

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended March 31, 2022

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated interim financial statements for the quarter ended March 31, 2022. This MD&A has been prepared as at May 11, 2022. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS"). References to the term generally accepted accounting principles ("GAAP") refer to information contained herein being prepared under IFRS as adopted. All amounts in this MD&A are in millions of Canadian dollars, unless otherwise noted.

Additional information regarding Linamar, including copies of its continuous disclosure materials such as its annual information form, is available on its website at www.linamar.com or through the SEDAR website at www.sedar.com.

OVERALL CORPORATE PERFORMANCE

Overview of the Business

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and MacDon. Skyjack manufactures scissor, boom and telehandler lifts for the aerial work platform industry. MacDon manufactures combine draper headers and self-propelled windrowers for the agricultural harvesting industry. The Mobility segment is subdivided into three regional groups: North America, Europe and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered vehicle markets. The Mobility segment products are focused on both components and systems for new energy powertrains, body and chassis, driveline, engine and transmission systems of these vehicles. In addition to the recently formed eLIN Product Solutions Group that focuses on Electrification, McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar has over 26,000 employees in 60 manufacturing locations, 11 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia, which generated sales of \$6.5 billion in 2021. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on our social media channels.

Overall Corporate Results

The following table sets out certain highlights of the Company's performance in the first quarter of 2022 ("Q1 2022") and 2021 ("Q1 2021"):

(in millions of dollars, except per share figures)	Three Months Ended March 31			
	2022 \$	2021 \$	+/- \$	+/- %
Sales	1,778.1	1,781.9	(3.8)	(0.2%)
Gross Margin	198.2	312.7	(114.5)	(36.6%)
Operating Earnings (Loss)	134.1	221.2	(87.1)	(39.4%)
Net Earnings (Loss)	96.3	153.5	(57.2)	(37.3%)
Net Earnings (Loss) per Share - Diluted	1.47	2.34	(0.87)	(37.2%)
Earnings before interest, taxes and amortization ("EBITDA") ¹	238.7	332.7	(94.0)	(28.3%)
Operating Earnings (Loss) - Normalized ¹	106.5	221.3	(114.8)	(51.9%)
Net Earnings (Loss) - Normalized ¹	70.9	158.3	(87.4)	(55.2%)
Net Earnings (Loss) per Share - Diluted - Normalized ¹	1.08	2.41	(1.33)	(55.2%)
EBITDA – Normalized ¹	210.8	341.3	(130.5)	(38.2%)

The changes in these financial highlights are discussed in detail in the following sections of this analysis.

¹ Operating Earnings (Loss) – Normalized, Net Earnings (Loss) – Normalized, Net Earnings (Loss) per Share – Diluted – Normalized, EBITDA and EBITDA – Normalized are non-GAAP financial measures. Please see "Non-GAAP and Other Financial Measures" section of this MD&A.

IMPACT ON LINAMAR'S RESULTS AND BUSINESS RELATED TO COVID-19

During 2021 and into 2022, the demand for the Company's products has been negatively impacted by semiconductor supply related issues as well as labour, material and freight costs associated with the pandemic. Therefore, the pandemic and resulting economic contraction have had, and is expected to continue to have, a negative impact on the demand for the Company's products.

Despite these continued impacts, the Company has maintained sufficient liquidity¹ to satisfy its financial obligations during this period and liquidity, measured as cash and cash equivalents and available credit, at March 31, 2022 increased significantly to \$1.9 billion compared with \$1.6 billion at March 31, 2021. The Company's free cash flow¹ was \$3.7 million for Q1 2022 compared to \$166.2 million for the same period of 2021.

Continuing with the first quarter of 2022, the regional COVID-19 restrictions have not had a significant impact on Linamar's sales or expenses as Linamar has been subject to 'essential business' exemptions in the various jurisdictions in which we operate. Consequently, volumes have not been adversely affected by such restrictions. Given the currently available information, these restrictions are not expected to have a significant impact to the Company's performance. However, the length and extent of the COVID-19 pandemic and current and potential future governmental and other responses to it, such as regional business shut-downs, stay-at-home orders, business, border, travel and other restrictions and their impacts on the overall global economy are not known. Accordingly, there is material uncertainty as to the overall impact relating to the Company's future operations due to the ongoing pandemic. The Company is unable to quantify the overall impact of COVID-19 on Linamar's financial results including net of any mitigating factors.

In light of these events, the Company, if necessary, will continue to update its disclosures including: commentary in the "Business Segment Review", "Results of Operations", "Selected Financial Information", and "Financial Condition, Liquidity and Capital Resources" sections, as well as the risk factors in the "Risk Management" section, commentary related to COVID-19 in the "Disclosure Controls and Procedures and Internal Controls Over Financial Reporting" section, and its discussion of critical accounting estimates in the "Critical Accounting Estimates and Judgements" section of this MD&A.

