

# LINAMAR CORPORATION

## Management's Discussion and Analysis

For the Quarter Ended March 31, 2025

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 ended March 31, 2025. This MD&A has been prepared as at May 7, 2025. 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 32,000 employees in 75 manufacturing locations, 16 R&D centres and 31 sales offices in 19 countries in North and South America, Europe and Asia, which generated sales of \$10.6 billion in 2024. 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 2025 ("Q1 2025") and 2024 ("Q1 2024"):

(in millions of dollars, except per share figures)	2025	2024	Three Months Ended March 31	
			+/-	+/-
	\$	\$	\$	%
Sales	2,532.1	2,721.9	(189.8)	(7.0%)
Gross Margin	402.4	393.2	9.2	2.3%
Operating Earnings (Loss)	266.3	269.2	(2.9)	(1.1%)
Net Earnings (Loss)	177.7	178.5	(0.8)	(0.4%)
Net Earnings (Loss) per Share - Diluted	2.94	2.90	0.04	1.4%
Earnings before interest, taxes and amortization ("EBITDA") <sup>1</sup>	425.7	411.7	14.0	3.4%
Operating Earnings (Loss) - Normalized <sup>1</sup>	252.0	243.8	8.2	3.4%
Net Earnings (Loss) - Normalized <sup>1</sup>	167.2	159.6	7.6	4.8%
Net Earnings (Loss) per Share - Diluted - Normalized <sup>1</sup>	2.76	2.59	0.17	6.6%
EBITDA – Normalized <sup>1</sup>	410.6	386.9	23.7	6.1%

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, 2025.

(in millions of dollars)	Three Months Ended March 31 2025		
	Industrial \$	Mobility \$	Linamar \$
Sales	633.4	1,898.7	2,532.1
Operating Earnings (Loss)	142.9	123.4	266.3
EBITDA	166.5	259.2	425.7
Operating Earnings (Loss) – Normalized	126.6	125.4	252.0
EBITDA – Normalized	150.2	260.4	410.6

(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

### Industrial Highlights

(in millions of dollars)	Three Months Ended March 31			
	2025 \$	2024 \$	+/- \$	+/- %
Sales	633.4	728.6	(95.2)	(13.1%)
Operating Earnings (Loss)	142.9	139.7	3.2	2.3%
EBITDA	166.5	159.1	7.4	4.7%
Operating Earnings (Loss) – Normalized	126.6	120.2	6.4	5.3%
EBITDA – Normalized	150.2	140.1	10.1	7.2%

The Industrial segment ("Industrial") product sales decreased 13.1%, or \$95.2 million, to \$633.4 million in Q1 2025 from Q1 2024. The sales decrease was due to:

- ♦ lower access equipment sales in a market that was down significantly, partially mitigated by market share growth for scissors globally and booms in Europe and Asia; and
- ♦ lower agricultural sales in a market that was down significantly, despite exceptional global market share growth for combine drapers, seeding and tillage products; partially offset by
- ♦ increased sales related to the acquisition of Bourgault Industries Ltd. and its subsidiaries ("Bourgault") in Q1 2024; and
- ♦ a favourable impact on sales from the changes in foreign exchange rates from Q1 2024.

Industrial segment normalized operating earnings in Q1 2025 increased \$6.4 million, or 5.3%, from Q1 2024. The Industrial normalized operating earnings results were predominantly driven by:

- ♦ agricultural improvements driven from cost reductions and operational efficiencies;
- ♦ a favourable impact from the changes in foreign exchange rates from Q1 2024; and
- ♦ improved earnings related to the acquisition of Bourgault in Q1 2024; partially offset by
- ♦ reduced volumes due to lower market demand for access equipment.

## Mobility Highlights

(in millions of dollars)	Three Months Ended March 31			
	2025 \$	2024 \$	+/- \$	+/- %
Sales	1,898.7	1,993.3	(94.6)	(4.7%)
Operating Earnings (Loss)	123.4	129.5	(6.1)	(4.7%)
EBITDA	259.2	252.6	6.6	2.6%
Operating Earnings (Loss) – Normalized	125.4	123.6	1.8	1.5%
EBITDA – Normalized	260.4	246.8	13.6	5.5%

Sales for the Mobility segment (“Mobility”) decreased by \$94.6 million, or 4.7%, in Q1 2025 compared with Q1 2024. The sales in Q1 2025 were impacted by:

- ◆ a sales decline from significant automotive market declines notably in Europe and North America;
- ◆ lower production for certain ending programs; and
- ◆ lower volumes primarily on electric vehicle (“EV”) programs that the Company has significant business with; partially offset by
- ◆ a favourable impact on sales from the changes in foreign exchange rates from Q1 2024.

