards ("IFRS") and the MD&A of the Company for the year ended March 31, 2021 (fiscal 2021), and, accordingly, the purpose of this document is to provide a fiscal 2022 first quarter update to the information contained in the fiscal 2021 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 EBITDA", "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. 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 EBITDA is defined as adjusted earnings from operations excluding depreciation and amortization. Adjusted basic earnings per share is defined as adjusted net income on a basic per share basis, where adjusted net income is defined as adjusted earnings from operations less net finance costs and income tax expense, plus tax effects of adjustment items and adjusted for other significant items of a non-recurring nature. Non-cash working capital 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, EBITDA and adjusted 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 and adjusted EBITDA are important indicators of the Company's ability to generate operating cash flows to fund continued investment in its operations. Management believes that adjusted earnings from operations, adjusted EBITDA 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) adjusted EBITDA and EBITDA to earnings from operations, (ii) adjusted earnings from operations to earnings from operations, (iii) adjusted net income to net income and (iv) adjusted basic earnings per share to basic earnings per share, in each case for the three-month periods ended June 27, 2021 and June 28, 2020 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-month periods ended June 27, 2021 and June 28, 2020 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 to deliver custom automation, repeat automation, automation products and value-added solutions including pre-automation and after-sales services, to address the sophisticated manufacturing automation systems and service needs of multinational customers in markets such as life sciences, food & beverage, transportation, consumer products, and energy. Founded in 1978, ATS employs over 5,000 people at 28 manufacturing facilities and over 50 offices in North America, Europe, Southeast Asia and China.

STRATEGY

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

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

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

Expand: To expand the Company's reach, management is focused on the development of new markets and business platforms, the expansion of service offerings, investment in innovation and product development, and strategic and disciplined acquisitions that strengthen ATS. In executing this part of its strategy, the Company acquired CFT S.p.A., a global supplier of processing and packaging automation equipment for the food and beverage sector in the fourth quarter of fiscal 2021, and late in the first quarter of fiscal 2022, acquired BioDot, Inc. ("BioDot"), a leading manufacturer of automated fluid dispensing systems, as well as Control and Information Management Ltd. ("CIM"), an industrial automation system integrator based in Ireland.

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

ATS Business Model

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

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

The ABM is ATS' playbook, serving as the framework utilized by the Company to achieve its business goals and objectives through disciplined, continuous improvement. The ABM is used by 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 June 27, 2021**	Three Months Ended June 28, 2020
Revenues from construction contracts	**$ 343.0**	$ 213.0
Services rendered	**100.5**	86.7
Sale of goods	**67.1**	25.2
Total revenues	**$ 510.6**	$ 324.9

Revenues by market	**Three Months Ended June 27, 2021**	Three Months Ended June 28, 2020
Life Sciences	**$ 230.6**	$ 181.5
Food & Beverage	**114.0**	7.1
Transportation	**75.1**	67.1
Consumer Products	**61.5**	41.1
Energy	**29.4**	28.1
Total revenues	**$ 510.6**	$ 324.9

Fiscal 2022 first quarter revenues were 57.2% higher than in the corresponding period a year ago and included $114.4 million of revenues earned by acquired companies. Organic growth, excluding contributions from acquired companies and impact from foreign exchange fluctuations was $90.9 million, or 28.0% higher compared to the first quarter of fiscal 2021. Acquired companies contributed $114.4 million or 35.2%, and foreign exchange negatively impacted revenues by $19.6 million or 6.0% primarily reflecting the strengthening of the Canadian dollar relative to the U.S. dollar and Euro. Revenues generated from construction contracts increased 61.0% due to a combination of revenues earned by acquired companies and organic revenue growth. Revenues from services increased 15.9% due to improved customer site access and reduced travel restrictions related to COVID-19 compared to the first quarter of fiscal 2021 and revenues earned by acquired companies. Revenues from the sale of goods increased 166.3% due primarily to increased after-sales spare parts sales and revenues earned by acquired companies.

By market, revenues generated in life sciences increased 27.1% year over year on higher Order Backlog entering the first quarter of fiscal 2022 and revenues earned by BioDot acquired in June 2021 (first quarter fiscal 2022). Revenues generated in food & beverage, which were previously reported under consumer products, increased 1,505.6%, primarily due to the acquisition of CFT in the fourth quarter of fiscal 2021. Revenues in transportation increased 11.9%, due to the timing of project performance. Revenues generated in consumer products increased 49.6%, on higher Order Backlog entering the first quarter of fiscal 2022. Revenues in energy increased 4.6% due to the timing of project performance.

