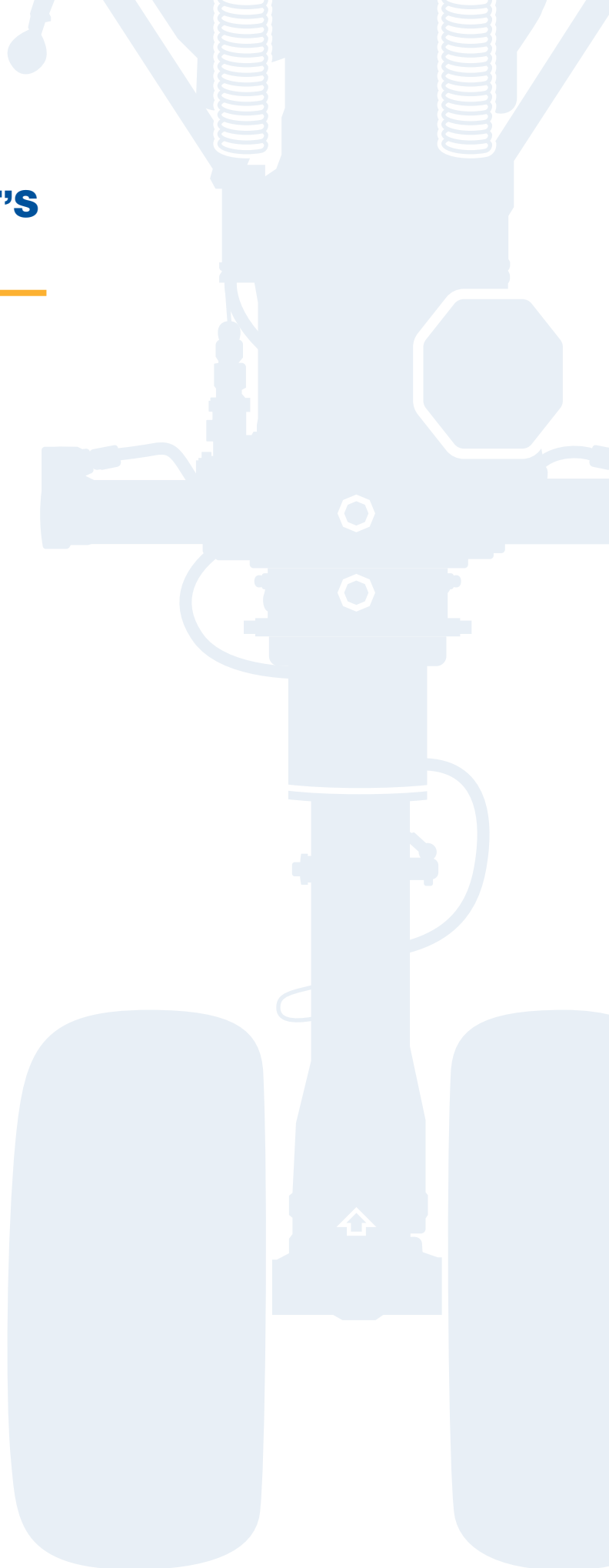


CONSOLIDATED FINANCIAL STATEMENTS / MANAGEMENT'S DISCUSSION AND ANALYSIS

First quarter ended June 30, 2021





INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

First quarter ended June 30, 2021

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DISCLOSURE OF NON-REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2021 AND 2020

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if the external auditors have not performed a review of the financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by the external auditors.

The accompanying unaudited interim condensed consolidated financial statements of the Corporation for the quarters ended June 30, 2021 and 2020 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, and are the responsibility of the Corporation's management.

The Corporation's external auditors, Ernst & Young LLP, have not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by Chartered Professional Accountants Canada for a review of financial statements by the external auditors of an entity.

August 9, 2021

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars) (Unaudited)

As at	Notes	June 30, 2021	March 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		\$ 98,594	\$ 95,470
Accounts receivable		76,532	99,724
Income tax receivable		2,525	1,708
Inventories		221,329	216,441
Derivative financial instruments	9	7,410	4,903
Other current assets		20,570	16,523
		426,960	434,769
Property, plant and equipment, net		220,851	227,621
Finite-life intangible assets, net	4	51,002	51,996
Derivative financial instruments	9	9,282	9,374
Deferred income tax assets		7,344	8,485
Goodwill		112,243	115,970
Other long-term assets		5,120	5,069
Total assets		\$ 832,802	\$ 853,284
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 102,166	\$ 109,809
Provisions		23,400	25,271
Customer advances and progress billings		35,391	40,867
Income tax payable		1,230	2,107
Derivative financial instruments	9	716	—
Current portion of long-term debt	10	12,547	15,315
		175,450	193,369
Long-term debt	10	231,380	235,384
Provisions		17,299	17,548
Derivative financial instruments	9	1,806	544
Deferred income tax liabilities		9,941	9,383
Other liabilities		6,369	5,324
		442,245	461,552
Shareholders' equity			
Issued capital	11	85,985	86,222
Contributed surplus		5,172	5,126
Accumulated other comprehensive income	12	13,974	16,279
Retained earnings		284,291	282,831
Total equity attributable to the equity holders of the parent		389,422	390,458
Non-controlling interest		1,135	1,274
		390,557	391,732
Total liabilities and shareholders' equity		\$ 832,802	\$ 853,284

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands of Canadian dollars, except per share data) (Unaudited)

		Three months ended June 30,	
	Notes	2021	2020
Sales	3	\$ 126,188	\$ 128,335
Cost of sales	4, 5	104,548	107,789
Gross profit		21,640	20,546
Selling and administrative expenses	4, 5	10,843	13,116
Non-recurring items	6	—	6,045
Operating income		10,797	1,385
Net financial expenses	7	1,893	2,930
Income (loss) before income tax expense		8,904	(1,545)
Income tax expense (recovery)		2,201	(232)
Net income (loss)		\$ 6,703	\$ (1,313)
Attributable to:			
Equity holders of the parent		\$ 6,842	\$ (1,396)
Non-controlling interest		(139)	83
		\$ 6,703	\$ (1,313)
Earnings (loss) per share – basic and diluted	8	\$ 0.19	\$ (0.04)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of Canadian dollars) (Unaudited)