Q1 2025 normalized operating earnings for Mobility increased by \$1.8 million, or 1.5%, compared to Q1 2024. The Mobility segment’s earnings were impacted by the following:

- ◆ improvements driven from cost reductions, operational efficiencies, reduction in launch costs and customer cost recoveries; and
- ◆ a modestly favourable impact from the changes in foreign exchange rates from Q1 2024; partially offset by
- ◆ a sales decline from significant automotive market declines notably in Europe and North America, lower production for certain ending programs, and lower volumes on programs the Company has significant business with.

### 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 region, and the final vehicle being assembled on another region. 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 region.

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	
	2025	2024	+/-	%
<i>North America</i>				
Vehicle Production Units	3.90	4.13	(0.23)	(5.6%)
Automotive Sales	\$ 1,171.9	\$ 1,223.7	\$ (51.8)	(4.2%)
<b>Content Per Vehicle</b>	<b>\$ 300.79</b>	<b>\$ 296.52</b>	<b>\$ 4.27</b>	<b>1.4%</b>
<i>Europe</i>				
Vehicle Production Units	4.30	4.61	(0.31)	(6.7%)
Automotive Sales	\$ 426.2	\$ 480.9	\$ (54.7)	(11.4%)
<b>Content Per Vehicle</b>	<b>\$ 99.06</b>	<b>\$ 104.28</b>	<b>\$ (5.22)</b>	<b>(5.0%)</b>
<i>Asia Pacific</i>				
Vehicle Production Units	12.52	11.66	0.86	7.4%
Automotive Sales	\$ 147.3	\$ 127.0	\$ 20.3	16.0%
<b>Content Per Vehicle</b>	<b>\$ 11.76</b>	<b>\$ 10.89</b>	<b>\$ 0.87</b>	<b>8.0%</b>

North American automotive sales for Q1 2025 decreased 4.2% from Q1 2024 in a market that saw a decrease of 5.6% in production volumes for the same period. As a result, content per vehicle in Q1 2025 increased 1.4% from \$296.52 to \$300.79. The increase in North American content per vehicle was mainly driven by foreign exchange and higher volumes on programs that the Company has significant business with, partially offset by lower production for certain ending programs and market declines on EV programs.

European automotive sales for Q1 2025 decreased 11.4% from Q1 2024 in a market that saw a decrease of 6.7% in production volumes for the same period. As a result, content per vehicle in Q1 2025 decreased 5.0% from \$104.28 to \$99.06. The decrease in European content per vehicle was mainly driven by lower production for certain programs and notably EV programs, partially offset by launching programs.

Asia Pacific automotive sales for Q1 2025 increased 16.0% from Q1 2024 in a market that saw an increase of 7.4% in production volumes for the same period. As a result, content per vehicle in Q1 2025 increased 8.0% from \$10.89 to \$11.76. The increase in Asian content per vehicle was mainly driven by higher volumes on programs that the Company has significant business with and launching programs.

## RESULTS OF OPERATIONS

### Gross Margin

	Three Months Ended	
(in millions of dollars)	March 31	
	2025	2024
Sales	\$ 2,532.1	\$ 2,721.9
Cost of Sales before amortization	1,975.6	2,189.5
Amortization	154.1	139.2
Cost of Sales	2,129.7	2,328.7
Gross Margin	\$ 402.4	\$ 393.2
Gross Margin percentage	15.9%	14.4%

Gross margin percentage increased in Q1 2025 to 15.9% compared to 14.4% in Q1 2024. Cost of sales before amortization as a percentage of sales decreased in Q1 2025 to 78.0% compared to 80.4% for the same quarter as last year. In dollar terms, gross margin increased \$9.2 million in Q1 2025 compared with Q1 2024 as a result of the items discussed earlier in this analysis such as:

- ◆ improvements driven from cost reductions, operational efficiencies, reduction in launch costs and customer cost recoveries;
- ◆ a favourable impact from the changes in foreign exchange rates from Q1 2024; and
- ◆ increased earnings related to the acquisition of Bourgault in Q1 2024; partially offset by
- ◆ reduced volumes due to lower market demand for access equipment; and
- ◆ a sales decline from significant automotive market declines.