Consolidated Operating Results

(In millions of dollars)

	Three Months Ended June 27, 2021	Three Months Ended June 28, 2020
Earnings from operations	**$ 52.0**	$ 21.1
Amortization of acquisition-related intangible assets	**11.3**	8.6
Acquisition-related transaction costs	**2.1**	—
Adjusted earnings from operations[1]	**$ 65.4**	$ 29.7

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

		Three Months Ended June 27, 2021		Three Months Ended June 28, 2020
Earnings from operations	**$**	**52.0**	$	21.1
Depreciation and amortization		**23.8**		18.1
EBITDA[1]	**$**	**75.8**	$	39.2
Acquisition-related transaction costs		**2.1**		—
Adjusted EBITDA[1]	**$**	**77.9**	$	39.2

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

Fiscal 2022 first quarter earnings from operations were $52.0 million (10.2% operating margin) compared to $21.1 million (6.5% operating margin) in the first quarter a year ago. Earnings from operations included: $11.3 million related to amortization of acquisition-related intangible assets, up from $8.6 million a year ago and $2.1 million of incremental costs related to the Company's acquisition activity.

Excluding these items in both quarters, adjusted earnings from operations were $65.4 million (12.8% margin), compared to $29.7 million (9.1% margin) a year ago. Contributions from acquired companies were $9.4 million. Higher first quarter fiscal 2022 adjusted earnings from operations reflected higher gross margin due to efficiency gains made in the Company's cost structure, improved program execution, increased revenues from after-sales services as well as reduced travel restrictions, temporary closures and entry restrictions at customer sites related to COVID-19 compared to a year ago. In the first quarter of fiscal 2022, the Company benefited from recoveries under the Canadian Emergency Wage Subsidy ("CEWS") program of $0.4 million compared to $7.5 million a year ago.

Depreciation and amortization expense was $23.8 million in the first quarter of fiscal 2022, compared to $18.1 million a year ago, primarily due to the addition of identifiable intangible assets recorded on the acquisitions of CFT and BioDot.

EBITDA was $75.8 million (14.8% EBITDA margin) in the first quarter of fiscal 2022 compared to $39.2 million (12.1% EBITDA margin) in the first quarter of fiscal 2021. EBITDA for the first quarter of fiscal 2022 included $2.1 million of incremental costs related to the Company's acquisition activity. Excluding these costs, adjusted EBITDA was $77.9 million (15.3% adjusted EBITDA margin), compared to $39.2 million (12.1% adjusted EBITDA margin) a year ago. Higher EBITDA margin reflected an improved cost structure and more pronounced pandemic inefficiencies in the same period a year ago.

Order Bookings by Quarter

First quarter fiscal 2022 Order Bookings were a record $637 million. The 96.0% year-over-year increase reflected organic growth of 74.3% and 29.7% from acquired companies, partially offset by an 8.0% decrease due to foreign exchange rate translation of Order Bookings from foreign-based ATS subsidiaries, primarily reflecting the strengthening of the Canadian dollar relative to the U.S. dollar and Euro. By market, higher Order Bookings in life sciences primarily related to a previously announced $120 million Order Booking from a global medical device company for a fully automated manufacturing solution. Order Bookings in food & beverage increased due to the addition of CFT. Order Bookings in transportation increased due to a large EV program win and timing of customer orders. Higher Order Bookings in consumer products were due to timing of customer projects. Bookings in energy decreased due to timing of customer projects, primarily in the nuclear market.

Order Backlog Continuity

(In millions of dollars)

As at		**June 27, 2021**		June 28, 2020
Opening Order Backlog	**$**	**1,160**	$	942
Revenues		**(511)**		(325)
Order Bookings		**637**		325
Order Backlog adjustments[1]		**(38)**		(33)
Total	**$**	**1,248**	$	909

[1] Order Backlog adjustments include incremental Order Backlog of $24 million acquired with BioDot, foreign exchange adjustments, scope changes and cancellations.

