

HÉROUX-DEVTEK REPORTS FIRST QUARTER FISCAL 2022 FINANCIAL RESULTS

Highlights

- Sales of \$126.2 million, compared to \$128.3 million last year
- Defence sales growth of 21.5%, mitigating the impact of the pandemic on the civil sector
- Operating income of \$10.8 million, compared to \$1.4 million last year
- Adjusted EBITDA¹ of \$20.0 million, or 15.9% of sales, compared to \$18.4 million, or 14.3% last year
- Strong cash flows from operating activities of \$18.2 million, compared to \$15.5 million last year
- Purchase and cancellation of 672,827 common shares for \$11.9 million under the NCIB through August 9

Longueuil, Québec, August 10, 2021 – Héroux-Devtek Inc. (TSX: HRX) (“Héroux-Devtek” or the “Corporation”), a leading international manufacturer of aerospace products and the world’s third-largest landing gear manufacturer, today reported its financial results for the first quarter ended June 30, 2021. Unless otherwise indicated, all amounts are in Canadian dollars.

“I am encouraged with our first quarter results with sales at \$126.2 million, supported by continued growth in our defence sales which mitigated softness in the civil sector as well as head winds coming from foreign exchange. I am confident that we can deliver stronger throughput as our production system is continuing to adapt to the changes we made over the past year,” said Martin Brassard, President and CEO of Héroux-Devtek.

“We continue to see the future with prudent optimism given our diversified product portfolio and the flexibility we can derive from our strong financial position. Once the civil aerospace market recovers, we will be ready to absorb the resulting growth within our current production structure,” added Mr. Brassard.

FINANCIAL HIGHLIGHTS	Three months ended	
(in thousands, except per share data)	2021	June 30, 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 These are non-IFRS measures. Please refer to the “Non-IFRS Measures” section at the end of this press release.

FIRST QUARTER RESULTS

Consolidated sales decreased 1.7% to \$126.2 million, from \$128.3 million last year. Lower foreign exchange rates, particularly for the U.S. dollar, negatively impacted sales by \$9.5 million, or 7.4%, compared to the corresponding quarter in Fiscal 2021.

Excluding the impact of foreign exchange rate fluctuations, defence sales were up 21.5%, while civil sales decreased 19.0%. The increase in defence sales mainly resulted from the ramp-up of deliveries under the Boeing F-18 and Sikorsky CH-53K programs, as well as by higher aftermarket demand. The decrease in civil sales is mainly related to lower demand due to the COVID-19 pandemic, whose impact had not fully materialized in the first quarter of Fiscal 2021.

Gross profit for the quarter grew from \$20.5 million last year to \$21.6 million, mainly as a result of the positive effect of the Corporation's restructuring initiatives on its cost structure, partially offset by the negative impact of foreign exchange fluctuations. As a percentage of sales, gross profit grew from 16.0% to 17.1%.

Operating income grew to \$10.8 million, or 8.6% of sales, compared to \$1.4 million, or 1.1% of sales last year, which reflected \$6.0 million of restructuring charges. Adjusted EBITDA, which excludes non-recurring items, stood at \$20.0 million, or 15.9% of sales, compared with \$18.4 million, or 14.3% of sales, a year ago.

Earnings per share grew from a loss of \$0.04 last year to earnings of \$0.19 in the first quarter this year, as a result of the same factors as those presented above. Adjusted EPS reached \$0.19 in the first quarter, up from \$0.09 last year.

FINANCIAL POSITION

Cash flows related to operating activities reached \$18.2 million in the first quarter, up from \$15.5 million last year, mainly as a result of higher adjusted EBITDA.

As at June 30, 2021, net debt stood at \$148.0 million, down from \$157.5 million as at March 31, 2021. The decrease in net debt during the three-month period is mainly related to cash flow generation net of cash allocated to the Normal Course Issuer Bid.