BUSINESS SEGMENT REVIEW

The Company reports its results of operations in two business segments: Industrial and Mobility. The segments are differentiated by the products that each produces and reflects how the chief operating decision makers of the Company manage the business. The following should be read in conjunction with the Company's consolidated interim financial statements for the quarter ended March 31, 2022.

	Three Months Ended March 31 2022		
(in millions of dollars)	Industrial \$	Mobility \$	Linamar \$
Sales	368.2	1,409.9	1,778.1
Operating Earnings (Loss)	21.5	112.6	134.1
EBITDA	34.3	204.4	238.7
Operating Earnings (Loss) – Normalized	13.4	93.1	106.5
EBITDA – Normalized	26.1	184.7	210.8

	Three Months Ended March 31 2021		
(in millions of dollars)	Industrial \$	Mobility \$	Linamar \$
Sales	348.3	1,433.6	1,781.9
Operating Earnings (Loss)	35.7	185.5	221.2
EBITDA	49.8	282.9	332.7
Operating Earnings (Loss) – Normalized	45.9	175.4	221.3
EBITDA – Normalized	61.2	280.1	341.3

¹ Liquidity and Free Cash Flow are non-GAAP financial measures. Please see "Non-GAAP and Other Financial Measures" section of this MD&A.

Industrial Highlights

(in millions of dollars)	Three Months Ended			
	2022	2021	March 31	
	\$	\$	+/-	+/-
			\$	%
Sales	368.2	348.3	19.9	5.7%
Operating Earnings (Loss)	21.5	35.7	(14.2)	(39.8%)
EBITDA	34.3	49.8	(15.5)	(31.1%)
Operating Earnings (Loss) – Normalized	13.4	45.9	(32.5)	(70.8%)
EBITDA – Normalized	26.1	61.2	(35.1)	(57.4%)

The Industrial segment (“Industrial”) product sales increased 5.7%, or \$19.9 million, to \$368.2 million in Q1 2022 from Q1 2021. The sales increase was due to:

- additional access equipment sales primarily due to increased market volumes in North America for scissors, booms and telehandlers;
- increased pricing to help relieve increased supply chain costs; partially offset by
- agricultural sales declines due to supply chain and labour constraints which are significantly impacting our ability to deliver equipment; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q1 2021.

Industrial segment normalized operating earnings in Q1 2022 decreased \$32.5 million, or 70.8% from Q1 2021. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in material, labour, freight and utilities costs;
- a decrease in agricultural sales;
- an unfavourable impact from the changes in foreign exchange rates from Q1 2021; and
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; partially offset by
- an increase in access equipment sales; and
- increased pricing to help relieve increased supply chain costs.

Mobility Highlights

(in millions of dollars)	Three Months Ended			
	2022	2021	March 31	
	\$	\$	+/-	+/-
			\$	%
Sales	1,409.9	1,433.6	(23.7)	(1.7%)
Operating Earnings (Loss)	112.6	185.5	(72.9)	(39.3%)
EBITDA	204.4	282.9	(78.5)	(27.7%)
Operating Earnings (Loss) – Normalized	93.1	175.4	(82.3)	(46.9%)
EBITDA – Normalized	184.7	280.1	(95.4)	(34.1%)

Sales for the Mobility segment (“Mobility”) decreased by \$23.7 million, or 1.7% in Q1 2022 compared with Q1 2021. The sales in Q1 2022 were impacted by:

- a sales decline primarily attributed to adverse conditions associated with supply related issues experienced by our customers; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q1 2021; partially offset by
- increased sales related to index metal market pricing partially offsetting the associated raw material increases; and
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with.

Q1 2022 normalized operating earnings for Mobility were lower by \$82.3 million, or 46.9% compared to Q1 2021. The Mobility segment’s earnings were impacted by the following:

- an increase in material, utilities, freight and labour costs;
- a sales decline primarily attributed to adverse conditions associated with supply related issues experienced by our customers;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; and
- an unfavourable impact from the changes in foreign exchange rates from Q1 2021; partially offset by
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with.

AUTOMOTIVE SALES AND CONTENT PER VEHICLE¹

Automotive sales by region in the following discussion are determined by the final vehicle production location and, as such, there are differences between these figures and those reported under the geographic segment disclosure, which are based primarily on the Company's location of manufacturing and include both automotive and non-automotive sales. These differences are the result of products being sold directly to one continent, and the final vehicle being assembled on another continent. It is necessary to show the sales based on the vehicle build location to provide accurate comparisons to the vehicle production units² for each continent.

