

Annual Report 2024



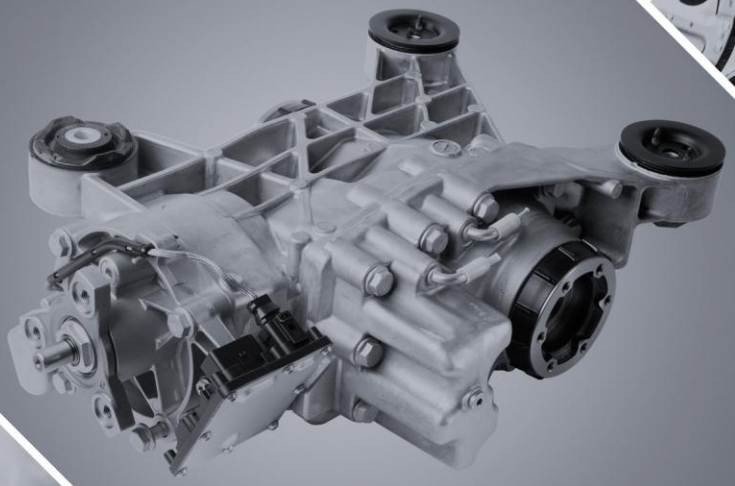
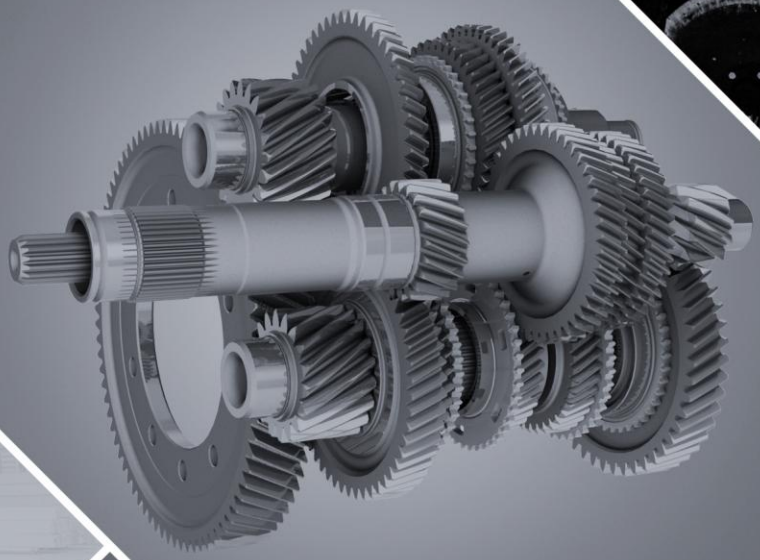


TABLE OF CONTENTS

LETTER TO SHAREHOLDERS	1
MANAGEMENT DISCUSSION & ANALYSIS	9
CONSOLIDATED FINANCIAL STATEMENTS	31
1 General Information	41
2 Basis of Preparation	41
3 Material Accounting Policies	41
4 Changes in Accounting Policies	50
5 Critical Accounting Estimates and Judgements	50
6 Sale of Receivables	51
7 Inventories	52
8 Income Taxes	52
9 Property, Plant and Equipment	54
10 Intangible Assets	56
11 Goodwill	57
12 Provisions	58
13 Long-Term Debt	58
14 Capital Stock	60
15 Revenue from Contracts with Customers	60
16 Expenses by Nature	60
17 Employee Benefits	61
18 Share-Based Compensation	61
19 Other Income and (Expenses)	62
20 Finance Income and (Expenses)	62
21 Earnings per Share	62
22 Commitments	62
23 Related Party Transactions	63
24 Segmented Information	63
25 Supplemental Cash Flow Information	64
26 Business Acquisitions	65
27 Financial Instruments	67
28 Subsequent Event	72
ANNUAL MEETING OF SHAREHOLDERS	73

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

HIGHLIGHTS OF 2024

2024 was another record year for us at Linamar marked in particular by us meeting our long-established goal of \$10 Billion in sales, a huge milestone the company is very proud of.

We saw record sales of \$10.6 Billion driving off sales growth of 9%, and 12% EPS growth, a remarkable achievement given all 3 of our key markets of mobility, access and agriculture were down in 2024 over prior year. Our mobility segment normalized earnings in particular had outstanding growth of 31% with margins expanding over 100 bps.

We saw strong market share growth in key business including record levels of Content per Vehicle ("CPV") in our mobility business and growth in each of our industrial businesses as well.

Our financial success resulted in a substantial strengthening of our balance sheet with net debt to EBITDA now at an exceptional 1x level and a very strong level of liquidity available to fund growth of more than \$1.8 billion. A strong balance sheet is key at this juncture when key acquisition and takeover opportunities are presenting themselves.

We culminated a multi-year succession strategy with the appointment of Jim Jarrell as our CEO in August of 2024, a well-deserved recognition of Jim's outstanding performance over many years as our President and COO.

We continue to gain substantial traction in our sustainability efforts with significant reductions in energy usage at our global operations continuing to be realized.

And we continued to invest in our talent pipeline to fuel our continued growth.

We are incredibly proud of how our global team has performed in a challenging timeframe.

Of course, entering 2025 we find geopolitical and economic headwinds are strong but our focus remains firmly on the long term. Threats of tariffs in North America, a short-term tactic that can literally be implemented one day and removed the next, are not the basis for long term decision making such as where to manufacture our products. We make those decisions on long term fundamentals such as availability of talent, where we have open capacity, bench strength, supply chain availability and costs in a region. It is our job as leaders to look past the noise and focus on our long-term business viability and growth.

Our products in our mobility business are highly engineered and validated to work in customer platforms. Our customers cannot easily resource this type of product without significant investment, time, validation and testing. That in conjunction with the highly integrated nature of the automotive market in particular do help to safeguard us against potential tariffs.

Our access and agricultural products are highly innovative with technology our customers want. That makes it more difficult to switch to alternative products. Innovation, as always, is the key to competitiveness in any situation, as is efficiency of processing and purchasing to optimize and continuously improve cost, something our businesses have always thrived in doing every day.

In addition, we are scenario planning on cost implications for impacted purchased product to identify alternatives where possible, identifying new products and markets we could pivot to in order to continue to grow and sell and developing tactical strategies to mitigate risk.

We have used our natural flexibility, risk mitigation, innovation, ingenuity and negotiating skills to mitigate challenges and push for continued superior performance. Our culture has a proven track record to effectively manage in any environment. It will continue to serve us well in this difficult timeframe.

In reflecting on 2024, we can identify many successes.

EMPLOYEES

For our people the focus in 2024 was all about building our talent pipeline with continued focus on diversity, equity and inclusion as a key driver of such.

We furthered our DEI work by recognizing outstanding leaders in our organization who create inclusive and effective teams. We remain committed to DEI as a key driver of talent in our organization as it maximizes access to 100% of available talent.

Linamar's approach to DEI has always been to create opportunity for everyone and then advance talent on merit. It has never been about quotas or reducing opportunity for any group. We think this approach to DEI is how we maximize talent, and talent drives results as we are seeing real time.

Commitment to our employees also means a commitment to Sustainable Manufacturing, something that is important to our people globally.

We have continued to drive down our emissions generated per dollar of sales and in absolute terms through sharing best in practice ideas across our global organization.

Finally we launched a new system for identifying and tracking top talent in the organization, a system we continue to build on in 2025.

Identifying and tracking talent is key to ensuring we have the deep bench we need to continue to grow globally at Linamar.

CUSTOMERS

For our customers the focus in 2024 was all about connecting with customers and implementing double digit growth plans in each of our businesses.

We focused in 2024 on integrating the 3 key acquisitions made in 2023 and early 2024:

- ◆ Our Dura-Shiloh battery tray acquisition extended our existing battery tray business globally and added additional technology with multi-material battery enclosure design including high strength steel (HSS), composite materials and unique joining (bonding) processes
- ◆ Our Mobex acquisition added patented casting technology for lightweight high strength hollow bodied components, a competitive advantage to drive growth in the structural safety critical component areas such as chassis products
- ◆ Our Bourgault acquisition perfectly complimented our existing agricultural business with another successful short line OEM, differentiated through technology and with excellent brand recognition and close customer connections

With these key acquisitions well integrated into the Linamar family and debt levels rapidly reduced we are beginning to turn again to acquisition ideas to continue to build our product and technology pipeline and extend our global reach.

We saw excellent market share growth in all of our businesses, in some cases to record levels

- ◆ Mobility business hitting new records in CPV globally, with notably results in North America in particular
- ◆ Agricultural Business Gaining Market Share Internationally with sales up in markets dramatically down
 - ◆ Excellent market share growth in combine drapers and windrowers globally for MacDon this year
 - ◆ Market share growth for key seeding products at Bourgault and tillage products at Salford as well
- ◆ Skyjack Market Share Gains also in a dramatically down market
 - ◆ Overall growth in global AWP market share
 - ◆ Notable growth in Scissor and Boom sales in Asia despite a sharply down-market meaning market share traction gaining in this key market

Market share is absolutely key to growth in our businesses – it offsets market declines in soft markets and accelerates growth in growing markets.

FINANCIALS

From a financial perspective the focus in 2024 was all about strengthening profitability which we delivered in spades.

Our Net Earnings grew in double digits, our 10th such performance out of the last 15 years.

Our Mobility business performed exceptionally well with more than 30% normalized operating earnings growth

- ◆ Margins increased from 4.6% to 5.7%
- ◆ 2025 will see further margin expansion in this, our largest segment

Strong Liquidity

- ◆ We rapidly paid down debt thanks to strong earnings, controlled capex and a disciplined approach to working capital

FOCUS FOR 2025

As we turn to the upcoming year our focus continues to center in many of the areas, we made such strong progress on in 2024. Everything we do this year will be laser focused on growing revenue, growing profit and growing our team.

EMPLOYEE

Growing our Team

On the employee side, the focus is building that talent pipeline that we so critically need to support our growth. We accomplished important work on succession last year and will look to take these accomplishments to the next level in 2025.

FINANCIAL

Growing Revenue, Earnings & Margins

On the financial side our focus is on finding key growth opportunities and continuing to strengthen profitability and boost margins, notably in our mobility segment. Whether through organic growth, takeover work or acquisition, immediate revenue and profit growth is the goal.

CUSTOMER

Connecting and Implementing Growth Strategies

On the customer side our focus is in 2 key areas – driving continued growth as well as evolving that growth in new areas, both in terms of overall markets and products and specifically in each segment and business and achieving both by restoring strong connections with our customers.

KEY BUSINESS STRATEGIES

Our excellent, consistent financial results are a result of the powerful synergistic diversification model that Linamar has developed.

