

# LINAMAR CORPORATION

## Management's Discussion and Analysis

For the Quarter Ended March 31, 2024

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 financial statements for the quarter March 31, 2024. This MD&A has been prepared as at May 8, 2024. The financial information presented herein has been prepared on the basis of IFRS® Accounting Standards. References to the term generally accepted accounting principles ("GAAP") refer to information contained herein being prepared under IFRS Accounting Standards 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](http://www.linamar.com) or through the SEDAR website at [www.sedar.com](http://www.sedar.com).

## OVERALL CORPORATE PERFORMANCE

### Overview of the Business

Linamar Corporation (TSX:LNR) is a diversified 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 the newly formed Linamar Agriculture operating group which consists of the MacDon, Salford and Bourgault brands. Skyjack manufactures scissors, boom and telehandler lifts for the aerial work platform industry. Within the Agriculture portfolio MacDon manufactures combine draper headers and self-propelled windrowers for harvesting, Salford supplies farm tillage and crop fertilizer application equipment while Bourgault is a leader in air seeding technology. The Mobility segment is focused on propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered vehicle markets. Operationally, Mobility is organized into three regional groups North America, Europe, Asia Pacific and the new Linamar Structures product group. The Regional Mobility groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly. The Linamar Structures Group offers competitive lightweight innovations for safety-critical components and systems for the global mobility market. Design, development, and testing services for the Mobility segment are provided by McLaren Engineering. Linamar's medical solutions group, Linamar MedTech, focuses on manufacturing solutions for medical devices and precision medical components. Linamar has over 34,000 employees in 75 manufacturing locations, 17 R&D centres and 31 sales offices in 19 countries in North and South America, Europe and Asia, which generated sales of more than \$9.7 billion in 2023. For more information about Linamar Corporation and its industry-leading products and services, visit [www.linamar.com](http://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 2024 ("Q1 2024") and 2023 ("Q1 2023"):

(in millions of dollars, except per share figures)	2024	2023	Three Months Ended March 31	
			+/-	+/-
	\$	\$	\$	%
Sales	2,721.9	2,292.7	429.2	18.7%
Gross Margin	393.2	300.5	92.7	30.8%
Operating Earnings (Loss)	269.2	176.9	92.3	52.2%
Net Earnings (Loss)	178.5	117.0	61.5	52.6%
Net Earnings (Loss) per Share - Diluted	2.90	1.90	1.00	52.6%
Earnings before interest, taxes and amortization ("EBITDA") <sup>1</sup>	411.7	298.0	113.7	38.2%
Operating Earnings (Loss) - Normalized <sup>1</sup>	243.8	175.8	68.0	38.7%
Net Earnings (Loss) - Normalized <sup>1</sup>	159.6	121.7	37.9	31.1%
Net Earnings (Loss) per Share - Diluted - Normalized <sup>1</sup>	2.59	1.98	0.61	30.8%
EBITDA – Normalized <sup>1</sup>	386.9	297.1	89.8	30.2%

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

<sup>1</sup> 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.

## 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 financial statements for the quarter ended March 31, 2024.

(in millions of dollars)	Three Months Ended March 31 2024		
	Industrial \$	Mobility \$	Linamar \$
Sales	728.6	1,993.3	2,721.9
Operating Earnings (Loss)	139.7	129.5	269.2
EBITDA	159.1	252.6	411.7
Operating Earnings (Loss) – Normalized	120.2	123.6	243.8
EBITDA – Normalized	140.1	246.8	386.9

(in millions of dollars)	Three Months Ended March 31 2023		
	Industrial \$	Mobility \$	Linamar \$
Sales	585.0	1,707.7	2,292.7
Operating Earnings (Loss)	104.9	72.0	176.9
EBITDA	121.0	177.0	298.0
Operating Earnings (Loss) – Normalized	97.5	78.3	175.8
EBITDA – Normalized	113.7	183.4	297.1