		Three months ended June 30,	
	Notes	2021	2020
	12		
Other comprehensive loss:			
Items that may be reclassified to net income			
Losses arising from conversion of the financial statements of foreign operations		\$ (3,044)	\$ (12,175)
Cash flow hedges:			
Net gains on valuation of derivative financial instruments		2,094	10,398
Net (gains) losses on derivative financial instruments transferred to net income		(1,549)	2,958
Deferred income taxes		(147)	(3,569)
		398	9,787
Gains on hedge of net investments in foreign operations		385	2,933
Deferred income taxes		(44)	(371)
		341	2,562
Items that are never reclassified to net income			
Defined benefit pension plans:			
Gains (losses) from remeasurement		487	(3,633)
Deferred income taxes		(129)	959
		358	(2,674)
Other comprehensive loss		\$ (1,947)	\$ (2,500)
Comprehensive income			
Net income (loss)		\$ 6,703	\$ (1,313)
Other comprehensive loss		(1,947)	(2,500)
Comprehensive income (loss)		\$ 4,756	\$ (3,813)
Attributable to:			
Equity holders of the parent		\$ 4,895	\$ (3,896)
Non-controlling interest		(139)	83
		\$ 4,756	\$ (3,813)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of Canadian dollars) (Unaudited)

	Notes	Issued capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Equity attributable to the equity holders of the parent	Non-Controlling interest	Shareholders' equity
Balance as at March 31, 2021		\$ 86,222	\$ 5,126	\$ 16,279	\$ 282,831	\$ 390,458	\$ 1,274	\$ 391,732
Common shares issued under the stock option plan	11	677	(172)	—	—	505	—	505
Repurchase and cancellation of common shares	11	(914)	—	—	(5,740)	(6,654)	—	(6,654)
Stock-based compensation expense	11	—	218	—	—	218	—	218
Net income (loss)		—	—	—	6,842	6,842	(139)	6,703
Other comprehensive (loss) income	12	—	—	(2,305)	358	(1,947)	—	(1,947)
Balance as at June 30, 2021		\$ 85,985	\$ 5,172	\$ 13,974	\$ 284,291	\$ 389,422	\$ 1,135	\$ 390,557

	Notes	Issued capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Equity attributable to the equity holders of the parent	Non-Controlling interest	Shareholders' equity
Balance as at March 31, 2020		\$ 79,757	\$ 5,792	\$ 7,160	\$ 255,221	\$ 347,930	\$ 1,518	\$ 349,448
Stock-based compensation expense	11	—	280	—	—	280	—	280
Net (loss) income		—	—	—	(1,396)	(1,396)	83	(1,313)
Other comprehensive income (loss)	12	—	—	174	(2,674)	(2,500)	—	(2,500)
Balance as at June 30, 2020		\$ 79,757	\$ 6,072	\$ 7,334	\$ 251,151	\$ 344,314	\$ 1,601	\$ 345,915

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of Canadian dollars) (Unaudited)

		Three months ended June 30,	
	Notes	2021	2020
Cash and cash equivalents provided by (used for):			
Operating activities			
Net income (loss)		\$ 6,703	\$ (1,313)
Items not requiring an outlay of cash:			
Amortization expense	5	9,252	10,928
Deferred income taxes		1,269	(758)
Net non-cash financial expenses	7	1,064	1,625
Stock-based compensation expense	11	218	280
Cash flows from operations		18,506	10,762
Net change in non-cash items	13	(321)	4,711
Cash flows related to operating activities		18,185	15,473
Investing activities			
Net additions to property, plant and equipment		(3,272)	(6,129)
Net change in finite-life intangible assets		(530)	888
Proceeds from a business divestiture	14	2,041	—
Cash flows related to investing activities		(1,761)	(5,241)
Financing activities			
Proceeds from long-term debt		—	61,599
Repayment of long-term debt		(6,500)	(2,887)
Increase in deferred financing costs		(555)	—
Repurchase and cancellation of shares	11	(6,654)	—
Issuance of common shares under the stock option plan		505	—
Cash flows related to financing activities		(13,204)	58,712
Effect of changes in exchange rates on cash and cash equivalents		(96)	(378)
Change in cash and cash equivalents during the periods		3,124	68,566
Cash and cash equivalents at beginning of periods		95,470	45,841
Cash and cash equivalents at end of periods		\$ 98,594	\$ 114,407
Interest and income taxes reflected in operating activities:			
Interest paid		\$ 1,940	\$ 870
Interest received		\$ 142	\$ 218
Income taxes paid (recovered)		\$ 2,651	\$ (974)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended June 30, 2021 and 2020
(In thousands of Canadian dollars, except per share data) (Unaudited)

NOTE 1. NATURE OF ACTIVITIES AND CORPORATE INFORMATION

Héroux-Devtek Inc. is incorporated under the laws of Québec. Its head office is domiciled at Complexe St-Charles, 1111 St-Charles Street West, suite 600, West Tower, Longueuil (Québec), Canada. Héroux-Devtek Inc. and its subsidiaries (the "Corporation") specialize in the design, development, manufacture, repair and overhaul of aircraft landing gear, hydraulic and electromechanical actuators, custom ball screws and fracture-critical components.

The Corporation only operates in one reporting segment, which is the Aerospace segment.

The Corporation's common shares are traded on the Toronto Stock Exchange under the symbol "HRX".

NOTE 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the quarter ended June 30, 2021 were prepared in accordance with IAS 34, *Interim Financial Reporting*, therefore certain information and disclosures have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements. Accordingly, these interim condensed consolidated financial statements should be read together with the annual audited consolidated financial statements and notes thereto included in the Corporation's Annual Report for the fiscal year ended March 31, 2021.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors of the Corporation on August 9, 2021.

NOTE 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The disaggregation of the Corporation's revenue from contracts with customers was as follows :

	Three months ended June 30,	
	2021	2020
Geographic markets		
Canada	\$ 11,400	\$ 10,568
United States of America	69,841	69,082
United Kingdom	12,093	12,683
Spain	9,974	10,072
Rest of Europe	13,412	15,419
Other countries	9,468	10,511
	\$ 126,188	\$ 128,335
Sectors		
Civil	\$ 37,639	\$ 49,941
Defence	88,549	78,394
	\$ 126,188	\$ 128,335

NOTE 4. GOVERNMENT ASSISTANCE

Government assistance was deducted from the cost of related assets or recognized as a reduction of expenses as follows:

	Three months ended June 30,	
	2021	2020
Finite-life intangible assets	\$ —	\$ 244
Cost of sales and selling and administrative expenses	3,476	4,266

Government assistance includes mainly research and development tax credits, other credits and grants. During the three-month period ending June 30, 2021, government assistance accounted for in cost of sales and selling and administrative expenses was largely comprised of the Canadian Emergency Wage Subsidy.