We have 2 key businesses, mobility and industrial.

The mobility business is very large and global with excellent technology, systems and a deep talent pool. There are significant growth opportunities for this business which is capital intensive.

The industrial business is more regional, with a stronger presence in North America and less purchasing power than our mobility segment. That said they have low capex requirements making them a good generator of cash. They also do an excellent job of managing their various brands of Skyjack, MacDon, Salford and Bourgault and have excellent global growth potential.

Here is how it works.

The Mobility group helps improve the performance of the Industrial group by supplying talent, system expertise, a global network to enable global growth and significant purchasing power to improve profit and cash flow.

The Industrial group then provides much needed cash for investment to the Mobility segment as well as knowledge around effective brand management.

It is a unique model but it works exceptionally well to help us drive strong and consistent profitable growth, positive free cash flow all while maintaining a strong balance sheet.

Linamar's Powerful Balanced & Diversified Business Model

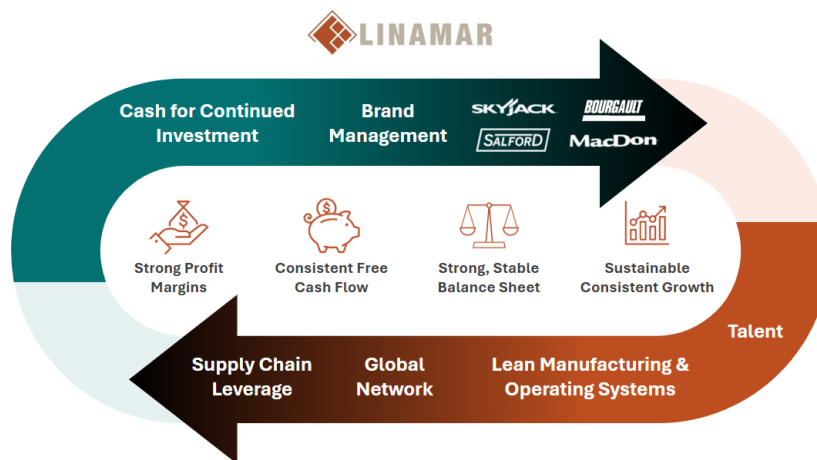


INDUSTRIAL SEGMENT

focused on North America, generates cash and shares brand management knowledge.

MOBILITY SEGMENT

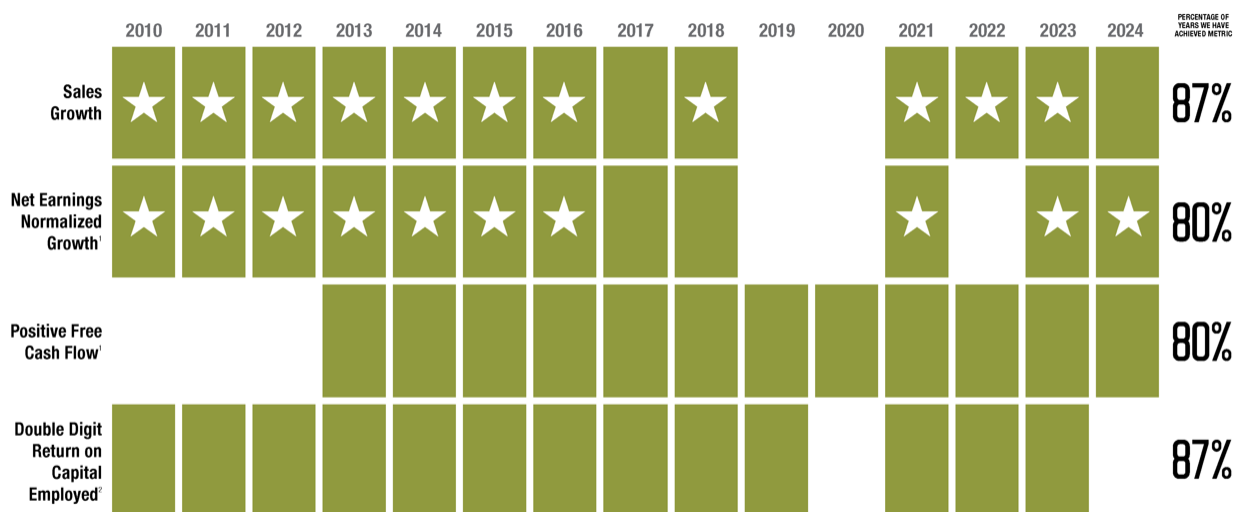
with its global reach and advanced capabilities, supports the Industrial segment by providing expertise and resources.



This **synergistic model** drives consistent growth, positive cash flow, and a strong balance sheet.

And for proof of that you only need to look at our track record.

Track Record of Financial Performance



Note: Years in which Double Digit Growth in Sales or Normalized Net Earnings is denoted by a star.

1 - Free Cash Flow (FCF) and Net Earnings (NE) - Normalized are Non-GAAP Financial Measures. Please refer to "Non-GAAP and Other Financial Measures" in the Management Discussion & Analysis part of this document.
 2 - Return of Capital Employed (ROCE) is a non-GAAP financial ratio and the Company finds it useful in assessing the underlying operational performance and in making decisions regarding the ongoing operations of the business. ROCE (A/B) is calculated as Earnings base (A) which is trailing twelve-month Operating Earnings of \$611 million (Q4 2023 - \$775 million) divided by Capital Employed (B) which is Equity (the most directly comparable measure as presented in the Company's Consolidated Statements of Financial Position) less Contributed Surplus of \$38 million (Q4 2023 - \$34 million) plus Long-Term Debt of \$2,293 million (Q4 2023 - \$1,772 million) less Cash of \$1,055 million (Q4 2023 - \$653 million).
 © Linamar Corporation

Year in and year out with very few exceptions we are delivering top and bottom-line growth, the strong majority of those years in double digits, as well as free cash flow and double-digit return on capital.

We have generated free cash flow 12 out of the last 15 years and every single year for the last 12 years and expect to again in 2025. That is more than \$5 billion of free cash flow over the last 15 years.

MOBILITY

Our key strategy for our mobility business is to maximize growth opportunities and ensure we are highly flexible in a market that is transitioning.

That means increasing content potential in electrified vehicles and propulsion agnostic parts of the vehicle. Today we have potential for about \$3,500 of revenue per vehicle in a BEV, FCEV or HEV. We have a similar level of potential in an ICE vehicle. We would like to continue to grow that content potential and have 4 key areas we look to focus on for such:

- ◆ Power Generation
- ◆ Energy Storage
- ◆ Propulsion Systems
- ◆ Structural & Chassis

Of particular interest is the rapidly developing hydrogen powered vehicles market. This has been a key focus of Linamar for several years notably in the Energy Storage areas. Our conformable hydrogen storage tank is a game changer in terms of efficiently storing the maximum amount of hydrogen in a space efficient way in the vehicle.

This strategy not only increases our content in electric propulsion systems but notably also grows our product lineup outside of propulsion essentially making us “**Propulsion Agnostic**”. This is important as these products are needed in any type of vehicle. We like the idea of growing this area of our business to maximize flexibility in a world where the evolution of propulsion in terms of technology and timing is changing it seems daily.

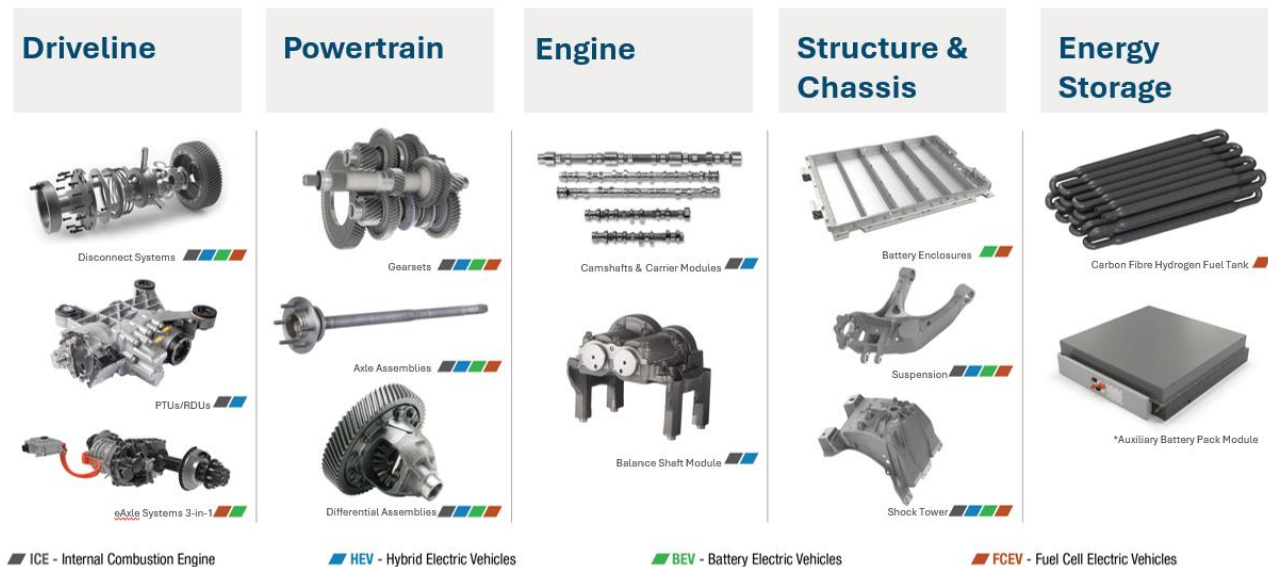
No technology adoption will be a straight line. There will always be ups and downs just as we see now on the EV side with a dial back in the market.

At Linamar we have always believed that our level of flexibility should directly correlate to levels of uncertainty. There will be uncertainty with respect to timing and volumes of different vehicle platforms over the coming years. That means we must be as flexible as possible.

We have done that in a few very important ways.

First, we have created a Product Portfolio with equal potential for any type of vehicle propulsion as noted.

Engineered Mobility Solutions



Next we have tried to ensure we have content across a wide variety of platforms to optimize sales potential based on market demand.

And finally, we chose products in new areas of propulsion which utilize the same type of processing and equipment as our traditional ICE business, and further invested in flexible equipment wherever possible, to allow us to shift capacities between

programs based on market demand. We can use the very same equipment for components we are making for electric vehicles for ICE vehicle components and vice versa. This flexibility is key to ensuring we maximize utilization of assets. In fact, nearly 85% of our equipment in our mobility business is flexible and can be reallocated from one program to the next.

Also key are the commercial terms we agree to with customers. We must be more commercially astute in terms of contracts, commitments and expectations than suppliers have typically been in the past with their OEM customers.