Order Backlog by Market
(In millions of dollars)

	Three Months Ended June 27, 2021	Three Months Ended June 28, 2020
Life Sciences	**$ 741**	$ 524
Food & Beverage	**140**	8
Transportation	**192**	211
Consumer Products	**97**	71
Energy	**78**	95
Total	**$ 1,248**	$ 909

At June 27, 2021, Order Backlog was $1,248 million, 37.3% higher than at June 28, 2020. Order Backlog growth was primarily driven by higher Order Bookings in life sciences, food & beverage and transportation markets, and Order Backlog from acquired businesses. Foreign exchange rate changes negatively impacted the translation of Order Backlog from foreign-based ATS subsidiaries by approximately 4.2% compared to the corresponding period a year ago, primarily reflecting the strengthening of the Canadian dollar relative to the U.S. dollar and Euro.

Outlook

The Company’s funnel (which includes customer requests for proposal and ATS identified customer opportunities) remains significant; however, the timing to convert opportunities into Order Bookings is currently more variable as some customers manage their responses to the pandemic by delaying planned project timing.

By market, the life sciences funnel remains robust as a result of strong activity in medical devices, pharmaceuticals and radiopharmaceuticals, and augmented by some opportunities related to the fight against COVID-19. In transportation, the funnel includes some strategic opportunities related to new technologies such as electric vehicles. Funnel activity in energy is variable and this market provides niche opportunities for ATS. Funnel activity in consumer products has improved; however, management expects some customers to remain cautious in deploying capital in the current economic environment. Funnel activity in food & beverage is robust and with the addition of CFT, the Company has increased exposure to opportunities in this market. Organic growth in first quarter Order Bookings and the addition of CFT and BioDot resulted in an Order Backlog of $1,248 million that will help mitigate the impact of quarterly variability in Order Bookings on revenues in the short term.

The Company’s Order Backlog includes several large enterprise programs that have longer periods of performance and therefore longer revenue recognition cycles. In the second quarter of fiscal 2022, management expects the conversion of Order Backlog to revenues to be in the higher end of the 35% to 40% range.

The Company’s sales organization continues to work to engage customers on enterprise 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. The Company continues to be impacted by the COVID-19 pandemic as a result of ongoing 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: achieving cost synergies and revenue synergies in acquired businesses; 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 the ongoing deployment of the ABM.

Over the long term, the Company generally expects to continue investing in non-cash working capital to support the growth of its business, with fluctuations expected on a quarter-over-quarter basis. The

Company's goal is to maintain its investment in non-cash working capital as a percentage of annualized revenues below 15%.

The Company expects that continued cash flows from operations, together with cash and cash equivalents on hand and credit available under operating and long-term credit facilities, will be sufficient to: 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.

COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel restrictions, quarantine periods and physical distancing requirements have affected economies and disrupted business operations for ATS and its customers. It is difficult to predict the duration or severity of the pandemic or its affect on the business, financial results and conditions of the Company.

At the outset of the pandemic, management 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 progresses; 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.

BUSINESS ACQUISITIONS

BioDot

On June 1, 2021, the Company announced the successful completion of its acquisition of BioDot, Inc. ("BioDot"), a leading manufacturer of automated fluid dispensing systems. The acquisition of BioDot expands the Company's life sciences capabilities in precise, low volume fluid dispensing and enhances the Company's position in the point-of-care and clinical diagnostic lab automation end-markets.

Cash consideration paid in the first quarter of fiscal 2022 was $107.7 million ($89.2 million U.S.). This acquisition was accounted for as a business combination with the Company as the acquirer of BioDot. The purchase method of accounting was used and the earnings were consolidated from June 1, 2021.

CIM

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

Cash consideration paid in the first quarter of fiscal 2022 was $19.7 million ($13.4 million Euros). This acquisition was accounted for as a business combination with the Company as the acquirer of CIM. The purchase method of accounting was used with an acquisition date of June 2, 2021.

CONSOLIDATED RESULTS

(In millions of dollars, except per share data)

	Three Months Ended June 27, 2021	Three Months Ended June 28, 2020
Revenues	**$ 510.6**	$ 324.9
Cost of revenues	**366.7**	245.7
Selling, general and administrative	**83.2**	56.5
Stock-based compensation	**8.7**	1.6
Earnings from operations	**$ 52.0**	$ 21.1
Net finance costs	**$ 7.5**	$ 8.2
Provision for income taxes	**10.6**	3.1
Net income	**$ 33.9**	$ 9.8
Basic and diluted earnings per share	**$ 0.37**	$ 0.11

Revenues. At $510.6 million, consolidated revenues for the first quarter of fiscal 2022 were $185.7 million, or 57.2% higher than in the corresponding period a year ago. (see “Overview – Operating Results”).