NOTE 5. COST OF SALES, SELLING AND ADMINISTRATIVE EXPENSES

The main components of these expenses were as follows:

	Three months ended June 30,	
	2021	2020
Raw materials and purchased parts	\$ 45,332	\$ 41,616
Employee costs	42,742	47,097
Amortization of property, plant and equipment and finite-life intangible assets	9,252	10,928
Others	18,065	21,264
	\$ 115,391	\$ 120,905
Including:		
Foreign exchange (gains) losses upon conversion of net monetary items	(86)	903
Amortization of customer relationships	987	1,260

NOTE 6. NON-RECURRING ITEMS

In Fiscal 2021, Héroux-Devtek announced restructuring initiatives in light of the ongoing COVID-19 pandemic. These initiatives were expected to affect 15% of the workforce, or approximately 315 employees, and include the closure of Alta Précision and APPH Wichita.

In the first quarter of last fiscal year, \$6,045 of related charges were incurred. To date, 90% of staff reductions, which included the closure of Alta Précision, have been completed and the remaining reductions will occur after the closure of APPH Wichita. No related charges were incurred this quarter.

NOTE 7. NET FINANCIAL EXPENSES

Net financial expenses comprise the following:

	Three months ended June 30,	
	2021	2020
Interest accretion on governmental authorities loans	\$ 802	\$ 791
Interest accretion on net defined benefit obligations	24	101
Interest on leases	217	319
Amortization of deferred financing costs	183	215
Other interest accretion and discount rate adjustments	(162)	199
Net non-cash financial expenses	1,064	1,625
Interest on long-term debt	971	1,523
Interest income on cash and cash equivalents	(142)	(218)
	\$ 1,893	\$ 2,930

NOTE 8. EARNINGS PER SHARE

The following table sets forth the elements used to compute basic and diluted earnings per share:

	Three months ended June 30,	
	2021	2020
Weighted-average number of common shares outstanding	36,696,402	36,367,210
Dilutive effect of stock options	284,280	—
Weighted-average number of common diluted shares outstanding	36,980,682	36,367,210
Options excluded from diluted earnings per share calculation	197,000	1,846,595

NOTE 9. DERIVATIVE FINANCIAL INSTRUMENTS

Forward foreign exchange contracts

As at June 30, 2021, the Corporation had forward foreign exchange contracts outstanding for a notional amount of \$295,391 (\$268,737 at March 31, 2021) denominated in USD, EUR and GBP. This amount includes contracts with nominal value of US\$216,515 (US\$197,500 at March 31, 2021) convertible into Canadian dollars at an average rate of 1.2970 (1.3161 at March 31, 2021). These contracts mature at various dates between July 2021 and March 2026, with the majority maturing this fiscal year and the next.

Cross-currency interest rate swaps

As at June 30, 2021, the Corporation had cross-currency interest rate swap agreements exchanging CAD and USD-denominated debt to EUR for a total notional amount of € 90,468 in order to mitigate foreign exchange and interest rate risks. These agreements mature between May 2022 and September 2025, and mainly bear interest at a weighted average fixed rate of 2.5%.

Equity swap agreement

As at June 30, 2021 and March 31, 2021, the Corporation had entered into an equity swap agreement fixing 300,000 common shares of the Corporation at a price of \$13.52. This agreement manages the Corporation's exposure to fluctuations of its share price and resulting effect on the value of outstanding Performance Share Units and Deferred Share Units. It is a derivative that is not part of a designated hedging relationship and matures in June 2022.

NOTE 10. LONG-TERM DEBT

As at	June 30, 2021	March 31, 2021
Senior Secured Syndicated Revolving Credit Facility ("Revolving Facility")	\$ 58,359	\$ 59,342
Governmental authorities loans	87,266	90,382
Unsecured Subordinated Term Loan Facility ("Term Loan")	75,000	75,000
Lease liabilities	25,973	28,274
Deferred financing costs, net	(2,671)	(2,299)
	243,927	250,699
Less: current portion	12,547	15,315
Long-term debt	\$ 231,380	\$ 235,384

Revolving Facility

In June 2021, the Corporation reached an agreement to extend the Revolving Facility to a new maturity of June 2026 (previously December 2024). The accordion feature was increased from \$100 million to \$200 million as part of the agreement, while other terms and conditions remain relatively unchanged.

The Revolving Facility bears interest at Libor + 1.0% representing an effective rate of 1.1% (Libor + 1.2% representing 1.3% as at March 31, 2021) and is secured by essentially all assets of the Corporation and its subsidiaries.

Term Loan Facility

In June 2021, the Corporation reached an agreement to extend the Term Loan Facility to a new maturity of September 2028 (previously September 2025). The Corporation will now have the option to make early repayments as of September 2024, subject to certain fees. The Term Loan Facility is fully drawn and now bears interest at 4.95%, compared to 5.20% as at March 31, 2021.

NOTE 11. ISSUED CAPITAL

A. Share capital

Capital stock varied as follows:

	Three months ended June 30, 2021	
	Number	Issued capital
Opening balance	36,764,710	86,222
Issued for cash on exercise of stock options	45,794	677
Repurchase and cancellation	(370,427)	(914)
Closing balance	36,440,077	85,985

On May 20, 2021, the Corporation announced a Normal Course Issuer Bid (NCIB) for the purchase for cancellation of up to 2,412,279 common shares on the open market through the TSX or alternative trading facilities. The NCIB began on May 25, 2021, and will end on May 24, 2022, or on such earlier date when the Company has either acquired the maximum number of common shares allowable under the NCIB or decided not to make any further purchases under it.

As of June 30, 2021, the Company has purchased and cancelled 370,427 common shares for a cash consideration of \$6,654, representing a weighted average price of \$17.96 per share. The \$5,740 excess of purchase price over the carrying value was charged to retained earnings.

B. Stock option plan

For the quarters ended June 30, variances in stock options outstanding and related compensation expense were as follows:

	2021		2020	
	Number of stock options	Weighted-average exercise price	Number of stock options	Weighted-average exercise price
Opening balance	1,449,095	\$ 13.48	1,497,595	\$ 13.86
Granted	197,000	17.45	349,000	9.83
Exercised	(45,794)	11.03	—	—
Closing balance	1,600,301	\$ 14.04	1,846,595	\$ 13.10
Stock-based compensation expense		\$ 218		\$ 280

2,808,257 common share are reserved for issuance under the stock option plan, of which 2,314,213 had not been issued yet as at June 30, 2021 (2,360,007 at March 31, 2021).