Be assured that we are doing all of this in order to successfully navigate the coming transition years in the mobility industry.

We are seeing particular opportunities around takeover business in a stressed marketplace where some suppliers bet too much investment on an electrified future which coupled with a contracting market is creating a plethora of distressed suppliers. **We have already won over \$185 million of takeover work from these suppliers and continue to bid on more opportunities.** Our financial strength, bias to speedy action and technical expertise are key factors in helping us secure this work.

SKYJACK

In our access business the key focus is Diversification and Globalization. The market is \$10 billion globally but the number of players in this business is small meaning the potential for a much larger slice of the market is very real.

For 2025 our strategy includes a laser focus on growth in China as part of that globalization push to build on the market share gains made last year. The market in China is growing rapidly and we have the right products to gain ground in the region.

Our new facility in Mexico is also really hitting stride and helping us to grow market share notably in telehandler products in North America despite a shrinking market.

Core operations in Canada are also growing with new products and an important focus on R&D and innovation for global operations.



Photo: Skyjack facility in Ramos Arizpe, Mexico



Photo: Bauma China event in Shanghai in November 2024

MACDON, SALFORD & BOURGAULT

In our Agriculture businesses the key focus is also Diversification and Globalization as well as aligning our three agricultural businesses to drive stronger growth and find leverage opportunities.

Product diversification has been a strategy we have played out very successfully over the past few years from both a product development and acquisition perspective.

The acquisition of MacDon in 2018 was the first step in our ag strategy, building a stronger harvesting product portfolio by adding important technology for harvesting a variety of low to the ground crops to compliment our existing corn and sunflower harvesting business in our Hungarian Oros division.

2022 saw us expand into crop nutrition with the Salford acquisition and we see plenty of opportunity to sell this excellent technically advanced product globally.

The acquisition of Bourgault and its world leading seeding technology in 2024 completes the picture in terms of our agricultural strategy complementing our other agricultural businesses perfectly. Bourgault is a technology leader in seeding systems, with patented technology that places the seed in the seedbed and fertilizer adjacent for soil nutrition in order to optimize seed performance and field yield.

We now have products that complete the full span of agricultural equipment, from field preparation to seeding and planting, crop nutrition, harvest and post-harvest.

Great opportunities exist for us to build market share globally with these 3 excellent brands, each of which have a strong customer following and very strong brand names. The businesses have excellent market share in North America and with global markets much larger than North America alone we see excellent growth opportunities.



MEDTECH

We continue to explore the opportunistic MedTech market where we see significant potential for Linamar as a contract manufacturing for both medical implants & instruments.

We have already started down this road on the latter with our ventilator initiative in 2020 (more than 1 million ventilators or parts of such produced the help fight the pandemic in 2020). We continue to produce life support systems, a project originally launched back in 2020.

Our focus is on contract manufacturing for precision medical components and medical devices for orthopedics, prosthesis, surgical devices, respiratory devices and imaging devices



INNOVATION

Of course, innovation remains the core strategy for success in every one of these markets.

We have 3 key underpinning strategies throughout our businesses around innovation – to drive and develop green technologies, digitization and operational efficiency. These strategies support both product design and the function of our facilities.

In our facilities, innovation takes the form of Industry 4.0 technology investments to improve efficiency and support digitization and operational efficiency.

Facilities are also making technology investments to reduce their carbon footprint to support green technologies. We are rapidly creating the Factory of the Future.

From a product perspective we achieve our green innovation goals through electrification for Mobility and Skyjack, precision agriculture for MacDon, Salford & Bourgault and compact and energy efficient products for MedTech. And we improve operational efficiency with lighter and quieter products for Mobility, with digitization and telematics for Skyjack, by optimizing harvest, seeding and crop fertilization in our agricultural businesses and by creating digitized and autonomous solutions for MedTech.

Lastly, and of key importance, is innovation at Linamar is always approached with a lens of commercializing our creativity – how do we take our evolving technology and turn it into real sales and earnings!

THE FUTURE

Times are challenging in today's rapidly evolving world, whether in terms of geo-political difficulties or evolving technologies. At Linamar we have always thrived in challenging times; we see the most opportunity when the winds are strongest.

We have the right strategy with the right long-term focus, we have the innovation and the flexibility, we have a talented and growing group of people with an amazing culture focused on success, and we will continue to turn that into consistent sustainable growth for you our shareholders.

Sincerely,



(Signed) "Linda Hasenfratz"

Linda Hasenfratz
Executive Chair



(Signed) "Jim Jarrell"

Jim Jarrell
Chief Executive Officer

MANAGEMENT DISCUSSION & ANALYSIS

Linamar Corporation

December 31, 2024 and December 31, 2023
(in millions of dollars)

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended December 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 and year ended December 31, 2024. This MD&A has been prepared as at March 5, 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 or through the SEDAR website at 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 33,000 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 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 fourth quarter of 2024 ("Q4 2024") and 2023 ("Q4 2023"):

(in millions of dollars, except per share figures)	Three Months Ended December 31				Twelve Months Ended December 31			
	2024	2023	+/-	+/-	2024	2023	+/-	+/-
	\$	\$	\$	%	\$	\$	\$	%
Sales	2,375.7	2,453.9	(78.2)	(3.2%)	10,582.0	9,733.5	848.5	8.7%
Gross Margin	305.8	320.2	(14.4)	(4.5%)	1,504.0	1,322.8	181.2	13.7%
Operating Earnings (Loss)	(149.5)	169.6	(319.1)		611.3	774.8	(163.5)	(21.1%)
Net Earnings (Loss)	(232.3)	104.4	(336.7)		258.3	503.1	(244.8)	(48.7%)
Net Earnings (Loss) per Share - Diluted	(3.78)	1.69	(5.47)		4.19	8.17	(3.98)	(48.7%)
Earnings before interest, taxes and amortization ("EBITDA") ¹	20.6	307.5	(286.9)	(93.3%)	1,229.8	1,285.4	(55.6)	(4.3%)
Operating Earnings (Loss) - Normalized ¹	181.1	191.9	(10.8)	(5.6%)	943.9	798.9	145.0	18.1%
Net Earnings (Loss) - Normalized ¹	111.8	122.2	(10.4)	(8.5%)	604.4	541.1	63.3	11.7%
Net Earnings (Loss) per Share - Diluted - Normalized ¹	1.82	1.98	(0.16)	(8.1%)	9.81	8.78	1.03	11.7%
EBITDA – Normalized ¹	351.6	332.6	19.0	5.7%	1,564.7	1,312.3	252.4	19.2%

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.

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

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 December 31, 2024.

(in millions of dollars)	Three Months Ended December 31 2024			Twelve Months Ended December 31 2024		
	Industrial \$	Mobility \$	Linamar \$	Industrial \$	Mobility \$	Linamar \$
Sales	637.1	1,738.6	2,375.7	3,093.6	7,488.4	10,582.0
Operating Earnings (Loss)	152.9	(302.4)	(149.5)	589.2	22.1	611.3
EBITDA	177.4	(156.8)	20.6	682.5	547.3	1,229.8
Operating Earnings (Loss) – Normalized	91.4	89.7	181.1	516.2	427.7	943.9
EBITDA – Normalized	115.9	235.7	351.6	610.5	954.2	1,564.7

(in millions of dollars)	Three Months Ended December 31 2023			Twelve Months Ended December 31 2023		
	Industrial \$	Mobility \$	Linamar \$	Industrial \$	Mobility \$	Linamar \$
Sales	607.4	1,846.5	2,453.9	2,646.3	7,087.2	9,733.5
Operating Earnings (Loss)	85.8	83.8	169.6	460.9	313.9	774.8
EBITDA	101.9	205.6	307.5	526.1	759.3	1,285.4
Operating Earnings (Loss) – Normalized	100.5	91.4	191.9	471.4	327.5	798.9
EBITDA – Normalized	117.2	215.4	332.6	537.2	775.1	1,312.3

Industrial Highlights

(in millions of dollars)	2024		2023		Three Months Ended December 31 2024		Three Months Ended December 31 2023	
	\$	\$	\$	\$	+/- \$	+/- %	+/- \$	+/- %
Sales	637.1	607.4	607.4	607.4	29.7	4.9%	29.7	4.9%
Operating Earnings (Loss)	152.9	85.8	85.8	85.8	67.1	78.2%	67.1	78.2%
EBITDA	177.4	101.9	101.9	101.9	75.5	74.1%	75.5	74.1%
Operating Earnings (Loss) – Normalized	91.4	100.5	100.5	100.5	(9.1)	(9.1%)	(9.1)	(9.1%)
EBITDA – Normalized	115.9	117.2	117.2	117.2	(1.3)	(1.1%)	(1.3)	(1.1%)

The Industrial segment (“Industrial”) product sales increased 4.9%, or \$29.7 million, to \$637.1 million in Q4 2024 from Q4 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
- ◆ steady agricultural sales in a market that was down significantly, primarily due to exceptional global market share growth for combine drapers, seeding and tillage products; partially offset by
- ◆ reduced volumes due to lower market demand for access equipment partially offset by global market share gains for booms.

The 2024 sales for Industrial increased by \$447.3 million, or 16.9%, compared with 2023. The factors that impacted Q4 2024 similarly impacted the 2024 results.

Industrial segment normalized operating earnings in Q4 2024 decreased \$9.1 million, or 9.1%, from Q4 2023. The Industrial normalized operating earnings results were predominantly driven by:

- ◆ reduced volumes primarily due to lower market demand for access equipment; partially offset by
- ◆ higher margins from increased sales related to the acquisition of Bourgault in Q1 2024.

The 2024 normalized operating earnings increased by \$44.8 million, or 9.5%, compared with 2023. The factors that impacted Q4 2024 similarly impacted the 2024 results.

Mobility Highlights

(in millions of dollars)	Three Months Ended December 31				Twelve Months Ended December 31			
	2024 \$	2023 \$	+/- \$	+/- %	2024 \$	2023 \$	+/- \$	+/- %
Sales	1,738.6	1,846.5	(107.9)	(5.8%)	7,488.4	7,087.2	401.2	5.7%
Operating Earnings (Loss)	(302.4)	83.8	(386.2)	-	22.1	313.9	(291.8)	(93.0%)
EBITDA	(156.8)	205.6	(362.4)	-	547.3	759.3	(212.0)	(27.9%)
Operating Earnings (Loss) – Normalized	89.7	91.4	(1.7)	(1.9%)	427.7	327.5	100.2	30.6%
EBITDA – Normalized	235.7	215.4	20.3	9.4%	954.2	775.1	179.1	23.1%

Sales for the Mobility segment (“Mobility”) decreased by \$107.9 million, or 5.8%, in Q4 2024 compared with Q4 2023. The sales in Q4 2024 were impacted by:

- ◆ a sales decline from significant automotive market declines globally but notably in Europe and North America, lower volumes on programs the Company has significant business with and lower production for certain ending programs; in addition to
- ◆ lower sales related to 2023 customer cost recoveries recognized in Q4 2023; partially offset by
- ◆ increased sales related to the Linamar Structures acquisitions completed in 2023;
- ◆ increased sales related to launching programs; and
- ◆ a favourable impact on sales from the changes in foreign exchange rates from Q4 2023.