### Industrial Highlights

(in millions of dollars)	Three Months Ended March 31			
	2024 \$	2023 \$	+/- \$	+/- %
Sales	728.6	585.0	143.6	24.5%
Operating Earnings (Loss)	139.7	104.9	34.8	33.2%
EBITDA	159.1	121.0	38.1	31.5%
Operating Earnings (Loss) – Normalized	120.2	97.5	22.7	23.3%
EBITDA – Normalized	140.1	113.7	26.4	23.2%

The Industrial segment ("Industrial") product sales increased 24.5%, or \$143.6 million, to \$728.6 million in Q1 2024 from Q1 2023. The sales increase was due to:

- ◆ increased sales related to the acquisition of Bourgault Industries Ltd. and its subsidiaries ("Bourgault") in Q1 2024; and
- ◆ a significant increase in agricultural sales primarily due to exceptional global market share growth for combine drapers, our largest agricultural product family.

Industrial segment normalized operating earnings in Q1 2024 increased \$22.7 million, or 23.3%, from Q1 2023. The Industrial normalized operating earnings results were predominantly driven by:

- ◆ a significant increase in agricultural sales; and
- ◆ increased sales related to the acquisition of Bourgault in Q1 2024; partially offset by
- ◆ an increase in costs related to launching two new access equipment facilities in Mexico and China; and
- ◆ an increase in selling, general and administrative ("SG&A") costs supporting growth.

## Mobility Highlights

(in millions of dollars)			Three Months Ended March 31	
	2024	2023	+/-	+/-
	\$	\$	\$	%
Sales	1,993.3	1,707.7	285.6	16.7%
Operating Earnings (Loss)	129.5	72.0	57.5	79.9%
EBITDA	252.6	177.0	75.6	42.7%
Operating Earnings (Loss) – Normalized	123.6	78.3	45.3	57.9%
EBITDA – Normalized	246.8	183.4	63.4	34.6%

Sales for the Mobility segment (“Mobility”) increased by \$285.6 million, or 16.7%, in Q1 2024 compared with Q1 2023. The sales in Q1 2024 were impacted by:

- ◆ increased sales related to the Battery Enclosures Business and the Chassis and Suspension Business (“Linamar Structures acquisitions”) acquired in 2023;
- ◆ increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with; and
- ◆ increased pricing related to customer cost recoveries not included in the prior year; partially offset by
- ◆ a sales decline primarily attributed to lower production for certain ending programs.

Q1 2024 normalized operating earnings for Mobility were higher by \$45.3 million, or 57.9%, compared to Q1 2023. The Mobility segment’s earnings were impacted by the following:

- ◆ increased sales related to the Linamar Structures acquisitions completed in 2023;
- ◆ increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with; and
- ◆ increased pricing related to customer cost recoveries not included in the prior year, partially offset by
- ◆ a sales decline primarily attributed to lower production for certain ending programs; and
- ◆ an increase in SG&A costs supporting growth.

### Automotive Sales and Content Per Vehicle<sup>1</sup>

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 units<sup>2</sup> 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.

<sup>1</sup> 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.

<sup>2</sup> 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.

	Three Months Ended			
			March 31	
	2024	2023	+/-	%
<i>North America</i>				
Vehicle Production Units	4.09	4.04	0.05	1.2%
Automotive Sales	\$ 1,206.5	\$ 983.5	\$ 223.0	22.7%
<b>Content Per Vehicle</b>	<b>\$ 294.99</b>	<b>\$ 243.26</b>	<b>\$ 51.73</b>	<b>21.3%</b>
<i>Europe</i>				
Vehicle Production Units	4.52	4.63	(0.11)	(2.4%)
Automotive Sales	\$ 497.6	\$ 449.4	\$ 48.2	10.7%
<b>Content Per Vehicle</b>	<b>\$ 110.10</b>	<b>\$ 96.99</b>	<b>\$ 13.11</b>	<b>13.5%</b>
<i>Asia Pacific</i>				
Vehicle Production Units	11.54	11.66	(0.12)	(1.0%)
Automotive Sales	\$ 125.5	\$ 110.8	\$ 14.7	13.3%
<b>Content Per Vehicle</b>	<b>\$ 10.87</b>	<b>\$ 9.51</b>	<b>\$ 1.36</b>	<b>14.3%</b>