C. Deferred Share Unit ("DSU") and Performance Share Unit ("PSU") plans

Movements in outstanding DSUs and PSUs and related expenses were as follows:

	Three months ended June 30,	
	2021	2020
DSUs		
<i>In number of DSUs</i>		
Opening balance	192,108	154,950
Issued	1,418	—
Closing balance of DSUs outstanding	193,526	154,950
DSU expense (income) for the periods	\$ 189	\$ (27)
Fair value of vested outstanding DSUs, end of periods	\$ 3,432	\$ 1,572

	Three months ended June 30,	
	2021	2020
PSUs		
<i>In number of PSUs</i>		
Opening balance	300,150	278,450
Issued	86,150	119,100
Cancelled/Forfeited	(2,700)	—
Closing balance of PSUs outstanding	383,600	397,550
PSU expense for the periods	\$ 418	\$ 123
Fair value of vested outstanding PSUs, end of periods	\$ 4,507	\$ 2,439

NOTE 12. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in accumulated other comprehensive income were as follows:

	Exchange differences on conversion of foreign operations	Cash flow hedges	Hedge of net investments in foreign operations	Total
Balance as at March 31, 2021	\$ 14,064	\$ 8,531	\$ (6,316)	\$ 16,279
Other comprehensive income (loss)	(3,044)	398	341	(2,305)
Balance as at June 30, 2021	\$ 11,020	\$ 8,929	\$ (5,975)	\$ 13,974

	Exchange differences on conversion of foreign operations	Cash flow hedges	Hedge of net investments in foreign operations	Total
Balance as at March 31, 2020	\$ 34,845	\$ (13,902)	\$ (13,783)	\$ 7,160
Other comprehensive income (loss)	(12,175)	9,787	2,562	174
Balance as at June 30, 2020	\$ 22,670	\$ (4,115)	\$ (11,221)	\$ 7,334

NOTE 13. NET CHANGE IN NON-CASH ITEMS

The net change in non-cash items were as follows:

	Three months ended June 30,	
	2021	2020
Accounts receivable	\$ 22,542	\$ 34,767
Income tax receivable	(825)	451
Inventories	(6,196)	(17,972)
Other assets	(4,228)	846
Accounts payable, accrued and other liabilities	(6,247)	(9,981)
Provisions	(1,913)	3,373
Customer advances and progress billings	(3,867)	(2,648)
Income tax payable	(875)	821
Effect of changes in exchange rates	1,288	(4,946)
	\$ (321)	\$ 4,711

NOTE 14. BUSINESS DIVESTITURE

On May 4th, 2021, Héroux-Devtek concluded an agreement for the sale of its Bolton, UK operations to Ontic Engineering & Manufacturing UK Limited for a sale price of £2,700 (\$4,614) excluding £900 (\$1,538) which is subject to the achievement of certain commercial objectives. The transaction did not result in a material gain or loss on disposal. An amount of \$2,060 of proceeds were received this quarter and the balance of \$2,554, due at the beginning of fiscal 2023, is included in other current assets.



MANAGEMENT'S DISCUSSION AND ANALYSIS

First quarter ended June 30, 2021

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OVERVIEW

The purpose of this management discussion and analysis (“MD&A”) is to provide the reader with an overview of how the financial position of Héroux-Devtek Inc. and its subsidiaries (“Héroux-Devtek”, the “Corporation” or “Management”) evolved between March 31, 2021 and June 30, 2021. It also compares the operating results and cash flows for the quarter ended June 30, 2021 to those of the same period of the prior fiscal year.

This MD&A is based on the unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2021, and should be read in conjunction with them as well as with the audited consolidated financial statements and MD&A for the fiscal year ended March 31, 2021, all of which are available on the Corporation’s website at www.herouxdevtek.com and on SEDAR at www.sedar.com. All amounts in this MD&A are in thousands of Canadian dollars unless otherwise indicated. This MD&A was approved by the Audit Committee and Board of Directors of the Corporation on August 9, 2021.

IFRS and non-IFRS financial measures

This MD&A contains both IFRS and non-IFRS financial measures. Non-IFRS financial measures are defined and reconciled to the most comparable IFRS measures in the *Non-IFRS Financial Measures* section under *Operating Results*.

Materiality for disclosures

Management determines whether information is material based on whether they believe a reasonable investor’s decision to buy, sell or hold securities of the Corporation would likely be influenced or changed should the information be omitted or misstated, and discloses material information accordingly.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A are forward-looking statements subject to risks, uncertainties and other important factors that could cause the Corporation’s actual performance to differ materially from those expressed in or implied by such statements. These statements are provided for the purpose of assisting the reader in understanding the Corporation’s financial performance and prospects and to present management’s assessment of future plans and operations. The reader is cautioned that such statements may not be appropriate for other purposes.

They may be impacted by factors including, but not limited to: the effect of the ongoing COVID-19 pandemic on Héroux-Devtek’s operations, customers, supply chain, the aerospace industry and the economy in general; the impact of other worldwide general economic conditions; industry conditions including changes in laws and regulations; increased competition; the lack of availability of qualified personnel or management; availability of commodities and fluctuations in commodity prices; financial and operational performance of suppliers and customers; foreign exchange or interest rate fluctuations; and the impact of accounting policies issued by international standard setters. For further details, please see the Risk Management section of the Corporation’s MD&A for the fiscal year ended March 31, 2021. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive, and undue reliance should not be placed on forward-looking statements.

Although management believes the expectations conveyed by these statements, and while they are based on information available on the date such statements were made, there can be no assurance that such expectations will prove to be correct and readers are advised that actual results may differ from expected results. All subsequent forward-looking statements, whether written or orally attributable to the Corporation or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements. Unless otherwise required by applicable securities laws, the Corporation expressly disclaims any intention, and assumes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

HIGHLIGHTS

	Three months ended June 30,	
	2021	2020
Sales	\$ 126,188	\$ 128,335
Operating income	10,797	1,385
Adjusted operating income ⁽¹⁾	10,797	7,430
Adjusted EBITDA ⁽¹⁾	20,049	18,358
Net income (loss)	6,703	(1,313)
Adjusted net income ⁽¹⁾	6,703	3,382
Cash flows related to operating activities	18,185	15,473
Free cash flow ⁽¹⁾	14,383	10,232
<i>In dollars per share</i>		
Earnings (loss) per share - basic and diluted	\$ 0.19	\$ (0.04)
Adjusted EPS ⁽¹⁾	0.19	0.09

⁽¹⁾ Non-IFRS financial measure. Refer to the Non-IFRS financial measures section under Operating Results for definitions and reconciliations to the most comparable IFRS measures.