The 2024 sales for Mobility increased by \$401.2 million, or 5.7%, compared to 2023. The factors that impacted Q4 2024 similarly impacted the 2024 results.

Q4 2024 normalized operating earnings for Mobility decreased by \$1.7 million, or 1.9%, compared to Q4 2023. The Mobility segment’s earnings were impacted by the following:

- ◆ lower margins from the sales decline from significant automotive market declines globally but notably in Europe and North America, lower volumes on programs the Company has significant business with and lower production for certain ending programs; partially offset by
- ◆ improvements driving from cost reductions and operational efficiencies;
- ◆ higher margins on the increased sales related to launching programs; and
- ◆ higher margins on the increased sales related to the Linamar Structures acquisitions completed in 2023.

The 2024 normalized operating earnings increased by \$100.2 million, or 30.6%, compared with 2023. The factors that impacted Q4 2024 similarly impacted the 2024 results.

Automotive Sales and Content Per Vehicle²

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 units³ 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

² 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.

³ 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.

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 December 31				Twelve Months Ended December 31			
	2024	2023	+/-	%	2024	2023	+/-	%
<i>North America</i>								
Vehicle Production Units	3.77	3.87	(0.10)	(2.6%)	16.07	16.25	(0.18)	(1.1%)
Automotive Sales	\$ 1,042.2	\$ 1,064.7	\$ (22.5)	(2.1%)	\$ 4,617.6	\$ 4,071.5	\$ 546.1	13.4%
Content Per Vehicle	\$ 276.19	\$ 275.28	\$ 0.91	0.3%	\$ 287.40	\$ 250.55	\$ 36.85	14.7%
<i>Europe</i>								
Vehicle Production Units	4.27	4.60	(0.33)	(7.2%)	17.12	17.81	(0.69)	(3.9%)
Automotive Sales	\$ 374.4	\$ 456.5	\$ (82.1)	(18.0%)	\$ 1,691.2	\$ 1,830.2	\$ (139.0)	(7.6%)
Content Per Vehicle	\$ 87.61	\$ 99.25	\$ (11.64)	(11.7%)	\$ 98.78	\$ 102.79	\$ (4.01)	(3.9%)
<i>Asia Pacific</i>								
Vehicle Production Units	15.06	14.37	0.69	4.8%	51.68	51.41	0.27	0.5%
Automotive Sales	\$ 156.4	\$ 152.1	\$ 4.3	2.8%	\$ 529.6	\$ 527.0	\$ 2.6	0.5%
Content Per Vehicle	\$ 10.39	\$ 10.59	\$ (0.20)	(1.9%)	\$ 10.25	\$ 10.25	\$ -	0.0%

North American automotive sales for Q4 2024 decreased 2.1% from Q4 2023 in a market that saw a decrease of 2.6% in production volumes for the same period. As a result, content per vehicle in Q4 2024 increased 0.3% from \$275.28 to \$276.19. The increase in North American content per vehicle was mainly driven by increased sales related to the acquisitions in 2023, launching programs 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 Electric Vehicle ("EV") programs.

European automotive sales for Q4 2024 decreased 18.0% from Q4 2023 in a market that saw a decrease of 7.2% in production volumes for the same period. As a result, content per vehicle in Q4 2024 decreased 11.7% from \$99.25 to \$87.61. The decrease in European content per vehicle was mainly driven by lower production for certain programs and notably EV platforms; partially offset by launching programs.

Asia Pacific automotive sales for Q4 2024 increased 2.8% from Q4 2023 in a market that saw an increase of 4.8% in production volumes for the same period. As a result, content per vehicle in Q4 2024 decreased 1.9% from \$10.59 to \$10.39. The decrease in Asian content per vehicle was a result of lower production for certain programs, partially offset by launching programs.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended December 31		Twelve Months Ended December 31	
	2024	2023	2024	2023
Sales	\$ 2,375.7	\$ 2,453.9	\$ 10,582.0	\$ 9,733.5
Cost of Sales before amortization	1,904.8	1,997.9	8,476.6	7,921.6
Amortization	165.1	135.8	601.4	489.1
Cost of Sales	2,069.9	2,133.7	9,078.0	8,410.7
Gross Margin	\$ 305.8	\$ 320.2	\$ 1,504.0	\$ 1,322.8
Gross Margin percentage	12.9%	13.0%	14.2%	13.6%

Gross margin percentage decreased in Q4 2024 to 12.9% compared to 13.0% in Q4 2023. Cost of sales before amortization as a percentage of sales decreased in Q4 2024 to 80.2% compared to 81.4% for the same quarter as last year. In dollar terms, gross margin decreased \$14.4 million in Q4 2024 compared with Q4 2023 as a result of the items discussed earlier in this analysis such as:

- ♦ lower margins from the sales decline from significant automotive market declines globally but notably in Europe and North America, lower volumes on programs that the Company has significant business with and lower production for certain ending Mobility programs; and
- ♦ reduced volumes primarily due to lower market demand for access equipment; partially offset by
- ♦ improvements driving cost reductions and operational efficiencies;
- ♦ higher margins on the increased sales related to the Linamar Structures acquisitions completed in 2023 and the Q1 2024 acquisition of Bourgault; and
- ♦ higher margins on the increased sales related to launching programs.

For 2024 gross margin increased to 14.2% from 13.6% in the same period of 2023. The increase in the 2024 gross margin was a result of the same factors that impacted Q4 2024.

Amortization as a percentage of sales increased to 6.9% of sales compared to 5.5% for the same quarter as last year. In dollar terms, Q4 2024 amortization increased as a result of:

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

For 2024 amortization was higher at \$601.4 million compared to \$489.1 million in 2023 reflecting similar factors that impacted Q4 2024. The amortization as a percentage of sales increased to 5.7% in 2024 compared to 5.0% in 2023.

Selling, General and Administration

(in millions of dollars)	Three Months Ended December 31		Twelve Months Ended December 31	
	2024	2023	2024	2023
Selling, general and administrative	\$ 135.0	\$ 131.5	\$ 592.1	\$ 526.6
SG&A percentage	5.7%	5.4%	5.6%	5.4%

Selling, general and administrative (“SG&A”) costs increased in Q4 2024 to \$135.0 million from \$131.5 million, or 5.7% of sales in Q4 2024. 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; partially offset by
- ♦ a decrease in management bonuses because of the goodwill impairment recognized in the quarter.

For 2024, SG&A costs reflected similar factors that impacted Q4 2024 and increased as a percentage of sales to 5.6% from 5.4% when compared to 2023.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended December 31		Twelve Months Ended December 31	
	2024	2023	2024	2023
Operating Earnings (Loss)	(149.5)	169.6	611.3	774.8
Finance Income and (Expenses)	(29.5)	(24.7)	(135.2)	(71.0)
Provision for (Recovery of) Income Taxes	53.3	40.5	217.8	200.7
Net Earnings (Loss)	(232.3)	104.4	258.3	503.1

Finance Expenses

Finance expenses increased \$4.8 million to \$29.5 million in Q4 2024 from \$24.7 million in Q4 2023 due to:

- ♦ the \$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 2023 Linamar Structures acquisitions; partially offset by
- ♦ Q4 2023 foreign exchange loss related to the GBP to CAD forward contracts that did not recur in 2024 as the program ended in 2023;
- ♦ a decrease in interest on the revolving credit facility due to the significant debt repayment completed in Q4 2024; and
- ♦ an increase in interest earned due to higher average daily cash balances compared to Q4 2023.

The 2024 finance expenses increased \$64.2 million from \$71.0 million in 2023 to \$135.2 million due to:

- ♦ the \$700 million term credit agreement issued in February 2024 used primarily to fund the Bourgault acquisition;
- ♦ the issuance of \$550 million private placement notes in June 2023 (“2033 Notes”) used to fund the 2023 Linamar Structures acquisitions;
- ♦ a decrease in interest earned due to lower average daily cash balances compared to 2023, in addition to lower interest rates in 2024; and
- ♦ an increase in interest costs associated with leases acquired in the 2023 Linamar Structures acquisitions; partially offset by
- ♦ a decrease in interest on the revolving credit facility due to the significant debt repayment completed in Q4 2024.

The consolidated effective interest rate for Q4 2024 increased to 4.8% compared to 4.6% in Q4 2023. The consolidated effective interest rate for 2024 increased to 5.1% compared to 4.6% in 2023. The changes in the effective interest rate for both Q4 2024 and 2024 were driven by similar factors as above.

Income Taxes

The effective tax rate for Q4 2024 was negative 29.8%, a decrease from 28.0% in the same quarter of 2023. The effective tax rate in Q4 2024 was driven by the goodwill impairment taken in the quarter.

The effective tax rate for 2024 was 45.8%, an increase from the 28.5% rate in 2023. The primary driver was the impairment of goodwill, partially offset by a decrease in the withholding tax on dividends from China.

If the goodwill impairment is excluded, then the effective tax rate for Q4 and 2024 would have been 25.9% and 25.3% respectively.

TOTAL EQUITY AND OUTSTANDING SHARE DATA

During the quarter 100,000 options expired unexercised, no options were forfeited, and 150,000 options were issued.

The Company is authorized to issue an unlimited number of common shares, of which 60,186,177 common shares were outstanding as of March 5, 2025. The Company's common shares constitute its only class of voting securities. As of March 5, 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

Annual Results

The following table sets out selected financial data relating to the Company's years ended December 31, 2024, 2023 and 2022. This financial data should be read in conjunction with the Company's consolidated financial statements for these years:

(in millions of dollars, except per share figures)	2024 \$	2023 \$	2022 \$
Sales	10,582.0	9,733.5	7,917.9
Net Earnings (Loss)	258.3	503.1	426.2
Normalizing Items	346.1	38.0	(25.7)
Net Earnings (Loss) - Normalized	604.4	541.1	400.5
Total Assets	10,499.8	9,850.5	8,576.4
Total Long-term Liabilities	2,584.9	2,009.5	1,608.3
Cash Dividends declared per share	1.00	0.88	0.80
Net Earnings (Loss) per Share			
Basic	4.20	8.18	6.67
Diluted	4.19	8.17	6.67
Diluted - Normalized	9.81	8.78	6.26

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. For 2024, 2023 and 2022 normalizing items please see the "Non-GAAP and Additional GAAP Measures" section of this MD&A or the Q4 2023 MD&A.