North American automotive sales for Q1 2024 increased 22.7% from Q1 2023 in a market that saw an increase of 1.2% in production volumes for the same period. As a result, content per vehicle in Q1 2024 increased 21.3% from \$243.26 to \$294.99. The increase in North American content per vehicle was mainly driven by increased sales related to the Linamar Structures acquisitions in 2023, launching programs, and pricing related to customer cost recoveries, partially offset by lower production for certain ending programs.

European automotive sales for Q1 2024 increased 10.7% from Q1 2023 in a market that saw a decrease of 2.4% in production volumes for the same period. As a result, content per vehicle in Q1 2024 increased 13.5% from \$96.99 to \$110.10. The increase in European content per vehicle was a result of increased sales related to higher volumes on programs we have significant business with, the Linamar Structures acquisitions in 2023, and pricing related to customer cost recoveries. This was partially offset by lower production for certain ending programs.

Asia Pacific automotive sales for Q1 2024 increased 13.3% from Q1 2023 in a market that saw a decrease of 1.0% in production volumes for the same period. As a result, content per vehicle in Q1 2024 increased 14.3% from \$9.51 to \$10.87. The increase in Asian content per vehicle was a result of increased sales related to launching programs and higher volumes on programs we have significant business with.

## RESULTS OF OPERATIONS

### Gross Margin

(in millions of dollars)	Three Months Ended	
	2024	2023
Sales	\$ 2,721.9	\$ 2,292.7
Cost of Sales before amortization	2,189.5	1,876.8
Amortization	139.2	115.4
Cost of Sales	2,328.7	1,992.2
Gross Margin	\$ 393.2	\$ 300.5
Gross Margin percentage	14.4%	13.1%

Gross margin percentage increased in Q1 2024 to 14.4% compared to 13.1% in Q1 2023. Cost of sales before amortization as a percentage of sales decreased in Q1 2024 to 80.4% compared to 81.9% for the same quarter as last year. In dollar terms, gross margin increased \$92.7 million in Q1 2024 compared with Q1 2023 as a result of the items discussed earlier in this analysis such as:

- ◆ increased sales related to the Linamar Structures acquisitions completed in 2023;
- ◆ increased sales related to the acquisition of Bourgault in Q1 2024;
- ◆ increased sales related to launching Mobility programs and increased volumes for certain programs that the Company has significant business with;
- ◆ a significant increase in agricultural sales; and
- ◆ increased pricing related to Mobility customer cost recoveries not included in the prior year; partially offset by
- ◆ a sales decline primarily attributed to lower production for certain ending Mobility programs; and
- ◆ an increase in costs related to launching two new access equipment facilities in Mexico and China.

Amortization as a percentage of sales increased to 5.1% of sales compared to 5.0% for the same quarter as last year. In dollar terms, Q1 2024 amortization increased as a result of:

- ◆ additional amortization related to the Linamar Structures acquisitions completed in 2023;
- ◆ additional amortization from launching programs; and
- ◆ additional amortization related to the acquisition of Bourgault in Q1 2024.

## Selling, General and Administration

(in millions of dollars)	Three Months Ended	
	2024	March 31 2023
Selling, general and administrative	\$ 151.7	\$ 124.7
SG&A percentage	5.6%	5.4%

Selling, general and administrative (“SG&A”) costs increased in Q1 2024 to \$151.7 million from \$124.7 million, or 5.6% as a percentage of sales in Q1 2023. This increase, in dollar terms, is primarily due to:

- ♦ additional expenses related to the Linamar Structures acquisitions completed in 2023 and the Q1 2024 acquisition of Bourgault; and
- ♦ an increase in management and sales costs supporting growth.

## Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended	
	2024	March 31 2023
Operating Earnings (Loss)	\$ 269.2	\$ 176.9
Finance Income and (Expenses)	(32.9)	(13.2)
Provision for (Recovery of) Income Taxes	57.8	46.7
Net Earnings (Loss)	178.5	117.0

### Finance Expenses

Finance expenses increased \$19.7 million in Q1 2024 from \$13.2 million in Q1 2023 to \$32.9 million due to:

- ♦ the issuance of \$550 million private placement notes in June 2023 (“2033 Notes”) used primarily to fund the Linamar Structures acquisitions in 2023;
- ♦ the issuance of \$700 million term credit agreement issued in February 2024 used primarily to fund the Bourgault acquisition;
- ♦ an increase in interest costs associated with leases acquired in the Linamar Structures acquisitions; and
- ♦ an increase in interest costs due to change in the Bank of Canada overnight rate and United States Federal Funds rate.

The consolidated effective interest rate for Q1 2024 increased to 5.2% compared to 3.9% in Q1 2023. The changes in the effective interest rate were driven by increases in the Bank of Canada overnight rate and United States Federal Funds rate, the issuance of the 2033 Notes, and the issuance of term credit agreement.

### Income Taxes

The effective tax rate for Q1 2024 was 24.4%, a decrease from the 28.5% rate in the same quarter of 2023. The decrease in the effective tax rate in Q1 2024 was primarily due to:

- ♦ Q1 2023 withholding tax on the repatriation of funds from China that did not recur in Q1 2024;
- ♦ a favourable mix of foreign tax rates; partially offset by
- ♦ an increase in expenses that are not deductible in determining taxable earnings; and
- ♦ an increase in unused tax losses not recognized as deferred tax assets.

## 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 61,578,157 common shares were outstanding as of May 8, 2024. The Company’s common shares constitute its only class of voting securities. As of May 8, 2024, there were 1,250,000 options to acquire common shares outstanding and 3,300,000 options still available to be granted under the Company’s share option plan.

## SELECTED FINANCIAL INFORMATION

### Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended June 30, 2022 through March 31, 2024. 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 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023	Dec 31 2022	Sep 30 2022	Jun 30 2022
(in millions of dollars, except per share figures)	\$	\$	\$	\$	\$	\$	\$	\$
Sales	2,721.9	2,453.9	2,434.2	2,552.8	2,292.7	2,060.0	2,098.1	1,981.6
Net Earnings (Loss)	178.5	104.4	146.7	135.0	117.0	92.2	133.2	104.5
Net Earnings (Loss) per Share								
Basic	2.90	1.70	2.38	2.19	1.90	1.49	2.10	1.61
Diluted	2.90	1.69	2.38	2.19	1.90	1.49	2.10	1.61

The quarterly results of the Company are impacted by the seasonality of certain operational units. Historically, earnings in the second and third 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, the prolonged supply chain disruptions and cost pressures had continued to have adverse impacts on 2023 and 2022.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

(in millions of dollars)	Three Months Ended March 31	
	2024	2023
	\$	\$
Cash generated from (used in):		
Operating Activities	150.1	181.7
Financing Activities	792.5	10.1
Investing Activities	(813.7)	(166.9)
Effect of translation adjustment on cash	5.0	5.3
Increase (decrease) in cash and cash equivalents	133.9	30.2
Cash and cash equivalents – Beginning of Period	653.3	860.5
Cash and cash equivalents – End of Period	787.2	890.7
Comprised of:		
Cash in bank	497.3	494.2
Short-term deposits	293.0	400.6
Unpresented cheques	(3.1)	(4.1)
	787.2	890.7

The Company's cash and cash equivalents (net of unpresented cheques) at March 31, 2024 were \$787.2 million, a decrease of \$103.5 million, or 11.6%, compared to March 31, 2023.

Cash generated from operating activities was \$150.1 million, a decrease of \$31.6 million from Q1 2023, due to increased use of cash in net operating assets partially offset by increased earnings.