- During the quarter ended June 30, 2021, the Corporation generated consolidated sales of \$126.2 million, compared to \$128.3 million a year earlier, representing a decrease of 1.7%. Excluding the negative impact of foreign exchange rate fluctuations totaling \$9.5 million or 7.4% of sales, consolidated sales increased by 5.7%. Defence sales grew by 21.5% compared to the same quarter last year, largely mitigating the impact of the pandemic on the civil sector.
- Operating income stood at \$10.8 million, compared to \$1.4 million last fiscal year which reflected \$6.0 million of restructuring charges. Adjusted EBITDA reached \$20.0 million, or 15.9% of sales, compared to \$18.4 million or 14.3% last year.
- Héroux-Devtek generated cash flows related to operating activities totaling \$18.2 million and free cash flow of \$14.4 million during the quarter compared to \$15.5 million and \$10.2 million, respectively, during the same period last year.
- During the quarter, the Corporation acquired and cancelled 370,427 common shares at an average price of \$17.96 per share for a total cash consideration of \$6.7 million under its Normal Course Issuer Bid ("NCIB"). Refer to the *Consolidated Balance Sheets* section under *Financial Position* for further details.
- In June 2021, the Corporation reached agreements with its lenders to extend its Revolving and Term Loan facilities. As part of the agreements, the accordion feature of the Revolving Facility has been increased from \$100 to \$200 million. Together with available liquidity totaling \$281.6 million as at June 30, 2021, the revised accordion feature would allow the Corporation to deploy nearly \$500 million with no major principal repayments until June 2026. Refer to *Credit Facilities and Net Debt Position* under *Liquidity and Capital Resources* for further details.

OPERATING RESULTS

	Three months ended June 30,		
	2021	2020	Variance
Sales	\$ 126,188	\$ 128,335	\$ (2,147)
Gross profit	21,640	20,546	1,094
Selling and administrative expenses	10,843	13,116	(2,273)
Adjusted operating income ⁽¹⁾	10,797	7,430	3,367
Non-recurring items	—	6,045	(6,045)
Operating income	10,797	1,385	9,412
Net financial expenses	1,893	2,930	(1,037)
Income tax expense (recovery)	2,201	(232)	2,433
Net income (loss)	\$ 6,703	\$ (1,313)	\$ 8,016
Adjusted net income ⁽¹⁾	\$ 6,703	\$ 3,382	\$ 3,321
<i>As a percentage of sales</i>			
Gross profit	17.1%	16.0%	110 bps
Selling and administrative expenses	8.6%	10.2%	-160 bps
Operating income	8.6%	1.1%	750 bps
Adjusted operating income ⁽¹⁾	8.6%	5.8%	280 bps
<i>In dollars per share</i>			
Earnings (loss) per share - basic and diluted	\$ 0.19	\$ (0.04)	\$ 0.23
Adjusted EPS ⁽¹⁾	\$ 0.19	\$ 0.09	\$ 0.10

⁽¹⁾ Non-IFRS financial measure. Refer to the Non-IFRS financial measures section for definitions and reconciliations to the most comparable IFRS measures.

Sales

Sales by sector were as follows:

	Three months ended June 30,			
	2021	2020	FX impact	Net variance
Defence ⁽¹⁾	\$ 88,549	\$ 78,394	\$ (6,661)	\$ 16,816 21.5 %
Civil	37,639	49,941	(2,832)	(9,470) (19.0)%
Total	\$ 126,188	\$ 128,335	\$ (9,493)	\$ 7,346 5.7 %

⁽¹⁾ Includes defence sales to civil customers and governments

Lower foreign exchange rates, particularly for the U.S. Dollar, negatively impacted sales by \$9.5 million, or 7.4%, compared to last fiscal year. The following analysis excludes foreign exchange:

Defence

Compared to the same period last fiscal year, defence sales increased by 21.5% this quarter as a result of:

- The ramp-up of deliveries under the Boeing F-18 and Sikorsky CH-53K; and,
- Higher aftermarket demand for the Northrop Grumman Global Hawk and Lockheed C-130 programs.

These positive factors were partly offset by the end of a retrofit campaign for the Sikorsky H-60.

Civil

The 19.0% reduction in civil sales for the quarter was driven by two main factors:

- The COVID-19 pandemic drove large commercial sales lower than the comparative quarter in last fiscal year, as the pandemic's effect was not yet fully realized in the first quarter of fiscal 2021; and,
- A decrease in demand for regional and civil helicopter programs.

Gross Profit

Gross profit for the quarter grew from \$20.5 million, or 16.0% of sales last year, to \$21.6 million or 17.1%. This increase resulted from the positive effect of restructuring initiatives on the Corporation's cost structure and lower depreciation. These positive elements were partly offset by the negative impact of foreign exchange fluctuations, which represented 1.1% of sales, and production inefficiencies.

Selling and Administrative Expenses

	Three months ended June 30,	
	2021	2020
Selling and Administrative Expenses	\$ 10,843	\$ 13,116
Less: Net (gains) losses on conversion of net monetary items	(86)	903
	\$ 10,929	\$ 12,213
<i>As a percentage of sales</i>	8.7%	9.5%

When excluding losses on translation of net monetary items, selling and administrative expenses represented 8.7% of sales for the quarter, compared to 9.5% for the same period last fiscal year. The decrease resulted mainly from lower employee expenses and the positive impact of lower exchange rates on costs denominated in foreign functional currencies.

Non-recurring items

	Three months ended June 30,	
	2021	2020
Non-recurring items in operating income		
Restructuring charges	\$ —	\$ 6,045
	\$ —	\$ 6,045

Restructuring charges

In Fiscal 2021, Héroux-Devtek announced restructuring initiatives in light of the ongoing COVID-19 pandemic. These initiatives were expected to affect 15% of the workforce, or approximately 315 employees, and include the closure of Alta Précision and APPH Wichita.

During the first quarter of last fiscal year, \$6.0 million of related charges were incurred. To date, 90% of staff reductions, which included the closure of Alta Précision, have been completed and the remaining reductions will occur after the closure of APPH Wichita. No related charges were incurred this quarter.

Operating Income

	Three months ended June 30,	
	2021	2020
Operating income	\$ 10,797	\$ 1,385
Non-recurring items	—	6,045
Adjusted operating income	\$ 10,797	\$ 7,430
<i>As a percentage of sales</i>		
Operating income	8.6%	1.1%
Adjusted operating income	8.6%	5.8%

Operating income increased from 1.1% to 8.6% of sales, or from 5.8% to 8.6% excluding non-recurring charges due mainly to the factors described above and a year-over-year \$0.2 million favourable foreign exchange impact (or 0.2% of sales).

Net Financial Expenses

	Three months ended June 30,	
	2021	2020
Interest on long-term debt	\$ 971	\$ 1,523
Net financial expense related to government loans	802	791
Interest income on cash and cash equivalents	(142)	(218)
Other interest expense	262	834
	\$ 1,893	\$ 2,930

The decreases in net financial expenses for the quarter mainly relate to the a lower balance of long-term debt outstanding and the positive year-over-year effect of discount rate adjustments.