Cost of revenues. At $366.7 million, first quarter fiscal 2022 cost of revenues increased by $121.0 million, or 49.2% compared to the corresponding period a year ago due to higher revenues. First quarter fiscal 2022 gross margin was 28.2%, compared to 24.4% in the corresponding period a year ago, due to efficiencies made in the Company’s cost structure, improved program execution, increased revenues from services, partially offset by $5.2 million lower recoveries under the CEWS program compared to the prior year.

Selling, general and administrative (“SG&A”) expenses. SG&A expenses for the first quarter of fiscal 2022 were $83.2 million, which included $11.3 million of costs related to the amortization of identifiable intangible assets on business acquisitions and $2.1 million of incremental costs related to the Company’s acquisition activity. Excluding these items, SG&A expenses were $69.8 million in the first quarter of fiscal 2022. Comparably, SG&A expenses for the first quarter of fiscal 2021 were $47.9 million, which excluded $8.6 million of costs related to the amortization of identifiable intangible assets recorded on business acquisitions. Higher SG&A expenses in the first quarter of fiscal 2022 primarily reflected the SG&A expenses from acquired companies.

Stock-based compensation. Stock-based compensation expense was $8.7 million in the first quarter of fiscal 2022 compared to $1.6 million in the corresponding period a year ago. The increase in stock-based compensation costs is attributable to higher expenses from the revaluation of deferred stock units and restricted share units based on the Company’s stock price.

Earnings from operations. Earnings from operations were $52.0 million (10.2% operating margin), compared to earnings from operations of $21.1 million (6.5% operating margin) in the corresponding period a year ago (see “Overview – Operating Results”).

Net finance costs. Net finance costs were $7.5 million in the first quarter of fiscal 2022, compared to $8.2 million a year ago. The decrease was primarily due to lower interest expense in the first quarter of fiscal 2022 compared to the corresponding period a year ago.

Income tax provision. The Company’s effective income tax rate of 23.8% differed from the combined Canadian basic federal and provincial income tax rate of 26.5% due to income earned in certain jusisdictions with different statutory tax rates.

Net income. Net income was $33.9 million (37 cents per share basic and diluted) compared to $9.8 million (11 cents per share basic and diluted) for the first quarter of fiscal 2021. Adjusted basic earnings per share were 48 cents compared to 17 cents in the first quarter of fiscal 2021 (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 June 27, 2021		Three Months Ended June 28, 2020
Adjusted EBITDA	**$**	**77.9**	$	39.2
Acquisition-related transaction costs		**2.1**		—
EBITDA	**$**	**75.8**	$	39.2
Less: depreciation and amortization expense		**23.8**		18.1
Earnings from operations	**$**	**52.0**	$	21.1
Less: net finance costs		**7.5**		8.2
Provision for income taxes		**10.6**		3.1
Net income	**$**	**33.9**	$	9.8

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

	Three Months Ended June 27, 2021			Three Months Ended June 28, 2020		
	IFRS	**Adjustments**	**Adjusted (non-IFRS)**	IFRS	Adjustments	Adjusted (non-IFRS)
Earnings from operations	**$ 52.0**	**$ —**	**$ 52.0**	$ 21.1	$ —	$ 21.1
Acquisition-related transaction costs	**—**	**2.1**	**2.1**	—	—	—
Amortization of acquisition-related intangible assets	**—**	**11.3**	**11.3**	—	8.6	8.6
	$ 52.0	**$ 13.4**	**$ 65.4**	$ 21.1	$ 8.6	$ 29.7
Less: net finance costs	**$ 7.5**	**$ —**	**$ 7.5**	$ 8.2	$ —	$ 8.2
Income before income taxes	**$ 44.5**	**$ 13.4**	**$ 57.9**	$ 12.9	$ 8.6	$ 21.5
Provision for income taxes	**$ 10.6**	**$ —**	**$ 10.6**	$ 3.1	$ —	$ 3.1
Adjustment to provision for income taxes[1]	**—**	**3.6**	**3.6**	—	2.3	2.3
	$ 10.6	**$ 3.6**	**$ 14.2**	$ 3.1	$ 2.3	$ 5.4
Net income	**$ 33.9**	**$ 9.8**	**$ 43.7**	$ 9.8	$ 6.3	$ 16.1
Basic earnings per share	**$ 0.37**	**$ 0.11**	**$ 0.48**	$ 0.11	$ 0.06	$ 0.17

[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.