In addition to automotive Original Equipment Manufacturers ("OEMs"), the Company sells powertrain parts to a mix of automotive and non-automotive manufacturers that service various industries such as power generation, construction equipment, marine and automotive. The final application of some parts sold to these manufacturers is not always clear; however, the Company estimates the automotive portion of the sales for inclusion in its content per vehicle ("CPV") calculations. The allocation of sales to regions is based on vehicle production volume estimates from industry sources, published closest to the quarter end date. As these estimates are updated, the Company's sales classifications can be impacted.

	Three Months Ended			
	March 31			
	2022	2021	+/-	%
<i>North America</i>				
Vehicle Production Units	3.70	3.74	(0.04)	(1.1%)
Automotive Sales	\$ 761.6	\$ 723.4	\$ 38.2	5.3%
Content Per Vehicle	\$ 206.00	\$ 193.56	\$ 12.44	6.4%
<i>Europe</i>				
Vehicle Production Units	3.87	4.74	(0.87)	(18.4%)
Automotive Sales	\$ 390.6	\$ 388.3	\$ 2.3	0.6%
Content Per Vehicle	\$ 100.82	\$ 81.88	\$ 18.94	23.1%
<i>Asia Pacific</i>				
Vehicle Production Units	11.11	11.09	0.02	0.2%
Automotive Sales	\$ 133.9	\$ 148.7	\$ (14.8)	(10.0%)
Content Per Vehicle	\$ 12.05	\$ 13.41	\$ (1.36)	(10.1%)

North American automotive sales for Q1 2022 increased 5.3% from Q1 2021 in a market that saw a decrease of 1.1% in production volumes for the same period. As a result, content per vehicle in Q1 2022 increased 6.4% from \$193.56 to \$206.00. The increase in North American content per vehicle was mainly driven by programs we have significant business with that have enjoyed disproportionately higher volumes and increased sales for launching programs. These increases were partially driven by impacts associated with the ongoing supply related issues as powertrain production requirements did not decrease as significantly in the quarter relative to the decline in OEM vehicle production volumes.

European automotive sales for Q1 2022 increased 0.6% from Q1 2021 in a market that saw a decrease of 18.4% in production volumes for the same period. As a result, content per vehicle in Q1 2022 increased 23.1% from \$81.88 to \$100.82. The increase in European content per vehicle was mainly driven by programs we have significant business with that have enjoyed disproportionately higher volumes and increased sales for launching programs. These increases were partially driven by impacts associated with the ongoing supply related issues as powertrain production requirements did not decrease as significantly in the quarter relative to the decline in OEM vehicle production volumes.

Asia Pacific automotive sales for Q1 2022 decreased 10.0% from Q1 2021 in a market that saw an increase of 0.2% in production volumes for the same period. As a result, content per vehicle in Q1 2022 decreased 10.1% from \$13.41 to \$12.05. The decrease in Asian content per vehicle was mainly driven by production disruptions related to COVID-19 and other supply issues disproportionately impacting OEMs that the Company has significant business with. These sales declines were partially offset by increases in sales for launching programs.

¹ Content per Vehicle is a supplementary financial measure. Please see "Non-GAAP and Other Financial Measures" section of this MD&A. Automotive Sales are measured as the amount of the Company's automotive sales dollars per vehicle, not including tooling sales. CPV does not have a standardized meaning and therefore is unlikely to be comparable to similar measures presented by other issuers. CPV is an indicator of the Company's market share for the automotive markets that it operates in.

² Vehicle production units are derived from industry sources and are shown in millions of units. North American vehicle production units used by the Company for the determination of the Company's CPV include medium and heavy truck volumes. European and Asia Pacific vehicle production units exclude medium and heavy trucks. All vehicle production volume information is as regularly reported by industry sources. Industry sources release vehicle production volume estimates based on the latest information from the Automotive Manufacturers and update these estimates as more accurate information is obtained. The Company will, on a quarterly basis, update CPV for the current fiscal year in its MD&A as these volume estimates are revised by the industry sources. The CPV figures in this MD&A reflect the volume estimates that were published closest to the quarter end date by the industry sources. These updates to vehicle production units have no effect on the Company's financial statements for those periods.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended	
	2022	March 31 2021
Sales	\$ 1,778.1	\$ 1,781.9
Cost of Sales before amortization	1,474.3	1,351.0
Amortization	105.6	118.2
Cost of Sales	1,579.9	1,469.2
Gross Margin	\$ 198.2	\$ 312.7
Gross Margin percentage	11.1%	17.5%