Financing activities generated \$792.5 million of cash compared to \$10.1 million generated in Q1 2023. The increased generation of cash in Q1 2024 was primarily due to proceeds from the term credit agreement.

Investing activities used \$813.7 million in Q1 2024 compared to \$166.9 million used in Q1 2023. The use of cash was primarily for the 2024 business acquisition of Bourgault.

### Operating Activities

(in millions of dollars)	Three Months Ended March 31	
	2024	2023
	\$	\$
Net Earnings (Loss) for the period	178.5	117.0
Adjustments to earnings	146.5	117.2
	325.0	234.2
Changes in operating assets and liabilities	(174.9)	(52.5)
Cash generated from (used in) operating activities	150.1	181.7

Cash generated by operations before the effect of changes in operating assets and liabilities increased \$90.8 million, or 38.8%, in Q1 2024 to \$325.0 million, compared to \$234.2 million in Q1 2023 primarily due to higher net earnings.

Changes in operating assets and liabilities for Q1 2024 used cash of \$174.9 million primarily due to increases in accounts receivables and inventories, partially offset by an increase in accounts payable required to support sales.

## Financing Activities

(in millions of dollars)	Three Months Ended	
	2024	March 31 2023
	\$	\$
Proceeds from (repayments of) long-term debt	129.7	24.4
Proceeds from term credit agreement	700.0	-
Finance income received (expenses paid)	(37.2)	(14.3)
Cash generated from (used in) financing activities	792.5	10.1

Cash generated by financing activities for Q1 2024 was \$792.5 million compared to \$10.1 million generated in Q1 2023. Financing activities in Q1 2024 were primarily driven by the proceeds from the new term credit agreement partially used for the acquisition of Bourgault.

## Investing Activities

(in millions of dollars)	Three Months Ended	
	2024	March 31 2023
	\$	\$
Payments for purchase of property, plant and equipment	(189.8)	(162.7)
Proceeds on disposal of property, plant and equipment	0.4	0.4
Payments for purchase of intangible assets	(6.9)	(4.5)
Business acquisitions, net of cash acquired	(617.3)	-
Other	(0.1)	(0.1)
Cash generated from (used in) investing activities	(813.7)	(166.9)

Cash used for investing activities for Q1 2024 was \$813.7 million compared to Q1 2023 at \$166.9 million. In addition to the Company's ongoing purchase of property, plant and equipment, the primary use of cash in Q1 2024 was for the acquisition of Bourgault.

## 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, 2024, cash and cash equivalents, including short-term deposits was \$787.2 million and the Company's credit facilities had available credit of \$522.9 million. Combined, the Company believes this liquidity<sup>1</sup> of \$1.3 billion at March 31, 2024 is sufficient to meet cash flow needs. Free cash flow<sup>1</sup> was (\$39.3) million for Q1 2024 primarily due to cash used for purchase of property, plant and equipment, partially offset by cash generated from operating activities.

## Commitments and Contingencies

Please see the Company's December 31, 2023 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, 2023.

## Financial Instruments

In February 2024, the Company entered into a new term credit agreement for \$700.0 million in connection with the acquisition of Bourgault and general corporate purposes. The term credit agreement is repayable in three tranches with the first due in February 2025 and the last due in February 2027. The term credit agreement has terms and conditions largely consistent with the Company's existing credit facility. Borrowings are subject to short-term market rates, plus applicable margin. The term credit agreement is unsecured and guaranteed by certain subsidiaries of the Company, as defined in the agreement. The borrowings require the Company to maintain certain financial ratios and impose limitations on specified activities.

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the quarter ended March 31, 2024. For more information, please see the Company's December 31, 2023 annual MD&A and the Company's consolidated financial statements for the year ended December 31, 2023.

## CURRENT AND PROPOSED TRANSACTIONS

On February 1, 2024, the Company acquired 100% of the equity interest of Bourgault for a preliminary purchase price of \$618.5 million. Headquartered in St. Brieux, Saskatchewan, Canada, Bourgault is a market and technology leader in broad acre seeding.