INVESTMENTS, LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

(In millions of dollars, except ratios)

As at	**June 27, 2021**	March 31, 2021
Cash and cash equivalents	**$ 216.4**	$ 187.5
Debt-to-equity ratio[1]	**0.73:1**	0.59:1

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

For the three months ended	**June 27, 2021**	June 28, 2020
Cash flows provided by operating activities	**$ 48.4**	$ 47.0

At June 27, 2021, the Company had cash and cash equivalents of $216.4 million compared to $187.5 million at March 31, 2021. At June 27, 2021, the Company's debt-to-total equity ratio was 0.73:1.

In the first quarter of fiscal 2022, cash flows provided by operating activities were $48.4 million ($47.0 million was provided by operating activities in the first quarter a year ago). The increase in operating cash flows related primarily to organic and acquisition growth together with the timing of investments in non-cash working capital in certain customer programs.

In the first quarter of fiscal 2022, the Company's investment in non-cash working capital increased $11.9 million from March 31, 2021. Accounts receivable increased by 51.0%, or $146.0 million, and net contracts in progress decreased 166.7%, or $91.0 million, compared to March 31, 2021, 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 increased 6.0%, or $8.0 million, due to the acquisition of BioDot. Deposits and prepaid assets increased 29.0%, or $11.0 million, compared to March 31, 2021, due to the timing of program execution. Accounts payable and accrued liabilities increased 17.8%, or $65.3 million, compared to March 31, 2021, due to the acquisition of BioDot. Provisions decreased 5.2%, or $1.5 million, compared to March 31, 2021, due to payments related to the Company's previously implemented reorganization plan.

Cash investments in property, plant and equipment totalled $11.0 million in the first quarter of fiscal 2022, primarily related to the expansion and improvement of certain manufacturing facilities, and investments in computer hardware.

Intangible assets expenditures were $3.3 million for the first quarter of fiscal 2022, and primarily related to computer software and various internal development projects.

At June 27, 2021, the Company had $664.1 million of unutilized multipurpose credit, including letters of credit, available under existing credit facilities and an additional $186.5 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 June 27, 2021, the Company had utilized $113.3 million under the Credit Facility, of which $113.2 million was classified as long-term debt (March 31, 2021 - $nil) and $0.1 million by way of letters of credit (March 31, 2021 - $2.2 million).

The Credit Facility is available in Canadian dollars by way of prime rate advances and/or bankers' acceptances, in U.S. dollars by way of base rate advances and/or LIBOR advances, in Swiss francs, Euros and British pounds sterling by way of LIBOR advances and by way of letters of credit for certain purposes in Canadian dollars, U.S. dollars and Euros. The interest rates applicable to the Credit Facility are determined based on a net debt-to-EBITDA ratio as defined in the Credit Facility. For prime rate advances and base rate advances, the interest rate is equal to the bank's prime rate or the bank's U.S. dollar base rate in Canada, respectively, plus a margin ranging from 0.95% 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 27, 2021, all covenants were met.

The Company has additional credit facilities available of $29.0 million (10.1 million Euros, $10.0 million U.S., 50.0 million Thai Baht and 0.4 million Czech Koruna). The total amount outstanding on these facilities at June 27, 2021 was $1.1 million, of which $1.0 million was classified as bank indebtedness (March 31, 2021 - $1.1 million) and $0.1 million was classified as long-term debt (March 31, 2021 - $0.1 million). The interest rates applicable to the credit facilities range from 1.75% to 6.25% per annum. A portion of the long-term debt is secured by certain assets of the Company.

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 U.S. $250.0 million 6.5% senior notes due in 2023 (the "Existing Notes"). The Company recorded finance costs of $9.1 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 June 27, 2021:

Less than one year	$	362.7
One – two years		4.3
Two – three years		1.3
Three – four years		0.2
	$	368.5

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 June 27, 2021, the total value of outstanding letters of credit was approximately $155.4 million (March 31, 2021 - $154.0 million).