Gross margin percentage decreased in Q1 2022 to 11.1% compared to 17.5% in Q1 2021. Cost of sales before amortization as a percentage of sales increased in Q1 2022 to 82.9% compared to 75.8% for the same quarter of last year. In dollar terms, gross margin decreased \$114.5 million in Q1 2022 compared with Q1 2021 as a result of the items discussed earlier in this analysis such as:

- an increase in material, energy, freight and labour costs;
- a decrease in agricultural sales;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic;
- a net sales decline in the Mobility segment primarily attributed to adverse conditions associated with supply related issues experienced by our customers; and
- an unfavourable impact from the changes in foreign exchange rates from Q1 2021; partially offset by
- an increase in access equipment volumes; and
- increased pricing in the Industrial segment to help relieve increased supply chain costs.

Amortization as a percentage of sales decreased to 5.9% of sales compared to 6.6% in Q1 2021. In dollar terms, amortization is lower as a result of lower capital investment during the pandemic.

Selling, General and Administration

(in millions of dollars)	Three Months Ended	
	2022	March 31 2021
Selling, general and administrative	\$ 91.7	\$ 91.5
SG&A percentage	5.2%	5.1%

Selling, general and administrative ("SG&A") costs increased in Q1 2022 to \$91.7 million from \$91.5 million and increased as a percentage of sales to 5.2% from 5.1% when compared to Q1 2021. This increase, in dollar terms, is primarily due to:

- increased travel expenses from reductions in global travel restrictions; and
- an increase in charitable donations in the quarter; partially offset by
- a reduction in management compensation as a result of lower sales and earnings.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended	
	2022	March 31 2021
Operating Earnings (Loss)	\$ 134.1	\$ 221.2
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(6.1)	(6.2)
Finance Income and (Expenses)	(0.5)	(7.6)
Provision for (Recovery of) Income Taxes	31.2	53.9
Net Earnings (Loss)	96.3	153.5

Finance Expenses

Finance expenses decreased \$7.1 million in Q1 2022 from \$7.6 million in Q1 2021 to \$0.5 million due to:

- a one-time foreign exchange impact due to the repayment of the United States Dollar ("USD") denominated bank borrowings and receipt of the new Euro ("EUR") 320 million private placement notes ("2031 Notes") in January 2021 that did not recur;
- lower interest expense due to decreasing debt balances; which was partially offset by
- lower interest earned due to the decreasing long-term receivable balances.

The consolidated effective interest rate for Q1 2022 increased to 2.0% compared to 1.9% in Q1 2021. The changes in the effective interest rate for Q1 2022 were driven by the same factors that impacted the financing expenses and as a result of the debt repayments, the weighting of each debt agreement on the effective interest rate has changed.

Income Taxes

The effective tax rate for Q1 2022 decreased to 24.5% from 26.0% in Q1 2021 primarily due to a non-recurring decrease in non-deductible expenses, partially offset by an increase due to a less favourable mix of foreign tax rates in Q1 2022 compared to Q1 2021.

TOTAL EQUITY AND OUTSTANDING SHARE DATA

During the quarter no options expired unexercised, no options were forfeited, no options were exercised, and no options were issued.

The Company is authorized to issue an unlimited number of common shares, of which 65,271,477 common shares were outstanding as of May 11, 2022. The Company's common shares constitute its only class of voting securities. As of May 11, 2022, there were 1,050,000 options to acquire common shares outstanding and 3,600,000 options still available to be granted under the Company's share option plan.

In November 2021, the Company announced Toronto Stock Exchange ("TSX") approval to commence a new normal course issuer bid ("NCIB" or "Bid"). This bid permits the Company to acquire for cancellation up to 4,421,507 common shares between November 30, 2021 and November 29, 2022. This bid is subject to daily limits and blackout periods. For the period ended March 31, 2022, the Company repurchased and cancelled 179,220 common shares under its bid for a total amount of \$9,987 before entering into a special blackout period as a result of the recent acquisition announcements (see the below Current and Proposed Transactions section for more information on the announcements).

SELECTED FINANCIAL INFORMATION

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended June 30, 2020 through March 31, 2022. This information has been derived from the Company's unaudited consolidated interim financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of the financial position and results of operations for those periods.