Amortization as a percentage of sales increased to 6.1% of sales compared to 5.1% for the same quarter as last year. In dollar terms, Q1 2025 amortization increased as a result of:

- ◆ additional amortization from launching programs and facilities; and
- ◆ additional amortization related to the acquisition of Bourgault in Q1 2024.

## Selling, General and Administration

(in millions of dollars)	Three Months Ended	
	2025	March 31 2024
Selling, general and administrative	\$ 152.1	\$ 151.7
SG&A percentage	6.0%	5.6%

Selling, general and administrative (“SG&A”) costs were \$152.1 million in Q1 2025, consistent with the same quarter last year.

## Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended	
	2025	March 31 2024
Operating Earnings (Loss)	266.3	269.2
Finance Income and (Expenses)	(24.7)	(32.9)
Provision for (Recovery of) Income Taxes	63.9	57.8
Net Earnings (Loss)	177.7	178.5

### Finance Expenses

Finance expenses decreased \$8.2 million to \$24.7 million in Q1 2025 from \$32.9 million in Q1 2024 due to:

- ◆ lower outstanding bank debt;
- ◆ higher interest income resulting from increased average daily cash balances; and
- ◆ reduced interest costs due to a decline in the Bank of Canada’s overnight rate.

The consolidated effective interest rate for Q1 2025 decreased to 4.4%, compared to 5.2% in Q1 2024. This decline was mainly driven by the reduction in the Bank of Canada’s overnight rate and a decrease in debt balances.

### Income Taxes

The effective tax rate for Q1 2025 was 26.4%, an increase from 24.4% in the same quarter of 2024. The increase was primarily due to:

- ◆ a less favourable mix of foreign tax rates, including the impact of the global minimum tax rules (“Pillar 2”); partially offset by
- ◆ the recognition of previously unrecognized tax loss carry-forwards during the quarter.

## TOTAL EQUITY AND OUTSTANDING SHARE DATA

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

The Company is authorized to issue an unlimited number of common shares, of which 59,809,587 common shares were outstanding as of May 7, 2025. The Company’s common shares constitute its only class of voting securities. As of May 7, 2025, there were 1,300,000 options to acquire common shares outstanding and 3,150,000 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, 2023 through March 31, 2025. 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 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023
(in millions of dollars, except per share figures)	\$	\$	\$	\$	\$	\$	\$	\$
Sales	2,532.1	2,375.7	2,635.7	2,848.7	2,721.9	2,453.9	2,434.2	2,552.8
Net Earnings (Loss)	177.7	(232.3)	138.0	174.1	178.5	104.4	146.7	135.0
Net Earnings (Loss) per Share								
Basic	2.94	(3.79)	2.24	2.83	2.90	1.70	2.38	2.19
Diluted	2.94	(3.78)	2.24	2.82	2.90	1.69	2.38	2.19

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. During Q4 2024, within the Linamar Mobility Europe group as a result of continued European economic challenges, including a significant decline in automotive production, the Company recorded a non-cash impairment charge of \$385.5 million. Additionally, the prolonged supply chain disruptions and cost pressures continued to have adverse impacts on 2023.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

(in millions of dollars)	Three Months Ended	
	2025	March 31 2024
	\$	\$
Cash generated from (used in):		
Operating Activities	164.3	150.1
Financing Activities	(224.6)	792.5
Investing Activities	(94.0)	(813.7)
Effect of translation adjustment on cash	8.9	5.0
Increase (decrease) in cash and cash equivalents	(145.4)	133.9
Cash and cash equivalents – Beginning of Period	1,054.6	653.3
Cash and cash equivalents – End of Period	909.2	787.2
Comprised of:		
Cash in bank	600.4	497.3
Short-term deposits	309.8	293.0
Unpresented cheques	(1.0)	(3.1)
	909.2	787.2

The Company's cash and cash equivalents (net of unpresented cheques) at March 31, 2025 were \$909.2 million, an increase of \$122.0 million, or 15.5%, compared to March 31, 2024.