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended March 31, 2023 through December 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.

(in millions of dollars, except per share figures)	Dec 31 2024 \$	Sep 30 2024 \$	Jun 30 2024 \$	Mar 31 2024 \$	Dec 31 2023 \$	Sep 30 2023 \$	Jun 30 2023 \$	Mar 31 2023 \$
Sales	2,375.7	2,635.7	2,848.7	2,721.9	2,453.9	2,434.2	2,552.8	2,292.7
Net Earnings (Loss)	(232.3)	138.0	174.1	178.5	104.4	146.7	135.0	117.0
Net Earnings (Loss) per Share								
Basic	(3.79)	2.24	2.83	2.90	1.70	2.38	2.19	1.90
Diluted	(3.78)	2.24	2.82	2.90	1.69	2.38	2.19	1.90

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		Twelve Months Ended	
	December 31		December 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash generated from (used in):				
Operating Activities	497.6	276.4	1,254.0	793.6
Financing Activities	(267.6)	(22.2)	235.9	207.4
Investing Activities	(18.1)	(291.7)	(1,117.4)	(1,194.0)
Effect of translation adjustment on cash	18.3	(3.8)	28.8	(14.2)
Increase (decrease) in cash and cash equivalents	230.2	(41.3)	401.3	(207.2)
Cash and cash equivalents – Beginning of Period	824.4	694.6	653.3	860.5
Cash and cash equivalents – End of Period	1,054.6	653.3	1,054.6	653.3
Comprised of:				
Cash in bank	712.0	392.6	712.0	392.6
Short-term deposits	345.4	266.2	345.4	266.2
Unpresented cheques	(2.8)	(5.5)	(2.8)	(5.5)
	1,054.6	653.3	1,054.6	653.3

The Company's cash and cash equivalents (net of unpresented cheques) at December 31, 2024 were \$1,054.6 million, an increase of \$401.3 million, or 61.4%, compared to December 31, 2023.

Cash generated from operating activities was \$497.6 million and \$1,254.0 million for the full year, primarily due to increased cash generated from operations before the effect of changes in operating assets and liabilities.

Financing activities used \$267.6 million of cash compared to \$22.2 million used in Q4 2023, 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. Cash generated from financing activities in 2024 was \$235.9 million, compared to \$207.4 million generated in 2023. The increased generation of cash in 2024 was due to higher proceeds from the Company's new term credit agreement partially offset by increased financing expenses paid, as compared to the 2023 generation of cash from the 2033 Notes issuance partially offset by repayments of long-term debt.

Investing activities used \$18.1 million in Q4 2024 compared to \$291.7 million used in Q4 2023. The prior year use of cash was primarily for the purchases of property, plant, and equipment and the Linamar Structures acquisitions.

Operating Activities

(in millions of dollars)	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net Earnings (Loss) for the period	(232.3)	104.4	258.3	503.1
Adjustments to earnings	711.2	144.9	1,206.6	499.0
	478.9	249.3	1,464.9	1,002.1
Changes in operating assets and liabilities	18.7	27.1	(210.9)	(208.5)
Cash generated from (used in) operating activities	497.6	276.4	1,254.0	793.6

Cash generated by operations before the effect of changes in operating assets and liabilities increased \$229.6 million, or 92.1%, in Q4 2024 to \$478.9 million, compared to \$249.3 million in Q4 2023 and for the full year increased \$462.8 million to \$1,464.9 million primarily due to increased adjustments to earnings.

Changes in operating assets and liabilities for Q4 2024 generated cash of \$18.7 million compared to \$27.1 million in Q4 2023. For the full year changes in operating assets and liabilities used cash of \$210.9 million due to a decrease in accounts payables and income taxes partially offset by a decrease in accounts receivables.

Financing Activities

(in millions of dollars)	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Proceeds from (repayments of) long-term debt	(183.7)	(0.3)	(157.7)	(242.3)
Proceeds from term credit agreement	-	-	700.0	-
Repayment of term credit agreement	-	-	(75.0)	-
Proceeds from private placement notes	-	-	-	550.0
Proceeds from exercise of stock options	-	2.1	-	2.1
Repurchase of shares	(42.0)	-	(42.0)	-
Dividends	(15.4)	(13.5)	(61.5)	(54.1)
Finance income received (expenses paid)	(26.5)	(10.5)	(127.9)	(48.3)
Cash generated from (used in) financing activities	(267.6)	(22.2)	235.9	207.4

Cash used by financing activities for Q4 2024 was \$267.6 million compared to \$22.2 million used in Q4 2023 and 2024 financing activities generated \$235.9 million of cash compared to \$207.4 million generated in 2023. Financing activities in Q4 2024 were driven by the repayment of long-term debt and funds used for the Company's 2024 NCIB program. Financing activities for the full year of 2024 were primarily driven by the proceeds from the new term credit agreement which was partially used for the acquisition of Bourgault in Q1 2024 as compared to 2023 which was primarily driven by the Company's proceeds from the issuance of the Company's new 2033 Notes.

Investing Activities

(in millions of dollars)	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Payments for purchase of property, plant and equipment	(66.3)	(194.7)	(532.6)	(762.7)
Proceeds on disposal of property, plant and equipment	59.5	1.4	66.9	3.7
Payments for purchase of intangible assets	(11.3)	(9.7)	(31.1)	(27.5)
Business acquisitions, net of cash acquired	-	(88.7)	(620.5)	(407.1)
Other	-	-	(0.1)	(0.4)
Cash generated from (used in) investing activities	(18.1)	(291.7)	(1,117.4)	(1,194.0)

Cash used for investing activities for Q4 2024 was \$18.1 million compared to Q4 2023 at \$291.7 million. Cash used on investing activities in 2024 was \$1,117.4 million compared to 2023 at \$1,194.0 million. In addition to the Company's ongoing purchase of property, plant and equipment in all periods, the primary use of cash in 2024 was for the Company's February acquisition of Bourgault and in 2023 was for the Linamar Structures acquisitions.

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 December 31, 2024, cash and cash equivalents, including short-term deposits was \$1,054.6 million and the Company's credit facilities had available credit of \$791.2 million. Combined, the Company believes this liquidity⁴ of \$1.8 billion at December 31, 2024 is sufficient to meet cash flow needs. Free cash flow¹ was \$490.8 million for Q4 2024 primarily due to cash generated from operating activities.

⁴ Liquidity and Free Cash Flow are non-GAAP financial measures. Please see "Non-GAAP and Other Financial Measures" section of this MD&A.

Commitments and Contingencies

The following table summarizes contractual obligations by category and the associated payments:

(in millions of dollars)	Total \$	1 year \$	Later than 1 year and not later than 5 years \$	Later than 5 years \$
Long-Term Debt Principal, excluding Lease Liabilities	2,087.9	7.7	1,013.5	1,066.7
Lease Liabilities ⁵	247.5	46.3	134.3	66.9
Purchase Commitments	216.9	216.9	-	-
Total Contractual Obligations	2,552.3	270.9	1,147.8	1,133.6

The Company occasionally provides guarantees to third parties who, in turn, provide financing to certain Linamar customers for industrial products. In addition, the Company has provided limited guarantees within the purchase agreements of derecognized receivables as discussed in the notes to the Company's consolidated financial statements for the year ended December 31, 2024.

From time to time, the Company may be contingently liable for litigation, legal and/or regulatory actions and proceedings and other claims. These claims, and other details surrounding its financial liabilities, off-balance sheet obligations, or other contractual obligations as applicable, are described in the notes to Company's consolidated financial statements for the year ended December 31, 2024.

Financial Instruments

The Company uses derivatives as a part of its risk management program to mitigate variability associated with changing market values related to recognized liabilities and highly probable forecasted transactions.

The Company pursues a strategy of optimizing its operating and financing foreign currency cash flows in each region in which it operates. In key foreign exchange markets, the Company's foreign currency outflows for the purchases of materials and capital equipment are offset through the sale of products denominated in the same foreign currencies, creating a natural hedge. In markets where a natural currency hedge cannot be achieved, and a material foreign exchange exposure arises, the Company actively manages the risk through the execution of foreign exchange forward contracts and other derivatives. Despite actively managing the residual foreign exchange exposure, significant long-term movements in relative currency values may affect the Company's operational results. The Company does not actively hedge all the cash flow activities of its foreign subsidiaries and, accordingly operational results may be further affected by a significant change in the relative value of domestic currencies.

The amount and timing of executed derivatives is dependent upon several factors, including estimated production delivery schedules, forecasted customer payments, and the anticipated future direction of foreign currency and interest rates. The Company is exposed to counterparty credit risk when executing derivatives with financial institutions, and to mitigate this risk the Company limits derivative trading to counterparties within the credit facilities that maintain investment grade credit ratings.

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 first tranche due in February 2025 of \$75.0 million was repaid during the third quarter of 2024. 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 is exposed to foreign exchange fluctuations due to foreign operating transactions and to manage this the Company enters into forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted consolidated foreign sales and purchases. Any fair value unrealized gains and losses for the hedges are included in other comprehensive earnings, with reclassifications to net earnings for the effective portion to match the net earnings impact of the hedged items.

For more information, please see the notes to the Company's consolidated financial statements for the year ended December 31, 2024.

CURRENT AND PROPOSED TRANSACTIONS

On February 1, 2024, the Company acquired 100% of the equity interest of Bourgault for a preliminary purchase price of \$621.7 million. Headquartered in St. Brieux, Saskatchewan, Canada, Bourgault is a market and technology leader in broad acre seeding.

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

⁵ Lease Liabilities includes the interest component based on contractual maturities in accordance with IFRS Accounting Standards.

RISK MANAGEMENT

The following risk factors, as well as the other information contained in this MD&A, the Company's Annual Information Form for the year ended December 31, 2024 or otherwise incorporated herein by reference, 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.

International Trade Policies

Due to the interconnected nature of the global economy, policy changes in one region can have immediate and significant adverse effects on markets worldwide. Amendments to international trade policies—including changes to existing agreements, increased restrictions on free trade, and substantial rises in customs duties and tariffs on goods imported into the regions where our Company operates—can negatively impact our financial condition or results of operations.