	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020
(in millions of dollars, except per share figures)	\$	\$	\$	\$	\$	\$	\$	\$
Sales	1,778.1	1,534.4	1,645.0	1,575.3	1,781.9	1,704.8	1,637.4	923.6
Net Earnings (Loss)	96.3	50.2	108.8	108.0	153.5	113.1	125.5	(37.9)
Net Earnings (Loss) per Share								
Basic	1.47	0.77	1.66	1.65	2.35	1.73	1.92	(0.58)
Diluted	1.47	0.77	1.66	1.65	2.34	1.73	1.92	(0.58)

The quarterly results of the Company are impacted by the seasonality of certain operational units. Historically, earnings in the second quarter for the Industrial segment are positively impacted by the high selling season for both the access equipment and agricultural businesses. For the Mobility segment, vehicle production is typically at its lowest level during the third and fourth quarters due to lower OEM production schedules resulting from shutdowns related to summer and winter maintenance and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules. Additionally, COVID-19 had adverse impacts on each quarter of 2020, 2021, and Q1 2022. Plant shutdowns began mainly in March 2020 and April 2020 with the automotive OEM's restarting production in May 2020 resulting in volumes growing over the remainder of the year.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

(in millions of dollars)	Three Months Ended	
	2022	March 31 2021
	\$	\$
Cash generated from (used in):		
Operating Activities	62.5	223.9
Financing Activities	(22.8)	(338.1)
Investing Activities	(60.8)	(61.1)
Effect of translation adjustment on cash	(3.4)	(13.9)
Increase (decrease) in cash and cash equivalents	(24.5)	(189.2)
Cash and cash equivalents – Beginning of Period	928.4	861.1
Cash and cash equivalents – End of Period	903.9	671.9
Comprised of:		
Cash in bank	449.5	396.6
Short-term deposits	456.5	281.4
Unpresented cheques	(2.1)	(6.1)
	903.9	671.9

The Company's cash and cash equivalents (net of unpresented cheques) at March 31, 2022 were \$903.9 million, an increase of \$232.0 million compared to March 31, 2021.

Cash generated from operating activities was \$62.5 million, a decrease of \$161.4 million from Q1 2021, due to an increased use of cash in operating assets and liabilities and decreased earnings for the period.

Financing activities used \$22.8 million of cash compared to \$338.1 million used in Q1 2021. The decreased use of cash for Q1 2022 was primarily due to lower repayments of long-term debt when compared to the Q1 2021 repayment of the Company's USD denominated bank borrowings a portion which came due in January 2021 partially offset by funding received through the Company's new 2031 Notes.

The use of cash for investing activities for Q1 2022 remained relatively flat when compared to the same period of 2021. When compared to Q1 2021, the increases in payments for property, plant and equipment in Q1 2022 were partially offset by proceeds on disposal.

Operating Activities

(in millions of dollars)	Three Months Ended	
	2022	March 31 2021
	\$	\$
Net Earnings (Loss) for the period	96.3	153.5
Adjustments to earnings	88.2	111.7
	184.5	265.2
Changes in operating assets and liabilities	(122.0)	(41.3)
Cash generated from (used in) operating activities	62.5	223.9

Cash generated by operations before the effect of changes in operating assets and liabilities decreased \$80.7 million in Q1 2022 to \$184.5 million, compared to \$265.2 million in Q1 2021 primarily due to lower net earnings.

Changes in operating assets and liabilities for Q1 2022 used cash of \$122.0 million primarily due to increases in accounts receivables and inventories partially offset by an increase in accounts payable.

Financing Activities

(in millions of dollars)	Three Months Ended	
	2022	March 31 2021
	\$	\$
Proceeds from (repayments of) long-term debt	(10.1)	(792.0)
Proceeds from senior unsecured notes	-	494.0
Repurchase of shares	(10.0)	-
Finance income received (expenses paid)	(2.7)	0.4
Settlement of derivative contracts	-	(40.5)
Cash generated from (used in) financing activities	(22.8)	(338.1)

Financing activities for Q1 2022 used \$22.8 million of cash compared to \$338.1 million used in Q1 2021 primarily driven by the Company's repayment of long-term debt. In January 2021, the Company received EUR 320 million of its 2031 Notes, issued at an annual rate of 1.37%,

coming due January 2031 and paying interest semi-annually. In January 2021, the Company also repaid USD denominated bank borrowings a portion which came due in January 2021 that was maturing under its bank credit facility.

Investing Activities

(in millions of dollars)	Three Months Ended	
	2022	March 31 2021
	\$	\$
Payments for purchase of property, plant and equipment	(88.0)	(59.5)
Proceeds on disposal of property, plant and equipment	29.2	1.8
Payments for purchase of intangible assets	(2.0)	(3.4)
Cash generated from (used in) investing activities	(60.8)	(61.1)

Cash used for investing activities for Q1 2022 was \$60.8 million compared to Q1 2021 at \$61.1 million. An increase in the purchase of property, plant and equipment during the first quarter of 2022 was partially offset by proceeds from the disposal of property, plant and equipment mostly comprised of the sale of unused land.