Income Tax Expense

	Three months ended June 30,	
	2021	2020
Income (loss) before income tax expense	\$ 8,904	\$ (1,545)
Income tax expense (recovery)	2,201	(232)
Effective tax rate	24.7%	15.0%
Canadian blended statutory income tax rate	26.4%	26.5%

For the quarter ended June 30, 2021, the Corporation's effective income tax rate mainly reflected the favourable impact of results in other tax jurisdictions of \$0.3 million (\$0.1 million in Fiscal 2021), partially offset by non-deductible expenses totaling \$0.1 million (\$0.2 million in Fiscal 2021).

Net Income

Net income increased from a loss of \$1.3 million to income of \$6.7 million during the quarter (or increased from \$3.4 million to \$6.7 million excluding non-recurring items net of taxes) compared to the same period last fiscal year mainly as a result of the factors described above.

NON-IFRS FINANCIAL MEASURES

This MD&A is based on earnings in accordance with IFRS and the following non-IFRS financial measures:

Adjusted operating income:	Operating income excluding non-recurring items.
Adjusted EBITDA:	Operating income excluding amortization expense and non-recurring items
Adjusted net income:	Net income excluding non-recurring items net of taxes.
Adjusted earnings per share:	Diluted earnings per share calculated on the basis of adjusted net income.
Free cash flow:	Cash flows related to operating activities less additions to property, plant and equipment and net increase or decrease in finite-life intangible assets.

These Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers. Management considers these metrics to be information which may assist investors in evaluating the Corporation's profitability and enable better comparability of the results from one period to another and with peers who may employ similar measures.

These measures are not considered by management to be a substitute for IFRS measures, nor to be superior as they often do not fully reflect periodic costs, the long-term costs of investing or financing decisions or the impact of events which are not a result of operations.

The following are reconciliations of these items to their most comparable IFRS measures as well as additional information on what they represent, excluding free cash flow. For the reconciliation of free cash flow to cash flows related to operating activities, refer to *Liquidity and Capital Resources*.

The Corporation's adjusted operating income is calculated as follows:

	Three months ended June 30,	
	2021	2020
Operating income	\$ 10,797	\$ 1,385
Non-recurring items	—	6,045
Adjusted operating income	\$ 10,797	\$ 7,430

Management believes adjusted operating income provides investors with a figure that provides an alternative assessment of the Corporation's future profitability by excluding from operating income the impact of events which are not in the expected course of future operations, or which are not a result of operations.

The Corporation's adjusted EBITDA is calculated as follows:

	Three months ended June 30,	
	2021	2020
Operating income	\$ 10,797	\$ 1,385
Amortization expense	9,252	10,928
Non-recurring items	—	6,045
Adjusted EBITDA	\$ 20,049	\$ 18,358

Management believes adjusted EBITDA provides valuable insight into the Corporation's day-to-day operations as they exclude from earnings factors that are more reflective of long-term financing or investing decisions than of current performance.

Adjusted EBITDA, in addition, provides an alternative assessment of future operating results as it excludes the impact of events which are not in the expected course of future operations, or which are not a result of operations. Adjusted EBITDA is also used by management to assess operational performance and is a component of certain performance-based employee remuneration.

The Corporation's adjusted net income and adjusted earnings per share are calculated as follows:

	Three months ended June 30,	
	2021	2020
Net income (loss)	\$ 6,703	\$ (1,313)
Non-recurring items, net of taxes	—	4,695
Adjusted net income	\$ 6,703	\$ 3,382
Non-controlling interests	(139)	83
Adjusted net income attributable to the equity holders of the parent	\$ 6,842	\$ 3,299
<i>In dollars per share</i>		
Earnings (loss) per share - basic and diluted	\$ 0.19	\$ (0.04)
Non-recurring items, net of taxes	—	0.13
Adjusted earnings per share	\$ 0.19	\$ 0.09

Management believes adjusted net income and adjusted earnings per share provide investors with an alternative assessment of the Corporation's current period results and future earnings prospects as they exclude from earnings the impact of events which are of a non-recurring nature or do not reflect current operations.

Free cash flow is explained and reconciled in *Liquidity and Capital Resources*.

LIQUIDITY AND CAPITAL RESOURCES

CREDIT FACILITIES AND NET DEBT POSITION

Senior Secured Syndicated Revolving Credit Facility (“Revolving Facility”)

The Corporation has a Revolving Facility with a syndicate of six banks that allows the Corporation to borrow up to \$250 million. In June 2021, the Corporation reached an agreement to extend the Revolving Facility to a new maturity of June 2026 (previously December 2024). The Revolving facility also includes an accordion feature, which was increased to allow Héroux-Devtek to draw an additional \$200 million (previously \$100 million) subject to lenders’ consent.

As at June 30, 2021 and March 31, 2021, the Corporation had drawn US\$47.0 million against the facility, worth \$58.4 million and \$59.3 million, respectively, reflecting USD/CAD exchange rate fluctuations.

Unsecured Subordinated Term Loan Facility (“Term Loan Facility”)

The Corporation has a Term Loan Facility with *Fonds de Solidarité FTQ* for an amount of \$75.0 million. This facility is fully drawn and bears interest at a rate of 4.95%, compared to 5.2% as at March 31, 2021. The decrease resulted from an agreement reached in June 2021 which also extended the Term Loan Facility to a new maturity of September 2028 (Previously September 2025). The Corporation will now have the option to make early repayments as of September 2024, subject to certain fees.

Net Debt Position

As at	June 30, 2021	March 31, 2021
Long-term debt ⁽¹⁾	\$ 246,598	\$ 252,998
Less: Cash and cash equivalents	98,594	95,470
Net debt position	\$ 148,004	\$ 157,528
Adjusted EBITDA ⁽²⁾ - trailing 12 months	89,988	88,297
Net debt to adjusted EBITDA ratio	1.6:1	1.8:1

⁽¹⁾ Excluding net deferred financing costs of \$2.7 million and \$2.3 million as at June 30, 2021 and March 31, 2021, respectively.

⁽²⁾ Non-IFRS financial measure. Refer to the Non-IFRS financial measures section for definitions and reconciliations to the most comparable IFRS measures.

Net debt decreased by \$9.5 million over the three-month period mainly as a result of cash flow generation, net of cash allocated to the NCIB.