In early 2025, the United States (“U.S.”) administration has announced intentions to implement or increase tariffs. On March 4, 2025, tariffs of 25% went into effect on most Canadian and Mexican goods as well as 20% on Chinese products imported into the U.S. The same day retaliatory tariffs were implemented by Canada and China with Mexico planning its response. At this time, specific additional actions remain uncertain. The effect of these potential tariffs on our business and financial condition is influenced by several unknown factors, including the effective date and duration of such tariffs, their scope and nature, the amount imposed, and any retaliatory measures by the target countries.

Given these uncertainties, the Company cannot assure that any mitigating actions available to us, such as passing along some or all of the tariff costs to our customers, will be successful. Any further escalation of trade tensions, additional tariffs, retaliatory measures, or shifts in Canadian or international trade policies could adversely impact our business. The United States-Mexico-Canada Agreement (USMCA) is up for renewal in 2026, and there is no assurance that renegotiated terms will not adversely affect our business. It remains unclear what specific actions the current U.S. administration may take to address trade-related issues, and the U.S. and other governments could impose additional sanctions or export controls that might restrict our ability to conduct business directly or indirectly with certain countries or parties.

Competition, Outsourcing and Insourcing

The Company faces numerous sources of competition in its Mobility segment, including its OEM customers and their affiliated parts manufacturers, other direct competitors and product alternatives. In many product areas, the primary competition comes from in-house divisions of the OEMs. In the Industrial segment the Company also faces competition from well-established aerial work platform and agricultural equipment OEMs.

As the Company's OEM customers face continued cost pressures as well as wide ranging areas of required capital investment within their business, some have decided to “outsource” some of their requirements. This outsourcing represents new business opportunities for the Company. However, because of various factors affecting the OEMs, such as the level of consumer spending on automobiles and related market volumes, entrenched capital assets, labour contracts, and other economic factors, this impacts the decision on whether to outsource work or not; such changes and decisions are reflected in the Company's results through reduced volume on some existing programs and the ability to bid on, and receive, new business.

Other competition in machining and assembly work comes from high precision machining companies which typically have several manufacturing locations and substantial capital resources to invest in equipment for high volume, high precision, and long-term contracts. Several of these companies are heavily involved in the automotive industry and are suppliers to major OEMs.

The Company believes that there are no suppliers which have the diversified capability to produce all of the components, modules and systems which the Company currently produces. Rather, Linamar faces a higher number of suppliers that compete on a product-by-product basis. Some of these competitors are larger and may have access to greater resources than the Company, but the Company believes that none of them are dominant in the markets in which the Company operates. The basis for supplier selection by OEMs is not typically determined solely by price, but would usually also include such elements as quality, service, historical performance, timeliness of delivery, proprietary technologies, scope of in-house capabilities, existing agreements, responsiveness and the supplier's overall relationship with the OEM. It can also be influenced by the degree of available and unutilized capacity of resources in the OEMs' manufacturing facilities, labour relations issues and other factors. The number of competitors that OEMs solicit to bid on any individual product has, in certain circumstances, been significantly reduced and management expects that further reductions will occur as a result of the OEMs' stated intention to deal with fewer suppliers and to award those suppliers longer-term contracts.

Sources and Availability of Raw Materials

The primary raw materials utilized by the Company's precision machining, access equipment and harvesting equipment operations are iron castings, aluminum castings, raw aluminum (ingot), forgings, raw steel, steel fabrications, powertrain assemblies, powder metal, bearings, mechatronic parts, seals and fasteners, which are readily obtained from a variety of suppliers globally that support the Company's operations. The Company is not substantially dependent on any one supplier. A disruption in the supply of components could cause the

temporary shut-down and a prolonged supply disruption, including the inability to re-source or in-source production of a critical component, could have a material adverse effect on the Company's business.

Raw materials supply factors such as allocations, pricing, quality, timeliness of delivery, geopolitics, tariffs, transportation and warehousing costs may affect the raw material sourcing decisions of the Company and its plants. When appropriate and available, the Company may negotiate long-term agreements with raw material suppliers to ensure continued availability of certain raw materials on more favourable terms. In the event of significant unanticipated increase in demand for the Company's products and the supply of raw materials, the Company may be unable to manufacture certain products in a quantity sufficient to meet its customers' demand.

Labour Markets and Dependence on Key Personnel

For the development and production of products, the ability for the Company to compete successfully will depend on its ability to acquire and retain competent trades people, management, and product development staff that allow the Company to quickly adapt to technological change and advances in processes. Loss of certain members of the executive team or key technical leaders of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Competition for personnel throughout the industry is intense. The Company may be unable to retain its key employees or attract, assimilate, train or retain other necessary qualified employees, which may restrict its growth potential.

Dependence on Certain Customers

The Company's Mobility segment has a limited number of customers that individually account for more than 10% of its consolidated revenues or receivables at any given time. The global precision machining industry is characterized by a large number of manufacturers. As a result, manufacturers, such as the Company, tend to have a relatively small share of the markets they serve. Nonetheless, the Company believes that it is currently the sole supplier being used by its customers worldwide for products that represent more than half of the Company's Mobility sales.

Typically, sales are similarly concentrated for the Industrial segment as product distribution is largely through major access equipment rental companies and agricultural dealerships. Through its Skyjack subsidiary, the Company engages in the production and sale of access equipment including scissor lifts, booms and telehandlers. Through its Linamar Agriculture Group, the Company engages in the production and sale of farm equipment. There is a relatively defined sales cycle in these industries, as it is closely related to, and affected by, the product life cycle of these construction and agricultural sectors. Therefore, the risks and fluctuations in the construction and agricultural industries in the countries that Skyjack and the Linamar Agriculture Group operate in also affect the Company's Industrial sales.

Any disruption in the Company's relationships with these major customers or any decrease in revenue from these major customers, as a consequence of current or future conditions or events in the economy or markets in general or in the automotive (including medium/heavy duty trucks) and industrial industries in particular, could have a material adverse effect on the Company's business, financial condition, or results of operations.

Technological Change and Product Launches

Both operating segments may encounter technological change within their end markets. These can arise from new product introductions, product abandonment, and evolving industry requirements and standards. Accordingly, the Company believes that its future success depends on its ability to continue to innovate, launch new programs and ensure it delivers products at competitive prices and in a timely manner. The Company's inability, given technological or other reasons, to enhance, develop, or launch products in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on the Company's results of operations. In addition, there can be no assurance that products or technologies developed by other companies will not render the Company's products uncompetitive or obsolete.

Public Health Threats

Public health crises, such as the COVID-19 pandemic, and the measures taken in response to such events, have previously negatively impacted, and may again in the future negatively impact, our operations, workforce, and those of our partners, customers, and suppliers. The outbreak of a contagious disease, including viruses like COVID-19, can lead to a variety of challenges, including plant closures, labor shortages, and disruptions in supply chains and distribution channels. These events can cause temporary market disruptions, restrict production, elevate absenteeism, and reduce consumer demand for vehicles due to stay-at-home orders or restrictions on movement. Economic volatility stemming from these crises can adversely affect financial markets, impacting our stock price and limiting our access to capital, which may constrain our ability to meet liquidity needs.

Supply chain disruptions that prevent timely product delivery can result in unrecoverable price increases, added costs, business interruptions, reputational damage, and potential loss of future business. Over the medium to long-term, these disruptions could lead to societal shifts, such as reduced reliance on vehicles due to expanded remote work or increased reluctance to use public transit, which may

have both positive and negative effects on the automotive industry. The overall impact of such public health events on our business will depend on developments and responses outside of our control, which remain uncertain and difficult to predict.

Foreign Business Risk

The Company's operations in Europe, the Americas, and Asia, are subject to general business risks that may not exist in Canada. The political climate and government policies are less stable and less predictable in certain countries. As well, certain countries do not currently have the same economic infrastructure as exists in Canada.

Operations outside Canada subject the Company to other potential risks associated with international operations, including, but not limited to: complications in both compliance with and unexpected changes in foreign government laws and regulations, tariffs and other trade barriers, potential adverse tax consequences, fluctuations in currency exchange rates, difficulty in collecting accounts receivable, difficulty in staffing and managing foreign operations, events of international terrorism, geopolitical conflicts impacting customer volumes, supplier sourcing, and cost inputs, economic effects of any epidemic, pandemic or other public health threats such as COVID-19, recessionary environments in foreign economies, uncertainties in local commercial practices, and uncertainties in local accepted business practices and standards which may not be similar to accepted business practices and standards in Canada and which may create unforeseen business or public relations situations.

Expansion of the Company's operations in non-traditional markets is an important element of our strategy and, as a result, the Company's exposure to the risks described above may be greater in the future. The likelihood of such occurrences and their potential effect on the Company vary from country to country and are unpredictable.

Foreign Currency Risk

Although the Company's financial results are reported in Canadian dollars, a significant portion of the Company's revenues and operating costs are realized in other currencies. Fluctuations in the exchange rates between these currencies may affect the Company's results of operations.

The Company's foreign currency cash flows for the purchases of materials and certain capital equipment denominated in foreign currencies are naturally hedged when contracts to sell products are denominated in those same foreign currencies. In an effort to manage the remaining exposure to foreign currency risk, if material, the Company will employ hedging programs as appropriate. The purpose of the Company's foreign currency hedging activities is to minimize the effect of exchange rate fluctuations on business decisions and the resulting uncertainty on future financial results. From time to time the Company will incur foreign denominated debt to finance the acquisition of foreign operations. In these cases, the Company may elect to designate the foreign denominated debt as a net investment hedge of the foreign operation.

Long-term Contracts

Through its Mobility businesses, the Company principally engages in the supply of precision metallic components and systems for the automotive industry. These generally involve long-run processes for long-term contracts. Long-term contracts support the long-term sales of the Company, but these contracts do not guarantee production volumes and as such the volumes produced by the Company could be significantly different than the volume capacity for which the contract was awarded.

Contracts for customer programs not yet in production generally provide for the supply of components for a customer's future production levels. Actual production volumes may vary significantly from these estimates. These contracts can be terminated by a customer at any time and, if terminated, could result in the Company incurring pre-production, engineering and other various costs which may not be recoverable from the customer.

Long term supply agreements may also include mutually agreed price reductions over the life of the agreement. The Company attempts to offset price concessions and costs in a number of ways, including through negotiations with our customers, improved operating efficiencies and cost reduction efforts.

Acquisition and Expansion Risk

The Company may expand its operations, depending on certain conditions, by acquiring additional businesses, products or technologies. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional businesses, or successfully integrate any acquired businesses, products or technologies into the Company without substantial expenses, delays or other operational or financial problems. Furthermore, acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition. In addition, there can be no assurance that acquired businesses, products or technologies, if any, will achieve anticipated revenues and income. The failure of the Company to manage its acquisition or expansion strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

Cyclicality and Seasonality

The demand for the Company's products is cyclical and is driven by changing market conditions in which the Company's sells into. Current or future conditions or events in the economy or markets in general, or in the automotive (including medium/heavy duty trucks) and industrial industries in particular, could have a material adverse effect on the Company's business, financial condition, or results of operations.