In the normal course of operations, the Company is party to a number of lawsuits, claims and contingencies. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its 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 three months of fiscal 2022, 128,296 stock options were exercised. At August 10, 2021 the total number of shares outstanding was 92,205,399 and there were 952,733 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 may 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.

In the first quarter of fiscal 2022, the Company did not purchase any common shares under the NCIB program. At June 27, 2021, a total of 7,351,834 common shares remained available for repurchase under the NCIB.

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 in the first three months of fiscal 2022.

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 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. 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. 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. 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		
	June 27, 2021	June 28, 2020	% change
U.S. dollar	**1.227**	1.386	(11.5%)
Euro	**1.481**	1.525	(2.9%)

CONSOLIDATED QUARTERLY RESULTS

(In millions of dollars, except per share amounts)

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Revenues	**$ 510.6**	$ 399.9	$ 369.7	$ 335.5	$ 324.9	$ 382.1	$ 367.2	$ 341.2
Earnings from operations	**$ 52.0**	$ 42.8	$ 32.3	$ 23.4	$ 21.1	$ 24.9	$ 10.4	$ 31.7
Adjusted earnings from operations[1]	**$ 65.4**	$ 49.5	$ 43.8	$ 40.1	$ 29.7	$ 39.3	$ 37.5	$ 42.5
Net income	**$ 33.9**	$ 23.8	$ 18.9	$ 11.6	$ 9.8	$ 13.1	$ 4.1	$ 19.3
Basic and diluted earnings per share	**$ 0.37**	$ 0.26	$ 0.20	$ 0.13	$ 0.11	$ 0.14	$ 0.04	$ 0.21
Adjusted basic earnings per share[1]	**$ 0.48**	$ 0.34	$ 0.30	$ 0.26	$ 0.17	$ 0.26	$ 0.26	$ 0.29
Order Bookings[2]	**$ 637.0**	$ 463.0	$ 435.0	$ 403.0	$ 325.0	$ 356.0	$ 368.0	$ 321.0
Order Backlog[3]	**$1,248.0**	$1,160.0	$ 985.0	$ 956.0	$ 909.0	$ 942.0	$ 939.0	$ 945.0

[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 capital equipment markets served by the Company tend to be cyclical in nature. Operating performance quarter to quarter may also be affected by the timing of revenue recognition on large programs in Order Backlog, which is impacted by such factors as customer delivery schedules, the timing of third-party content, and by the timing of acquisitions. General economic trends, product life cycles and product changes may impact revenues and operating performance. ATS typically experiences some seasonality with its Order Bookings, revenues and earnings from operations, due to employee vacations and summer plant shutdowns by its customers. The COVID-19 pandemic is likely to affect quarterly performance patterns in fiscal 2022.

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 2021 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 in work processes required by the current environment, there have been no significant changes or material weaknesses in the design of the Company's internal controls over financial reporting during the three months ended June 27, 2021, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

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

Limitation on Scope

The Company announced results for the voluntary tender offer to acquire 100% of CFT on March 12, 2021, and acquired BioDot on June 1, 2021. The CFT earnings were consolidated from March 31, 2021 while BioDot earnings were consolidated from June 1, 2021. Management has not fully completed its review of internal controls over financial reporting for these newly acquired organizations. Since the acquisitions occurred within the 365 days of the reporting period, management has limited the scope of design and subsequent evaluation of disclosure controls and procedures and internal controls over financial reporting, as permitted under 5.3 of Form 52-109 F1 pursuant to National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings. For the period covered by this MD&A, management has undertaken additional procedures to satisfy itself with respect to the accuracy and completeness of the acquired operations' financial information. The following summary of financial information pertains to the acquisitions that were included in ATS' interim condensed consolidated financial statements for the quarter ended June 27, 2021.

(millions of dollars)	
Revenue[1]	$113.3 million
Net income[1]	$3.8 million
Current assets[2]	$262.1 million
Non-current assets[2]	$378.8 million
Current liabilities[2]	$197.7 million
Non-current liabilities[2]	$188.2 million

[1]Results from April 1, 2021 to June 27, 2021
[2]Balance sheet as at June 27, 2021

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"); 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; 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; the potential impact of COVID-19 and government emergency measures; 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; 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; 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.