Liquidity and Capital Resources

The Company's financial condition is solid given its strong balance sheet, which can be attributed to the Company's low cost structure, low level of debt, strong cash position, prospects for growth and significant new program launches. Management expects that all future operating capital expenditures will be financed by cash flow from operations or utilization of existing financing facilities.

At March 31, 2022, cash and cash equivalents, including short-term deposits was \$903.9 million and the Company's credit facilities had available credit of \$957.6 million. Combined, the Company believes this liquidity of \$1.9 billion at March 31, 2022 is sufficient to meet cash flow needs. In addition, free cash flow was \$3.7 million for Q1 2022 compared to \$166.2 million for the same period last year.

Commitments and Contingencies

Please see the Company's December 31, 2021 annual MD&A for a table summarizing the contractual obligations by category. Also, certain guarantees and legal claims are described in the notes to the Company's consolidated financial statements for the year ended December 31, 2021.

Financial Instruments

A portion of the Company's financial instruments are held as long-term receivables totalling \$224.0 million at March 31, 2022 compared to \$230.1 million at December 31, 2021. Long-term receivables are primarily made up of financing loans for the sale of industrial access equipment which decreased by \$2.9 million to \$60.0 million, financing loans for equity method investments which increased by \$2.9 million to \$136.1 million, and receivables for government assistance which decreased by \$6.4 million to \$24.9 million.

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the quarter ended March 31, 2022. For more information, please see the Company's December 31, 2021 annual MD&A and the Company's consolidated financial statements for the year ended December 31, 2021.

CURRENT AND PROPOSED TRANSACTIONS

On March 31, 2022, it was announced that the Company will acquire the remaining 50% interest in the joint venture, GF Linamar LLC, from GF Casting Solutions, a division of Georg Fischer AG on April 1, 2022 thereby assuming 100% ownership and operational control. The ownership change will help secure the Company's long-term growth plan in lightweight structural castings; a critical component in electrified vehicles. The preliminary purchase price is USD \$73 million plus an earn out of up to a maximum of USD \$24 million.

On April 27, 2022, it was announced that the Company will acquire 100% of the issued and outstanding equity of the Salford Group of Companies with an expected close during the second quarter of 2022. The ownership will expand the Company's agricultural portfolio into crop nutrition application and tillage products. The preliminary purchase price is CAD \$260 million.

Due to the timing of the close and complexities associated with these transactions, the determination of the fair value of consideration, assets acquired and liabilities assumed, is subject to further adjustments.

There are no other current and proposed transactions for the quarter ended March 31, 2022.

RISK MANAGEMENT

The Company is exposed to a number of risks in the normal course of business that have the potential to affect its operating results. These include, but are not limited to Public Health Threats; Competition, Outsourcing and Insourcing; Sources and Availability of Raw Materials; Labour Markets and Dependence on Key Personnel; Dependence on Certain Customers; Technological Change and Product Launches; Foreign Currency Risk; Long-term Contracts; Acquisition and Expansion Risk; Foreign Business Risk; Cyclicity and Seasonality; Legal Proceedings and Insurance Coverage; Credit Risk; Weather; Emission Standards; Capital and Liquidity Risk; Tax Laws; Securities Laws Compliance and Corporate Governance Standards; and Environmental Matters. These risk factors remain substantially unchanged during

the quarter ended March 31, 2022. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2021 annual MD&A, and the Company's December 31, 2021 Annual Information Form, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In response to the COVID-19 pandemic, certain physical distancing measures taken by the Company, customers, suppliers and governments had the potential to impact the design and performance of internal controls over financial reporting for the Company. Although our pre-existing controls were not specifically designed to operate in this current pandemic environment, we continue to believe that our established internal control over financial reporting addresses all identified risk areas. There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2022, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company will continue to monitor any risk associated with a change to its control environment in response to the pandemic.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Due to the uncertainty of COVID-19, the following discussion sets forth an update to management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

Impact of COVID-19 on Results and Risk Management Practices

During 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, spread across the globe impacting worldwide economic activity. The extent to which the financial results and condition of the Company in future periods may be affected by COVID-19 depends on future developments and cannot be reliably determined at the date of these financial statements. The Company has not changed its fundamental risk management practices. The Company will continue to evaluate the situation and monitor any impacts or potential impacts to its business.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2021 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2021 and the consolidated interim financial statements for the quarter ended March 31, 2022.

NON-GAAP AND OTHER FINANCIAL MEASURES

The Company uses certain non-GAAP and other financial measures to provide useful information to both management, investors and other stakeholders in assessing the financial performance and financial condition of the Company.