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.

Legal Proceedings and Insurance Coverage

The Company may be threatened from time to time in the ordinary course of conducting its business with, or may be named as a defendant in, various legal and regulatory proceedings. These legal proceedings could include securities, environmental or occupational health and safety regulatory proceedings, as well as product liability claims, general liability, warranty or recall claims, or other consequential damages claims. A significant judgment against the Company, or the imposition of a significant fine or penalty because of a finding that the Company has failed to comply with laws or regulations, could have a material adverse effect on the Company.

No assurance can be given that the insurance coverage or insurance coverage limits of the Company would be adequate to protect it against any claims for product liability claims, warranty or recall claims, or business interruption claims that may arise. The Company may require additional insurance coverage in these areas as the Company advances its involvement with product design and development. This type of insurance could be expensive and may not be available on acceptable terms, or at all. Any uninsured or underinsured product liability claims, general liability, warranty or recall claims, or business interruption claims could have a material adverse effect on the Company's financial condition, results of operations and prospects.

Credit Risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and receivables. The Company's credit risk for cash and cash equivalents is reduced as balances are held with major financial institutions with investment grade ratings. A substantial portion of the Company's receivables are with large customers in the automotive, truck, commercial, and industrial sectors which gives rise to concentration risk within those industries. The Company cannot guarantee that its customers will not experience financial difficulties in the future, making it unable to collect all its receivables.

Climate Change

Climate change presents a growing risk to our operations, supply chains, and overall business stability. Increasingly erratic weather patterns, such as more frequent and severe storms, floods, and droughts, can disrupt production schedules, damage infrastructure, and affect the availability of raw materials. Rising global temperatures and shifting environmental regulations may require significant investments in sustainability initiatives, including transitioning to greener manufacturing processes and reducing carbon emissions. These challenges could lead to higher operational costs, supply chain interruptions, and potential reputational risks if the Company fails to meet environmental expectations set by consumers, governments, or investors. Over the long term, the physical impacts of climate change, coupled with evolving regulatory and market pressures, could reshape demand for automotive products, with greater emphasis on electric vehicles and other sustainable solutions. As a result, climate change could pose both operational and strategic challenges and require proactive measures to mitigate risks and capitalize on new opportunities in an increasingly environmentally conscious market.

Weather

Generally, adverse weather may impact Linamar's operations and its ability to produce product. For example, weather such as drought and flooding can have an adverse effect on crop quality and yields and therefore net farm income and new equipment orders.

Emission Standards

Fuel Economy and Emissions standards, even certain government mandates such as Electric or Zero Emissions Vehicle targets can play a major factor on technology within the auto industry. These regulations could potentially impact the sales of certain products the Company manufactures; in particular, components for internal combustion engines could be negatively impacted by increased penetration of electric or fuel cell vehicles. Conversely, products for Electric or Fuel Cell vehicles can fail to meet expected volumes levels dependant upon consumer preferences. In recent years, the Company has made strides in mitigating this risk by increasing its portfolio to include a wide array of internal combustions, Hybrid, Electric and Fuel Cell Electric Vehicle component and system offerings. The company has also significantly increased its content potential of propulsion-agnostic components in an effort to remain flexible and responsive to the market, no matter which technology becomes the most dominant.

Capital and Liquidity Risk

The Company is engaged in a capital-intensive business, and it may have fewer financial resources than some of its principal competitors. There is no assurance that the Company will be able to obtain additional debt or equity financing that may be required to successfully achieve its strategic plans.

The Company's current credit facilities and the private placement notes require the Company to comply with certain financial covenants. There can be no assurance of the Company's ability to continue to comply with its financial covenants, to appropriately service its debt, or to obtain continued commitments from debt providers. Additionally, the Company, if required, cannot guarantee access to additional equity or capital given current or future economic market events related to changes in the Company's segments.

Tax Laws

The tax laws in Canada and abroad are continuously changing and no assurance can be given that Canadian federal or provincial tax laws or the tax laws in foreign jurisdictions will not be changed in a manner that adversely affects the Company. There is no assurance that tax legislation or tax rates will remain unchanged. The Company currently has tax losses and credits in several countries that, given unforeseen changes in tax laws, may not continue indefinitely. Also, the Company's expansion into emerging markets subjects the Company to new tax regimes that may change based on political or social conditions.

Securities Laws Compliance and Corporate Governance Standards

The securities laws in Canada and abroad may change at any time. The impact of these changes on the Company cannot be predicted.

Environmental Matters

The Company's manufacturing operations are subject to a wide range of environmental laws and regulations imposed by governmental authority in the jurisdictions in which the Company conducts business, including among other things, soil, surface water and groundwater contamination; the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of materials, including greenhouse gases, into the environment; and health and safety. Changes in laws and regulations, however, and the enforcement of such laws and regulations, are ongoing and may make environmental compliance, such as emissions control, site clean-ups and waste disposal, increasingly expensive. Senior management regularly assesses the work and costs required to address environmental matters but is not able to predict the future costs (whether or not material) that may be incurred to meet environmental obligations.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA") requires Chief Executive Officers ("CEOs") and Chief Financial Officers ("CFOs") to certify that they are responsible for establishing and maintaining disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed and are effective in providing reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's disclosure controls and procedures, and that their conclusions about the effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

As of December 31, 2024, the Company's management evaluated the effectiveness of the Company's disclosure controls and procedures, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

The Company's management, inclusive of the CEO and the CFO, does not expect that the Company's disclosure controls and procedures will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

Based on this evaluation, the CEO and the CFO have concluded that, subject to the inherent limitations noted above, the Company's disclosure controls and procedures are effective in providing reasonable, not absolute assurance that the objectives of our disclosure control system have been met.

Internal Control over Financial Reporting

National Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the issuer, that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

As of December 31, 2024, the Company's management evaluated the effectiveness of the Company's internal control over financial reporting, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, internal control over financial reporting can provide only reasonable, not absolute, assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

Based on this evaluation, the CEO and the CFO have concluded that, subject to the inherent limitations noted above, the Company's internal control over financial reporting is effective in providing reasonable, not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2024, 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. The following discussion sets forth 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.

Impairment of Non-Financial Assets

The Company believes that the estimate of impairment for goodwill and non-financial assets is a "critical accounting estimate" because management is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to make significant forward-looking assumptions. In assessing whether there is an indication that an asset may be impaired, there are a number of external and internal sources of information which require a high degree of judgement. Judgement is used for what determines the cash-generating units ("CGU") or group CGUs and this may impact the results of an impairment review. The recoverable amounts of CGUs have been determined based on the higher of fair value less costs of disposal or value in use calculations, which require the use of estimates. Uncertain changes in the discount rate used, and forward-looking assumptions regarding improvement plans, costing assumptions, timing of program launches, and production volumes may affect the fair value of estimates used. No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used with the exception of supply chain constraints and escalated input costs.

Current Income Taxes

The Company is subject to income taxes in numerous jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. Loss carry forwards also comprise a portion of the temporary differences and result in a deferred income tax asset. Deferred income tax assets are only recognized to the extent that management considers it probable that a deferred income tax asset will be realized. The assessment for the recognition of a deferred tax asset requires significant judgement. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.

Useful Lives of Depreciable Assets

Due to the significance of property, plant and equipment and intangible assets on the Company's statements of financial position, the Company considers the amortization policy relating to property, plant and equipment and intangible assets to be a "critical accounting estimate". The Company considers the expected useful life of the assets, expected residual value, and contract length when setting the amortization rates of its assets. Judgement is involved when establishing these estimates as such factors as technological innovation, maintenance programs, and relevant market information must be taken into consideration. The assets' residual values, useful lives and amortization methods are reviewed at the end of each reporting period and are adjusted if expectations differ from previous estimates. If circumstances impacting these assumptions and estimates change, the change in accounting estimates may represent a material impact to the consolidated financial statements.

Purchase Price Allocations

The determination of the purchase price is a critical estimate. The purchase price related to a business combination is allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities; as a result, the purchase price allocation impacts the Company's reported assets and liabilities and future net earnings due to its impact on future depreciation and amortization expense as well as impairment tests.

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.

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 December 31		Twelve Months Ended December 31	
	2024 \$	2023 \$	2024 \$	2023 \$
Adjustment for goodwill impairment	385.5	-	385.5	-
Adjustment for the electrified vehicle market and certain other prematurely ending programs	(6.2)	-	(6.2)	-
Adjustment for restructuring	16.0	-	16.0	-
Adjustment for contingent consideration of Mills River earn-out	(12.2)	-	(12.2)	4.9
Adjustment for duties relating to certain Industrial segment products	-	-	15.8	-
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) - Normalized	383.1	-	398.9	4.9
Asset impairment provision, net of reversals	0.4	0.3	1.3	0.3
Other items and asset impairments impacting EBITDA – Normalized	383.5	0.3	400.2	5.2

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by \$0.4 million for Q4 2024 and \$1.3 million for the full year 2024 (\$0.3 million for Q4 2023 and \$0.3 million full year 2023).

During Q4 2024, Europe continued to experience economic challenges including a significant decline in automotive production. As a result of these economic challenges, within the Linamar Mobility Europe group the Company recorded a non-cash impairment charge of \$385.5 million within operating earnings which was determined by comparing the carrying amount of the group to its recoverable amount. Also during Q4 2024, a normalizing item related to 'the electrified vehicle market and certain other prematurely ending programs' adjusted the Mobility segment by \$6.2 million. Included in this normalizing item were customers compensation recoveries largely offset by inventory impairments, commercial settlements, and property, plant and equipment and technology intangible impairments.

Additionally, during Q4 2024, a normalizing item related to 'restructuring' adjusted the Mobility segment by \$16.0 million. The restructuring was to improve operational efficiencies, primarily in Europe. Also during Q4 2024, a normalizing item related to an adjustment for 'contingent consideration on Mills River earn-out' impacted the Mobility segment by \$12.2 million.

Lastly, during Q2 2024, operating earnings were adversely affected by estimated duties relating to certain Industrial segment products exported between 2022 and 2024. A normalizing item related to these estimated duties impacted operating earnings by \$15.8 million.

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 and Q2 2023 a normalizing item impacting the Company's income taxes related to withholding tax on repatriation of cash from China by \$6.9 million and \$13.4 million respectively.