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

There are no other current and proposed transactions for the quarter ended March 31, 2024.

## 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 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; Public Health Threats; Foreign Business Risk; Foreign Currency Risk; Long-term Contracts; Acquisition and Expansion 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, 2024. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2023 annual MD&A, and the Company's December 31, 2023 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

There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2024, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting, except as outlined below in the Limitation of Scope of Design section.

### Limitation of Scope of Design

The Company has limited the scope of design of our internal controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of i) the Battery Enclosures Business, which the Company acquired on August 3, 2023, ii) the Chassis and Suspension Business, which the Company acquired on October 31, 2023 and iii) Bourgault Industries Ltd, which the Company acquired on February 1, 2024. The charts below present the summary financial information of the Battery Enclosures Business, the Chassis and Suspension Business, and Bourgault:

(in millions of dollars)	Battery Enclosures Business \$	Chassis and Suspension Business \$
For the 2023 acquisitions, from the date of acquisition until December 31, 2023:		
Sales	135.7	94.7
Net Earnings (Loss) for the Period	6.3	2.6
As at March 31, 2024:		
Current Assets	105.7	125.7
Non-Current Assets	402.9	152.1
Current Liabilities	40.9	186.6
Non-Current Liabilities	52.5	47.4

(in millions of dollars)	Bourgault \$
For the 2024 acquisition, from the date of acquisition until March 31, 2024:	
Sales	98.8
Net Earnings (Loss) for the Period	9.6
As at March 31, 2024:	
Current Assets	236.5
Non-Current Assets	538.4
Current Liabilities	61.3
Non-Current Liabilities	66.5

The scope limitation is in accordance with section 3.3(1)(b) of National Instrument 52-109 to which this MD&A relates, which allows an issuer to limit its design of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of a business that the issuer acquired not more than 365 days prior to the end of the fiscal period.

## 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. 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 have been set out in the Company's consolidated financial statements for the year ended December 31, 2023.

## **RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES**

For information pertaining to accounting changes effective in 2023 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2023 and the consolidated interim financial statements for the quarter ended March 31, 2024.

## **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, interest expense, 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	
	2024	March 31 2023
	\$	\$
Adjustment for contingent consideration of Mills River earn-out	-	4.9
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) - Normalized	-	4.9
Adjustment for contingent consideration of Mills River earn-out	-	4.9
Other items	-	4.9
Asset impairment provision, net of reversals	0.1	-
Other items and asset impairments impacting EBITDA – Normalized	0.1	4.9

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by \$0.1 million for Q1 2024 (\$Nil for Q1 2023).

During Q1 2023, a normalizing item related to an “adjustment for contingent consideration on Mills River earn-out” impacted the Mobility segment by \$4.9 million. Also, during Q1 2023 a normalizing item impacting the Company’s income taxes related to withholding tax on repatriation of cash from China by \$6.9 million.

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

(in millions of dollars, except per share figures)	Three Months Ended			
	2024	2023	March 31	
	\$	\$	+/-	+/-
			\$	%
<b>Operating Earnings (Loss) – Normalized</b>				
Operating Earnings (Loss)	269.2	176.9	92.3	52.2%
Foreign exchange (gain) loss	(25.4)	(6.0)	(19.4)	
Other items	-	4.9	(4.9)	
Operating Earnings (Loss) – Normalized	243.8	175.8	68.0	38.7%
<b>Net Earnings (Loss) – Normalized</b>				
Net Earnings (Loss)	178.5	117.0	61.5	52.6%
Foreign exchange (gain) loss	(25.4)	(6.0)	(19.4)	
Foreign exchange (gain) loss on debt and derivatives	0.5	0.2	0.3	
Other items	-	4.9	(4.9)	
Tax impact including Other Items	6.0	5.6	0.4	
Net Earnings (Loss) – Normalized	159.6	121.7	37.9	31.1%