NORMAL COURSE ISSUER BID

In May 2021, the Corporation announced the approval by the Toronto Stock Exchange of its Normal Course Issuer Bid (NCIB), under which Héroux-Devtek has the right to purchase for cancellation, from May 25, 2021, to May 24, 2022, a maximum of 2,412,279 common shares, representing, as of May 12, 2021, 10% of the public float of 24,122,794 common shares.

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.

CONFERENCE CALL

Héroux-Devtek Inc. will hold a conference call to discuss these results on Tuesday, August 10, 2021, at 11:30 AM Eastern Time. Interested parties can join the call by dialing 1-888-390-0549 (North America) or 1-416-764-8682 (overseas). The conference call can also be accessed via live webcast on Héroux-Devtek's website, www.herouxdevtek.com/en/news-events/events or at https://bit.ly/HRX_Q1_2022. An accompanying presentation is also available on Héroux-Devtek's website at <https://www.herouxdevtek.com/en/investors/financial-documents>.

If you are unable to call in at this time, you may access a recording of the meeting by calling 1-888-390-0541 and entering the passcode 793675 on your phone. This recording will be available from Tuesday, August 10, 2021, as of 2:30 PM Eastern Time until 11:59 PM Eastern Time on Tuesday, August 17, 2021.

FORWARD-LOOKING STATEMENTS

Except for historical information provided herein, this press release contains information and statements of a forward-looking nature concerning the future performance of the Corporation.

Forward-looking statements are based on assumptions and uncertainties as well as on management's best possible evaluation of future events. Such factors include, but are 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. 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.

As a result, readers are advised that actual results may differ from expected results. Please see the Risks and Uncertainties section under Additional Information in the Corporation's MD&A for the first quarter ended June 30, 2021, for further details regarding the material assumptions underlying the forecasts and guidance. Such forecasts and guidance 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, and the reader is cautioned that such statements may not be appropriate for other purposes.

NON-IFRS FINANCIAL MEASURES

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA, adjusted net income, adjusted earnings per share and free cash flow are financial measures not prescribed by International Financial Reporting Standards ("IFRS") and are not likely to be comparable to similar measures presented by other issuers. Management considers these to be useful information to assist investors in evaluating the Corporation's profitability, liquidity and ability to generate funds to finance its operations. Refer to Non-IFRS Financial Measures section under Operating Results in the Corporation's MD&A for definitions of these measures and reconciliations to the most comparable IFRS measures.

ABOUT HÉROUX-DEVTEK

Héroux-Devtek Inc. (TSX: HRX) is an international company specializing in the design, development, manufacture, repair and overhaul of aircraft landing gear, hydraulic and electromechanical actuators, custom ball screws and fracture-critical components for the Aerospace market. The Corporation is the third-largest landing gear company worldwide, supplying both the defence and commercial sectors. Approximately 90% of the Corporation's sales are outside of Canada, including about 53% in the United States. The Corporation's head office is located in Longueuil, Québec with facilities in Canada, the United States, the United Kingdom and Spain.

Contact Information:

Héroux-Devtek Inc.
Stéphane Arsenault
Vice President and Chief Financial Officer
Tel.: 450-679-3330
IR@herouxdevtek.com

Investor Relations
Hugo Delorme
Tel.: 514-700-5550, ext. 555
hdelorme@mercureconseil.ca



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

First quarter ended June 30, 2021

TABLE OF CONTENTS

Interim condensed consolidated financial statements	7
Notes to the interim condensed consolidated financial statements	12
Note 1 Nature of activities and corporate information.....	12
Note 2 Basis of preparation.....	12
Note 3 Revenue from contracts with customers.....	12
Note 4 Government assistance.....	13
Note 5 Cost of sales, selling and administrative expenses.....	13
Note 6 Non-recurring items.....	13
Note 7 Net financial expenses.....	14
Note 8 Earnings per share.....	14
Note 9 Derivative financial instruments.....	14
Note 10 Long-term debt.....	15
Note 11 Issued capital.....	15
Note 12 Accumulated other comprehensive income.....	17
Note 13 Net change in non-cash items.....	17
Note 14 Business divestiture.....	17

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.