VARIATIONS IN CASH AND CASH EQUIVALENTS

	Three months ended June 30,	
	2021	2020
Cash and cash equivalents at beginning of periods	\$ 95,470	\$ 45,841
Cash flows related to operating activities	18,185	15,473
Cash flows related to investing activities	(1,761)	(5,241)
Cash flows related to financing activities	(13,204)	58,712
Effect of changes in exchange rates on cash and cash equivalents	(96)	(378)
Cash and cash equivalents at end of periods	\$ 98,594	\$ 114,407

Operating Activities

The Corporation generated cash flows from operations and used cash and cash equivalents for its operating activities as follows:

	Three months ended June 30,	
	2021	2020
Cash flows from operations	\$ 18,506	\$ 10,762
Net change in non-cash items	(321)	4,711
Cash flows related to operating activities	\$ 18,185	\$ 15,473

The increase in cash flows from operations over the quarter mainly relates to higher adjusted EBITDA and last year's cash charges related to restructuring. See *Non-Recurring Items* under *Operating Results* for further details.

The net change in non-cash items is summarized as follows:

	Three months ended June 30,	
	2021	2020
Accounts receivable	\$ 22,542	\$ 34,767
Inventories	(6,196)	(17,972)
Other current assets	(4,228)	846
Accounts payable and accrued liabilities	(6,247)	(9,981)
Income taxes payable and receivable	(1,700)	1,272
Customer advances and progress billings	(3,867)	(2,648)
Provisions	(1,913)	3,373
Effect of changes in exchange rates	1,288	(4,946)
	\$ (321)	\$ 4,711

For the quarter ended June 30, 2021, the negative net change in non-cash items mainly reflects a seasonal decrease in accounts receivable following the higher level of activity during the fourth quarter of the prior fiscal year, offset by:

- An increase in inventory due to upcoming defence growth;
- A decrease in accounts payable as a result of a lower overall level of activity compared to the prior quarter; and,
- An increase in other assets, mainly reflecting the proceeds receivable from the divestiture of Bolton.

For the quarter ended June 30, 2020, the positive net change in non-cash items mainly reflected strong collection of receivables, an increase in inventory essentially related to upcoming growth in defence programs and a decrease in accounts payable.

Investing Activities

The Corporation's investing activities were as follows:

	Three months ended June 30,	
	2021	2020
Net additions to property, plant and equipment	\$ (3,272)	\$ (6,129)
Net change in finite-life intangible assets	(530)	888
Proceeds from a business divestiture	2,041	—
Cash flows related to investing activities	\$ (1,761)	\$ (5,241)

The proceeds of business divestiture relates to the Bolton divestiture, further detailed in *Business Divestiture* under *Additional Information*.

This table reconciles additions to property, plant and equipment to the additions as per the statements of cash flows:

	Three months ended June 30,	
	2021	2020
Additions to property, plant and equipment	\$ 2,255	\$ 4,708
Variation in unpaid additions included in Accounts payable and accrued liabilities	1,187	1,565
Non-cash additions made through leasing agreements	(170)	(144)
Additions, as per statements of cash flows	\$ 3,272	\$ 6,129

Financing Activities

The Corporation's financing activities were as follows:

	Three months ended June 30,	
	2021	2020
Increase in long-term debt	\$ —	\$ 61,599
Repayment of long-term debt	(6,500)	(2,887)
Increase in deferred financing costs	(555)	—
Repurchase and cancellation of shares	(6,654)	—
Issuance of common shares	505	—
Cash flows related to financing activities	\$ (13,204)	\$ 58,712

Repayments of long-term debt during the three-month period ended June 30, 2021 are comprised of lease payments and government loan repayments.

See *Consolidated Balance Sheets* under *Financial Position* for further details regarding the repurchase and cancellation of shares.

For the quarter ended June 30, 2020, the increase in long-term debt mainly related to \$60.0 million of drawings on credit facilities made as a precaution in case of liquidity needs resulting from the impact of COVID-19. Following those drawings, by the end of last fiscal year, the Corporation had repaid a total of \$72 million of our credit facilities.

FREE CASH FLOW⁽¹⁾

	Three months ended June 30,	
	2021	2020
Cash flows related to operating activities	\$ 18,185	\$ 15,473
Net additions to property, plant and equipment	(3,272)	(6,129)
Net change in finite-life intangible assets	(530)	888
Free cash flow	\$ 14,383	\$ 10,232

⁽¹⁾ *Non-IFRS financial measure. Refer to the Non-IFRS financial measures section under Operating Results for the definition of this metric.*

Management considers free cash flow to be a good indicator of financial strength and profitability because it shows how much cash generated by operations is available for distribution, to repay debt or fund other investments.

FINANCIAL POSITION

CONSOLIDATED BALANCE SHEETS

Working capital

As at	June 30, 2021	March 31, 2021	Variance	
Current assets	\$ 426,960	\$ 434,769	\$ (7,809)	(1.8)%
Current liabilities	175,450	193,369	(17,919)	(9.3)%
Working capital	\$ 251,510	\$ 241,400	\$ 10,110	4.2 %
Working capital ratio	2.43	2.25		

The \$7.8 million decrease in current assets is mainly due to a \$23.2 million reduction in accounts receivable, partially offset by increases in inventory and other current assets.

The decrease in current liabilities is mainly explained by a reduction of \$7.6 million in account payables and accrued liabilities due to lower volume and a reduction of \$5.5 million of the customer advances and progress billings due to timing of sales.

Long-term assets, Long-term liabilities and Shareholders' equity

The Corporation's long-term assets and liabilities were as follows, as at:

	June 30, 2021	March 31, 2021	Variance	
Long-term assets	\$ 405,842	\$ 418,515	\$ (12,673)	(3.0)%
Long-term liabilities	266,795	268,183	\$ (1,388)	(0.5)%
Shareholders' equity	\$ 390,557	\$ 391,732	\$ (1,175)	(0.3)%
Net debt-to-equity ratio ⁽¹⁾	0.38:1	0.40:1		

⁽¹⁾ Defined as total long-term debt, including the current portion but excluding deferred financing costs, less cash and cash equivalents over shareholders' equity.

The \$12.7 million decrease in long-term assets mainly relates to amortization expense and the negative impact of foreign exchange on the conversion of assets denominated in foreign currencies.

Normal Course Issuer Bid

On May 20, 2021, the Corporation announced a Normal Course Issuer Bid (NCIB) for the purchase for cancellation of up to 2,412,279 common shares on the open market through the TSX or alternative trading facilities. The NCIB began on May 25, 2021, and will end on May 24, 2022, or on such earlier date when the Company has either acquired the maximum number of common shares allowable under the NCIB or decided not to make any further purchases under it.

As of June 30, 2021, the Company has purchased and cancelled 370,427 common shares for a cash consideration of \$6.7 million, representing a weighted average price of \$17.96 per share. The excess of purchase price over the carrying value in the amount of \$5.7 million was charged to retained earnings.

As of August 9, 2021, Héroux-Devtek has purchased and cancelled a cumulative 672,827 common shares for a cash consideration of \$11.9 million, representing a weighted average price of \$17.69 per share.