Certain expenses and income that must be recognized under GAAP are not necessarily reflective of the Company's underlying operational performance. For this reason, management uses certain non-GAAP and other financial measures when analyzing operational performance on a consistent basis.

These Non-GAAP and other financial measures do not have a standardized meaning prescribed by GAAP and therefore they are unlikely to be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with GAAP.

Normalized Non-GAAP Financial Measures and Ratios

All Non-GAAP financial measures denoted with 'Normalized' as presented by the Company are adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and other items.

Operating Earnings (Loss) – Normalized

Operating Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Operating Earnings (Loss) – Normalized is calculated as Operating Earnings (Loss), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

Net Earnings (Loss) – Normalized

Net Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) –

Normalized is calculated as Net Earnings (Loss), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

Net Earnings (Loss) per Share – Diluted – Normalized

Net Earnings (Loss) per Share – Diluted – Normalized is a non-GAAP financial ratio and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) per Share – Diluted – Normalized is calculated as Net Earnings (Loss) – Normalized (as defined above) divided by the fully diluted number of shares outstanding as at the period end date.

EBITDA and EBITDA – Normalized

EBITDA is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance of cash flow and profitability, the effective use and allocation of resources, and to provide more meaningful comparisons of operating results. EBITDA is calculated as Net Earnings (Loss) before income taxes, the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for amortization of property, plant and equipment, amortization of other intangible assets, finance costs, and other interest.

EBITDA – Normalized is a non-GAAP financial measure and the Company believes EBITDA – Normalized is useful in assessing the Company's underlying operational performance of cash flow and profitability, the effective use and allocation of resources, and to provide more meaningful comparisons of operating results. EBITDA – Normalized is calculated as EBITDA (as defined above) adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, non-cash asset impairments and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

All these other items contained in these non-GAAP financial measures are summarized as follows:

(in millions of dollars)	Three Months Ended	
	2022	March 31 2021
	\$	\$
Gain on sale of unused land	(22.1)	-
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) - Normalized	(22.1)	-
Gain on sale of unused land	(22.1)	-
Other items	(22.1)	-
Asset impairment provision, net of reversals	0.1	2.2
Other items and asset impairments impacting EBITDA – Normalized	(22.0)	2.2

Normalizing items for asset impairment provisions adjusted EBITDA and impacted the Mobility segment by \$0.1 million for the quarter (Q1 2021 – \$2.2 million).

During Q1 2022, a normalizing item related to a "gain on sale of unused land" adjusted the Mobility segment by \$22.1 million.

All normalized non-GAAP financial measures areas reconciled as follows:

(in millions of dollars)	Three Months Ended			
	2022	2021	March 31	
	\$	\$	+/-	+/-
			\$	%
Operating Earnings (Loss) – Normalized				
Operating Earnings (Loss)	134.1	221.2	(87.1)	(39.4%)
Foreign exchange (gain) loss	(5.5)	0.1	(5.6)	
Other items	(22.1)	-	(22.1)	
Operating Earnings (Loss) – Normalized	106.5	221.3	(114.8)	(51.9%)
Net Earnings (Loss) – Normalized				
Net Earnings (Loss)	96.3	153.5	(57.2)	(37.3%)
Foreign exchange (gain) loss	(5.5)	0.1	(5.6)	
Foreign exchange (gain) loss on debt and derivatives	(0.4)	6.3	(6.7)	
Other items	(22.1)	-	(22.1)	
Tax impact	2.6	(1.6)	4.2	
Net Earnings (Loss) – Normalized	70.9	158.3	(87.4)	(55.2%)

(in millions of dollars)	2022	2021	Three Months Ended	
			March 31	March 31
	\$	\$	+/-	+/-
Net Earnings (Loss) per Share – Diluted – Normalized			\$	%
Net Earnings (Loss) per Share – Diluted	1.47	2.34	(0.87)	(37.2%)
Foreign exchange (gain) loss	(0.08)	-	(0.08)	
Foreign exchange (gain) loss on debt and derivatives	(0.01)	0.10	(0.11)	
Other items	(0.34)	-	(0.34)	
Tax impact	0.04	(0.03)	0.07	
Net Earnings (Loss) per Share – Diluted – Normalized	1.08	2.41	(1.33)	(55.2%)
EBITDA and EBITDA – Normalized				
Net Earnings (Loss) before income taxes	127.5	207.4	(79.9)	(38.5%)
Amortization of property, plant and equipment	92.4	107.2	(14.8)	
Amortization of other intangible assets	13.9	11.9	2.0	
Finance costs	3.9	5.4	(1.5)	
Other interest	1.0	0.8	0.2	
EBITDA	238.7	332.7	(94.0)	(28.3%)
Foreign exchange (gain) loss	(5.5)	0.1	(5.6)	
Foreign exchange (gain) loss on debt and derivatives	(0.4)	6.3	(6.7)	
Asset impairment provision, net of reversals	0.1	2.2	(2.1)	
Other items	(22.1)	-	(22.1)	
EBITDA – Normalized	210.8	341.3	(130.5)	(38.2%)