Cash generated from operating activities was \$164.3 million, an increase of \$14.2 million from Q1 2024, primarily due to increased adjustments to earnings.

Financing activities used \$224.6 million of cash compared to \$792.5 million generated in Q1 2024. The use of cash in Q1 2025 was primarily driven by the repayment of long-term debt and the repurchase of shares under the Company's 2024 normal course issuer bid ("NCIB") program. This compared to proceeds generated from the new term credit agreement in Q1 2024.

Investing activities used \$94.0 million in Q1 2025 compared to \$813.7 million used in Q1 2024. The purchases of property, plant, and equipment utilized cash in both periods in addition to the prior year use of cash primarily driven by the Bourgault acquisition.

### Operating Activities

(in millions of dollars)	Three Months Ended	
	2025	March 31 2024
	\$	\$
Net Earnings (Loss) for the period	177.7	178.5
Adjustments to earnings	191.4	146.5
	369.1	325.0
Changes in operating assets and liabilities	(204.8)	(174.9)
Cash generated from (used in) operating activities	164.3	150.1

Cash generated by operations before the effect of changes in operating assets and liabilities increased \$44.1 million, or 13.6%, in Q1 2025 to \$369.1 million, compared to \$325.0 million in Q1 2024 primarily due to increased adjustments to earnings.

Changes in operating assets and liabilities for Q1 2025 used cash of \$204.8 million compared to \$174.9 million in Q1 2024, 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	
	2025	March 31 2024
	\$	\$
Proceeds from (repayments of) long-term debt	(137.5)	129.7
Proceeds from term credit agreement	-	700.0
Repurchase of shares	(53.5)	-
Finance income received (expenses paid)	(33.6)	(37.2)
Cash generated from (used in) financing activities	(224.6)	792.5

Cash used by financing activities for Q1 2025 was \$224.6 million compared to \$792.5 million generated in Q1 2024. Financing activities in Q1 2025 were driven by the repayment of long-term debt and funds used for the Company's 2024 NCIB program. This compared to the Q1 2024 proceeds from the new term credit agreement partially used for the acquisition of Bourgault.

## Investing Activities

(in millions of dollars)	Three Months Ended	
	2025	March 31 2024
	\$	\$
Payments for purchase of property, plant and equipment	(88.8)	(189.8)
Proceeds on disposal of property, plant and equipment	0.9	0.4
Payments for purchase of intangible assets	(5.8)	(6.9)
Business acquisitions, net of cash acquired	-	(617.3)
Other	(0.3)	(0.1)
Cash generated from (used in) investing activities	(94.0)	(813.7)

Cash used for investing activities for Q1 2025 was \$94.0 million compared to Q1 2024 at \$813.7 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, 2025, cash and cash equivalents, including short-term deposits was \$909.2 million and the Company's credit facilities had available credit of \$913.4 million. Combined, the Company believes this liquidity<sup>1</sup> of \$1.8 billion at March 31, 2025 is sufficient to meet cash flow needs. Free cash flow<sup>1</sup> was \$76.4 million for Q1 2025 primarily due to cash generated from operating activities.

## Commitments and Contingencies

Please see the Company's December 31, 2024 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, 2024.

## Financial Instruments

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the quarter ended March 31, 2025. For more information, please see the Company's December 31, 2024 annual MD&A and the Company's consolidated financial statements for the year ended December 31, 2024.

## CURRENT AND PROPOSED TRANSACTIONS

There are no current and proposed transactions for the quarter ended March 31, 2025.

## 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 International Trade Policies; 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

<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.

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; Climate Change; 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, 2025. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2024 annual MD&A, and the Company's December 31, 2024 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, 2025, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRS Accounting Standards 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, 2024.

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

For information pertaining to accounting changes effective in 2024 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2024, and the consolidated interim financial statements for the quarter ended March 31, 2025.

## **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:

	Three Months Ended	
	2025	March 31 2024
(in millions of dollars)	\$	\$
Asset impairments, net of reversals impacting EBITDA – Normalized	(0.8)	0.1

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by (\$0.8) million for Q1 2025 (\$0.1 million for Q1 2024).