(in millions of dollars, except per share figures)	2024	2023	Three Months Ended	
			March 31	
	\$	\$	+/-	+/-
			\$	%
<b>Net Earnings (Loss) per Share – Diluted – Normalized</b>				
Net Earnings (Loss) per Share – Diluted	2.90	1.90	1.00	52.6%
Foreign exchange (gain) loss	(0.41)	(0.09)	(0.32)	
Foreign exchange (gain) loss on debt and derivatives	0.01	-	0.01	
Other items	-	0.08	(0.08)	
Tax impact including Other Items	0.09	0.09	-	
Net Earnings (Loss) per Share – Diluted – Normalized	2.59	1.98	0.61	30.8%
<b>EBITDA and EBITDA – Normalized</b>				
Net Earnings (Loss) before income taxes	236.3	163.7	72.6	44.3%
Amortization of property, plant and equipment	122.6	100.1	22.5	
Amortization of other intangible assets	17.6	15.9	1.7	
Interest expense	30.0	13.2	16.8	
Other interest	5.2	5.1	0.1	
EBITDA	411.7	298.0	113.7	38.2%
Foreign exchange (gain) loss	(25.4)	(6.0)	(19.4)	
Foreign exchange (gain) loss on debt and derivatives	0.5	0.2	0.3	
Asset impairment provision, net of reversals	0.1	-	0.1	
Other items	-	4.9	(4.9)	
EBITDA – Normalized	386.9	297.1	89.8	30.2%

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

(in millions of dollars)	Industrial	Mobility	Three Months Ended	
			March 31	
	\$	\$	2024	
			Linamar	
			\$	
<b>Operating Earnings (Loss) – Normalized</b>				
Operating Earnings (Loss)	139.7	129.5	269.2	
Foreign exchange (gain) loss	(19.5)	(5.9)	(25.4)	
Other items	-	-	-	
Operating Earnings (Loss) – Normalized	120.2	123.6	243.8	
<b>EBITDA – Normalized</b>				
EBITDA	159.1	252.6	411.7	
Foreign exchange (gain) loss	(19.5)	(5.9)	(25.4)	
Foreign exchange (gain) loss on debt and derivatives	0.5	-	0.5	
Asset impairment provision, net of reversals	-	0.1	0.1	
Other items	-	-	-	
EBITDA – Normalized	140.1	246.8	386.9	

(in millions of dollars)	Three Months Ended		
	Industrial	Mobility	Linamar
	\$	\$	\$
<b>Operating Earnings (Loss) – Normalized</b>			
Operating Earnings (Loss)	104.9	72.0	176.9
Foreign exchange (gain) loss	(7.4)	1.4	(6.0)
Other items	-	4.9	4.9
<b>Operating Earnings (Loss) – Normalized</b>	<b>97.5</b>	<b>78.3</b>	<b>175.8</b>
<b>EBITDA – Normalized</b>			
EBITDA	121.0	177.0	298.0
Foreign exchange (gain) loss	(7.4)	1.4	(6.0)
Foreign exchange (gain) loss on debt and derivatives	0.1	0.1	0.2
Asset impairment provision, net of reversals	-	-	-
Other items	-	4.9	4.9
<b>EBITDA – Normalized</b>	<b>113.7</b>	<b>183.4</b>	<b>297.1</b>

## 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	
	2024	March 31 2023
	\$	\$
<b>Free Cash Flow</b>		
Cash generated from (used in) operating activities	150.1	181.7
Payments for purchase of property, plant and equipment	(189.8)	(162.7)
Proceeds on disposal of property, plant and equipment	0.4	0.4
<b>Free Cash Flow</b>	<b>(39.3)</b>	<b>19.4</b>
<b>Liquidity</b>		
Cash and cash equivalents	787.2	890.7
Available credit	522.9	425.0
<b>Liquidity</b>	<b>1,310.1</b>	<b>1,315.7</b>

## 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 consolidated financial statements 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.