All normalized non-GAAP financial measures areas impacting segments reconciled as follows:

(in millions of dollars)	Industrial	Mobility	Three Months Ended	
			March 31	March 31
	\$	\$	2022	2022
Operating Earnings (Loss) – Normalized			Linamar	\$
Operating Earnings (Loss)	21.5	112.6	134.1	
Foreign exchange (gain) loss	(8.1)	2.6	(5.5)	
Other items	-	(22.1)	(22.1)	
Operating Earnings (Loss) – Normalized	13.4	93.1	106.5	
EBITDA – Normalized				
EBITDA	34.3	204.4	238.7	
Foreign exchange (gain) loss	(8.1)	2.6	(5.5)	
Foreign exchange (gain) loss on debt and derivatives	(0.1)	(0.3)	(0.4)	
Asset impairment provision, net of reversals	-	0.1	0.1	
Other items	-	(22.1)	(22.1)	
EBITDA – Normalized	26.1	184.7	210.8	

(in millions of dollars)	Three Months Ended		
	Industrial	Mobility	Linamar
	\$	\$	\$
Operating Earnings (Loss) – Normalized			
Operating Earnings (Loss)	35.7	185.5	221.2
Foreign exchange (gain) loss	10.2	(10.1)	0.1
Other items	-	-	-
Operating Earnings (Loss) – Normalized	45.9	175.4	221.3
EBITDA – Normalized			
EBITDA	49.8	282.9	332.7
Foreign exchange (gain) loss	10.2	(10.1)	0.1
Foreign exchange (gain) loss on debt and derivatives	1.2	5.1	6.3
Asset impairment provision, net of reversals	-	2.2	2.2
Other items	-	-	-
EBITDA – Normalized	61.2	280.1	341.3

Other Non-GAAP Financial Measures

Free Cash Flow

Free Cash Flow is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's ability to generate cash. Free Cash Flow is calculated as Cash from Operating Activities, the most directly comparable measure as presented in the Company's consolidated statements of cash flows, adjusted for payments for purchase of property, plant and equipment, and proceeds on disposal of property, plant and equipment.

Liquidity

Liquidity is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's ability to satisfy its financial obligations as they come due. Liquidity is calculated as Cash, the most directly comparable measure as presented in the Company's consolidated statements of financial position, adjusted for the Company's available credit.

All other non-GAAP financial measures are reconciled as follows:

(in millions of dollars)	Three Months Ended	
	2022	2021
	\$	\$
Free Cash Flow		
Cash generated from (used in) operating activities	62.5	223.9
Payments for purchase of property, plant and equipment	(88.0)	(59.5)
Proceeds on disposal of property, plant and equipment	29.2	1.8
Free Cash Flow	3.7	166.2
Liquidity		
Cash	903.9	671.9
Available credit	957.6	957.5
Liquidity	1,861.5	1,629.4

Supplementary Financial Measures

Content per Vehicle

Content per Vehicle is a supplementary financial measure and is calculated within the Mobility segment for the region indicated as automotive sales less tooling sales divided by vehicle production units.

FORWARD LOOKING INFORMATION

Certain information provided by Linamar in this MD&A, the Annual Report and other documents published throughout the year which are not recitation of historical facts may constitute forward-looking statements. The words "may", "would", "could", "will", "likely", "estimate", "believe", "expect", "plan", "forecast" and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some of the factors and risks and uncertainties

that cause results to differ from current expectations include, but are not limited to, changes in the competitive environment in which Linamar operates, OEM outsourcing and insourcing; sources and availability of raw materials; labour markets and dependence on key personnel; dependence on certain customers and product programs; technological change in the sectors in which the Company operates and by Linamar's competitors; delays in or operational issues with product launches; foreign currency risk; long-term contracts that are not guaranteed; acquisition and expansion risk; foreign business risk; public health threats; cyclical and seasonality; legal proceedings and insurance coverage; credit risk; weather; emission standards; capital and liquidity risk; tax laws; securities laws compliance and corporate governance standards; fluctuations in interest rates; environmental emissions and safety regulations; trade and labour disruptions; world political events; pricing concessions to customers; and governmental, environmental and regulatory policies.

The foregoing is not an exhaustive list of the factors that may affect Linamar's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Linamar's forward-looking statements. Linamar assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.