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

	Three Months Ended			
	2025	2024	March 31	
(in millions of dollars, except per share figures)	\$	\$	+/-	+/-
			\$	%
<b>Operating Earnings (Loss) – Normalized</b>				
Operating Earnings (Loss)	266.3	269.2	(2.9)	(1.1%)
Foreign exchange (gain) loss	(14.3)	(25.4)	11.1	
Other items	-	-	-	
Operating Earnings (Loss) – Normalized	252.0	243.8	8.2	3.4%
<b>Net Earnings (Loss) – Normalized</b>				
Net Earnings (Loss)	177.7	178.5	(0.8)	(0.4%)
Foreign exchange (gain) loss	(14.3)	(25.4)	11.1	
Foreign exchange (gain) loss on debt and derivatives	-	0.5	(0.5)	
Other items	-	-	-	
Tax impact including Other Items	3.8	6.0	(2.2)	
Net Earnings (Loss) – Normalized	167.2	159.6	7.6	4.8%

	2025	2024	Three Months Ended	
			March 31	
(in millions of dollars, except per share figures)	\$	\$	+/- \$	+/- %
<b>Net Earnings (Loss) per Share – Diluted – Normalized</b>				
Net Earnings (Loss) per Share – Diluted	2.94	2.90	0.04	1.4%
Foreign exchange (gain) loss	(0.24)	(0.41)	0.17	
Foreign exchange (gain) loss on debt and derivatives	-	0.01	(0.01)	
Other items	-	-	-	
Tax impact including Other Items	0.06	0.09	(0.03)	
Net Earnings (Loss) per Share – Diluted – Normalized	2.76	2.59	0.17	6.6%
<b>EBITDA and EBITDA – Normalized</b>				
Net Earnings (Loss) before income taxes	241.6	236.3	5.3	2.2%
Amortization of property, plant and equipment	135.0	122.6	12.4	
Amortization of other intangible assets	20.0	17.6	2.4	
Interest expense	24.5	30.0	(5.5)	
Other interest	4.6	5.2	(0.6)	
EBITDA	425.7	411.7	14.0	3.4%
Foreign exchange (gain) loss	(14.3)	(25.4)	11.1	
Foreign exchange (gain) loss on debt and derivatives	-	0.5	(0.5)	
Asset impairment provision, net of reversals	(0.8)	0.1	(0.9)	
Other items	-	-	-	
EBITDA – Normalized	410.6	386.9	23.7	6.1%

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

	Industrial	Mobility	Three Months Ended	
			March 31	
(in millions of dollars)	\$	\$	2025	
			Linamar	
			\$	
<b>Operating Earnings (Loss) – Normalized</b>				
Operating Earnings (Loss)	142.9	123.4	266.3	
Foreign exchange (gain) loss	(16.3)	2.0	(14.3)	
Other items	-	-	-	
Operating Earnings (Loss) – Normalized	126.6	125.4	252.0	
<b>EBITDA – Normalized</b>				
EBITDA	166.5	259.2	425.7	
Foreign exchange (gain) loss	(16.3)	2.0	(14.3)	
Foreign exchange (gain) loss on debt and derivatives	-	-	-	
Asset impairment provision, net of reversals	-	(0.8)	(0.8)	
Other items	-	-	-	
EBITDA – Normalized	150.2	260.4	410.6	

(in millions of dollars)	Three Months Ended		
	Industrial	Mobility	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	-	-	-
<b>Operating Earnings (Loss) – Normalized</b>	<b>120.2</b>	<b>123.6</b>	<b>243.8</b>
<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	-	-	-
<b>EBITDA – Normalized</b>	<b>140.1</b>	<b>246.8</b>	<b>386.9</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	
	2025	2024
	\$	\$
<b>Free Cash Flow</b>		
Cash generated from (used in) operating activities	164.3	150.1
Payments for purchase of property, plant and equipment	(88.8)	(189.8)
Proceeds on disposal of property, plant and equipment	0.9	0.4
<b>Free Cash Flow</b>	<b>76.4</b>	<b>(39.3)</b>
<b>Liquidity</b>		
Cash and cash equivalents	909.2	787.2
Available credit	913.4	522.9
<b>Liquidity</b>	<b>1,822.6</b>	<b>1,310.1</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, international trade policies including tariffs; 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; 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; 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.