ADDITIONAL INFORMATION

BUSINESS DIVESTITURE

On May 4th, 2021, Hérroux-Devtek concluded an agreement for the sale of its Bolton, UK operations to Ontic Engineering & Manufacturing UK Limited for a sale price of £2.7 million (\$4.6 million) excluding £0.9 million (\$1.5 million) which is subject to the achievement of certain commercial objectives.

The transaction did not result in a material gain or loss on disposal. \$2.1 million of proceeds were received this quarter and the balance of £1.5 million (\$2.5 million) is due at the beginning of Fiscal 2023, and is included in other current assets.

FOREIGN EXCHANGE (“FX”)

The Corporation is subject to foreign currency fluctuations from the translation of revenues (sales), expenses, assets and liabilities of its foreign operations and from transactions denominated mainly in US dollars, in British pounds (“GBP”) and in Euros (“EUR”). Transactions denominated in foreign currencies are initially recorded at the functional currency rate of exchange at the date of the transactions, excluding the impact of forward foreign exchange contracts (“FFEC”), while the statement of income of foreign operations is translated at the average exchange rate for the period.

The foreign exchange rates used to translate assets and liabilities into Canadian dollars were as follows, as at:

	June 30, 2021	March 31, 2021
USD (Canadian equivalent of US\$1.0)	1.2394	1.2575
GBP (Canadian equivalent of £1.0)	1.7126	1.7337
EUR (Canadian equivalent of €1.0)	1.4699	1.4759

The foreign exchange rates used to translate revenues and expenses into Canadian dollars were as follows:

	Three months ended	
	June 30, 2021	June 30, 2020
USD (Canadian equivalent of US\$1.0)	1.2280	1.3859
GBP (Canadian equivalent of £1.0)	1.7170	1.7203
EUR (Canadian equivalent of €1.0)	1.4804	1.5256

The Corporation manages its exposure to fluctuations in FX rates using FFEC. Therefore, the variances in the rates presented above may not be representative of the actual impact of FX on financial results.

DERIVATIVES

Forward foreign exchange contracts

As at June 30, 2021, the Corporation had forward foreign exchange contracts outstanding for a notional amount of \$295.4 million (\$268.7 million at March 31, 2021) denominated in USD, EUR and and GBP. This amount includes contracts with nominal value of US\$216.5 million (US\$197.5 million at March 31, 2021) convertible into Canadian dollars at an average rate of 1.2970 (1.3161 at March 31, 2021). These contracts mature at various dates between July 2021 and March 2026, with the majority maturing this fiscal year and the next.

Cross-currency interest rate swaps

As at June 30, 2021, the Corporation had cross-currency interest rate swap agreements exchanging CAD and USD-denominated debt to EUR for a total notional amount of € 90.5 million in order to mitigate foreign exchange and interest rate risks. These agreements mature between May 2022 and September 2025, and mainly bear interest at a weighted average fixed rate of 2.5%.

Equity swap agreement

As at June 30, 2021 and March 31, 2021, the Corporation had entered into an equity swap agreement fixing 300,000 common shares of the Corporation at a price of \$13.52. This agreement manages the Corporation's exposure to fluctuations of its share price and resulting effect on the value of outstanding Performance Share Units and Deferred Share Units. It is a derivative that is not part of a designated hedging relationship and matures in June 2022.

INTERNAL CONTROLS AND PROCEDURES

In compliance with the Canadian Securities Administrators' Regulation 52-109, the Corporation has filed certifications signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that, among other things, report on disclosure controls and procedures and the design of internal controls over financial reporting.

The CEO and the CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Corporation has been made known to them and has been properly disclosed in the interim and annual filings.

The CEO and CFO have also designed internal controls over financial reporting, or have caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

No changes were made to the Corporation's internal controls over financial reporting during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

SELECTED QUARTERLY FINANCIAL INFORMATION

Fiscal year	2022	2021				2020		
	First Quarter	Fourth quarter	Third Quarter	Second Quarter	First Quarter	Fourth quarter	Third Quarter	Second Quarter
Sales	\$ 126,188	\$ 154,989	\$ 150,298	\$ 137,063	\$ 128,335	\$ 166,800	\$ 157,253	\$ 145,516
Operating income (loss)	10,797	12,229	13,362	7,120	1,385	(64,426)	13,466	10,519
Adjusted operating income ⁽¹⁾	10,797	13,848	14,145	9,788	7,430	17,577	13,466	10,519
Adjusted EBITDA ⁽¹⁾	20,049	24,975	23,731	21,233	18,358	28,609	24,563	21,510
Net income (loss)	6,703	8,802	8,486	3,838	(1,313)	(72,113)	8,705	6,307
Adjusted Net Income ⁽¹⁾	6,703	10,169	9,365	6,118	3,382	13,695	8,705	6,307
<i>In dollars per share</i>								
Earnings (loss) per share - Basic & Diluted	\$ 0.19	\$ 0.24	\$ 0.24	\$ 0.11	\$ (0.04)	\$ (1.98)	\$ 0.24	\$ 0.18
Adjusted earnings per share ⁽¹⁾	0.19	0.28	0.26	0.17	0.09	0.38	0.24	0.18
<i>In millions of shares</i>								
Weighted-average number of common diluted shares outstanding	37.0	36.5	36.5	36.4	36.4	36.4	36.7	36.7
Backlog in millions, at period end	704	717	739	764	772	810	839	769

⁽¹⁾ Non-IFRS financial measure. Refer to the Non-IFRS financial measures section under Operating Results for definitions and reconciliations to the most comparable IFRS measures.

Seasonal trends

Héroux-Devtek's first semester is usually slower than the last one due to seasonality such as plant shutdowns and summer vacations.

RISKS AND UNCERTAINTIES

Héroux-Devtek operates in industry sectors that have a variety of risk factors and uncertainties. Risk and uncertainties that could materially affect the Corporation's business, financial condition and results of operations in an adverse manner are described in the Corporation's MD&A for the fiscal year ended March 31, 2021. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently believes to be immaterial may also adversely affect its business.

SHAREHOLDER INFORMATION

ISSUED CAPITAL

Common shares issued and outstanding	36,137,677
Stock options issued and outstanding	1,600,301

Héroux-Devtek's shares are traded on the Toronto Stock Exchange under the ticker "HRX" and Computershare Trust acts as registrar and transfer agent.

EXPECTED ISSUANCE OF FINANCIAL RESULTS

Fiscal 2022

Second quarter	November 12, 2021
Third quarter	February 9, 2022
Fourth quarter	May 19, 2022

Fiscal 2023

First quarter	August 5, 2022
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