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

	Three Months Ended				Twelve Months Ended			
	2024	2023	December 31		2024	2023	December 31	
(in millions of dollars, except per share figures)	\$	\$	+/-	+/-	\$	\$	+/-	+/-
			\$	%			\$	%
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	(149.5)	169.6	(319.1)	-	611.3	774.8	(163.5)	(21.1%)
Foreign exchange (gain) loss	(52.5)	22.3	(74.8)		(66.3)	19.2	(85.5)	
Other items	383.1	-	383.1		398.9	4.9	394.0	
Operating Earnings (Loss) – Normalized	181.1	191.9	(10.8)	(5.6%)	943.9	798.9	145.0	18.1%
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	(232.3)	104.4	(336.7)	-	258.3	503.1	(244.8)	(48.7%)
Foreign exchange (gain) loss	(52.5)	22.3	(74.8)		(66.3)	19.2	(85.5)	
Foreign exchange (gain) loss on debt and derivatives	-	2.5	(2.5)		1.0	2.5	(1.5)	
Other items	383.1	-	383.1		398.9	4.9	394.0	
Tax impact including Other Items	13.5	(7.0)	20.5		12.5	11.4	1.1	
Net Earnings (Loss) – Normalized	111.8	122.2	(10.4)	(8.5%)	604.4	541.1	63.3	11.7%
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	(3.78)	1.69	(5.47)	-	4.19	8.17	(3.98)	(48.7%)
Foreign exchange (gain) loss	(0.86)	0.36	(1.22)		(1.08)	0.31	(1.39)	
Foreign exchange (gain) loss on debt and derivatives	-	0.04	(0.04)		0.02	0.04	(0.02)	
Other items	6.24	-	6.24		6.48	0.08	6.40	
Tax impact including Other Items	0.22	(0.11)	0.33		0.20	0.18	0.02	
Net Earnings (Loss) per Share – Diluted – Normalized	1.82	1.98	(0.16)	(8.1%)	9.81	8.78	1.03	11.7%
EBITDA and EBITDA – Normalized								
Net Earnings (Loss) before income taxes	(179.0)	144.9	(323.9)	-	476.1	703.8	(227.7)	(32.4%)
Amortization of property, plant and equipment	145.7	119.2	26.5		528.0	427.4	100.6	
Amortization of other intangible assets	20.4	17.3	3.1		77.3	64.1	13.2	
Interest expense	28.5	20.8	7.7		126.8	69.4	57.4	
Other interest	5.0	5.3	(0.3)		21.6	20.7	0.9	
EBITDA	20.6	307.5	(286.9)	(93.3%)	1,229.8	1,285.4	(55.6)	(4.3%)
Foreign exchange (gain) loss	(52.5)	22.3	(74.8)		(66.3)	19.2	(85.5)	
Foreign exchange (gain) loss on debt and derivatives	-	2.5	(2.5)		1.0	2.5	(1.5)	
Asset impairment provision, net of reversals	0.4	0.3	0.1		1.3	0.3	1.0	
Other items	383.1	-	383.1		398.9	4.9	394.0	
EBITDA – Normalized	351.6	332.6	19.0	5.7%	1,564.7	1,312.3	252.4	19.2%

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

(in millions of dollars)	Three Months Ended December 31 2024			Twelve Months Ended December 31 2024		
	Industrial \$	Mobility \$	Linamar \$	Industrial \$	Mobility \$	Linamar \$
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	152.9	(302.4)	(149.5)	589.2	22.1	611.3
Foreign exchange (gain) loss	(61.5)	9.0	(52.5)	(88.8)	22.5	(66.3)
Other items	-	383.1	383.1	15.8	383.1	398.9
Operating Earnings (Loss) – Normalized	91.4	89.7	181.1	516.2	427.7	943.9
EBITDA – Normalized						
EBITDA	177.4	(156.8)	20.6	682.5	547.3	1,229.8
Foreign exchange (gain) loss	(61.5)	9.0	(52.5)	(88.8)	22.5	(66.3)
Foreign exchange (gain) loss on debt and derivatives	-	-	-	1.0	-	1.0
Asset impairment provision, net of reversals	-	0.4	0.4	-	1.3	1.3
Other items	-	383.1	383.1	15.8	383.1	398.9
EBITDA – Normalized	115.9	235.7	351.6	610.5	954.2	1,564.7

(in millions of dollars)	Three Months Ended December 31 2023			Twelve Months Ended December 31 2023		
	Industrial \$	Mobility \$	Linamar \$	Industrial \$	Mobility \$	Linamar \$
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	85.8	83.8	169.6	460.9	313.9	774.8
Foreign exchange (gain) loss	14.7	7.6	22.3	10.5	8.7	19.2
Other items	-	-	-	-	4.9	4.9
Operating Earnings (Loss) – Normalized	100.5	91.4	191.9	471.4	327.5	798.9
EBITDA – Normalized						
EBITDA	101.9	205.6	307.5	526.1	759.3	1,285.4
Foreign exchange (gain) loss	14.7	7.6	22.3	10.5	8.7	19.2
Foreign exchange (gain) loss on debt and derivatives	0.6	1.9	2.5	0.6	1.9	2.5
Asset impairment provision, net of reversals	-	0.3	0.3	-	0.3	0.3
Other items	-	-	-	-	4.9	4.9
EBITDA – Normalized	117.2	215.4	332.6	537.2	775.1	1,312.3

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		Twelve Months Ended	
	December 31		December 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Free Cash Flow				
Cash generated from (used in) operating activities	497.6	276.4	1,254.0	793.6
Payments for purchase of property, plant and equipment	(66.3)	(194.7)	(532.6)	(762.7)
Proceeds on disposal of property, plant and equipment	59.5	1.4	66.9	3.7
Free Cash Flow	490.8	83.1	788.3	34.6
Liquidity				
Cash and cash equivalents	1,054.6	653.3	1,054.6	653.3
Available credit	791.2	668.4	791.2	668.4
Liquidity	1,845.8	1,321.7	1,845.8	1,321.7

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.

Summary of Content per Vehicle by Quarter

The following table summarizes the updated CPV for the current year for changes in volumes as revised by industry sources:

Estimates as of December 31, 2024	Three Months Ended				Year to Date			
	Mar 31 2024	Jun 30 2024	Sep 30 2024	Dec 31 2024	Mar 31 2024	Jun 30 2024	Sep 30 2024	Dec 31 2024
<i>North America</i>								
Vehicle Production Units	4.13	4.25	3.92	3.77	4.13	8.38	12.29	16.07
Automotive Sales	\$ 1,223.7	\$ 1,225.5	\$ 1,126.3	\$ 1,042.2	\$ 1,223.7	\$ 2,449.2	\$ 3,575.5	\$ 4,617.6
Content Per Vehicle	\$ 296.52	\$ 288.36	\$ 287.54	\$ 276.19	\$ 296.52	\$ 292.38	\$ 290.84	\$ 287.40
<i>Europe</i>								
Vehicle Production Units	4.61	4.50	3.74	4.27	4.61	9.11	12.85	17.12
Automotive Sales	\$ 480.9	\$ 447.5	\$ 388.4	\$ 374.4	\$ 480.9	\$ 928.3	\$ 1,316.8	\$ 1,691.2
Content Per Vehicle	\$ 104.28	\$ 99.47	\$ 103.95	\$ 87.61	\$ 104.28	\$ 101.90	\$ 102.50	\$ 98.78
<i>Asia Pacific</i>								
Vehicle Production Units	11.66	12.28	12.68	15.06	11.66	23.94	36.63	51.68
Automotive Sales	\$ 127.0	\$ 132.1	\$ 114.0	\$ 156.4	\$ 127.0	\$ 259.1	\$ 373.1	\$ 529.6
Content Per Vehicle	\$ 10.89	\$ 10.76	\$ 8.99	\$ 10.39	\$ 10.89	\$ 10.82	\$ 10.19	\$ 10.25
Estimates as of September 30, 2024	Three Months Ended			Year to Date				
	Mar 31 2024	Jun 30 2024	Sep 30 2024	Mar 31 2024	Jun 30 2024	Sep 30 2024		
<i>North America</i>								
Vehicle Production Units	4.13	4.25	3.90	4.13	8.38	12.28		
Automotive Sales	\$ 1,223.1	\$ 1,223.4	\$ 1,126.7	\$ 1,223.1	\$ 2,446.5	\$ 3,573.2		
Content Per Vehicle	\$ 296.45	\$ 287.62	\$ 288.81	\$ 296.45	\$ 291.97	\$ 290.96		
<i>Europe</i>								
Vehicle Production Units	4.63	4.51	3.70	4.63	9.14	12.83		
Automotive Sales	\$ 480.9	\$ 447.4	\$ 387.3	\$ 480.9	\$ 928.3	\$ 1,315.6		
Content Per Vehicle	\$ 103.84	\$ 99.29	\$ 104.81	\$ 103.84	\$ 101.60	\$ 102.52		
<i>Asia Pacific</i>								
Vehicle Production Units	11.66	12.28	12.75	11.66	23.94	36.68		
Automotive Sales	\$ 127.0	\$ 132.1	\$ 113.6	\$ 127.0	\$ 259.1	\$ 372.7		
Content Per Vehicle	\$ 10.89	\$ 10.76	\$ 8.91	\$ 10.89	\$ 10.83	\$ 10.16		

Change in Estimates from Prior Quarter	Three Months Ended			Year to Date		
	Mar 31 2024	Jun 31 2024	Sep 30 2024	Mar 31 2024	Jun 31 2024	Sep 30 2024
	+/-	+/-	+/-	+/-	+/-	+/-
<i>North America</i>						
Vehicle Production Units	-	-	0.02	-	-	0.01
Automotive Sales	\$ 0.6	\$ 2.1	\$ (0.4)	\$ 0.6	\$ 2.7	\$ 2.3
Content Per Vehicle	\$ 0.07	\$ 0.74	\$ (1.27)	\$ 0.07	\$ 0.41	\$ (0.12)
<i>Europe</i>						
Vehicle Production Units	(0.02)	(0.01)	0.04	(0.02)	(0.03)	0.02
Automotive Sales	\$ -	\$ 0.1	\$ 1.1	\$ -	\$ -	\$ 1.2
Content Per Vehicle	\$ 0.44	\$ 0.18	\$ (0.86)	\$ 0.44	\$ 0.30	\$ (0.02)
<i>Asia Pacific</i>						
Vehicle Production Units	-	-	(0.07)	-	-	(0.05)
Automotive Sales	\$ -	\$ -	\$ 0.4	\$ -	\$ -	\$ 0.4
Content Per Vehicle	\$ -	\$ -	\$ 0.08	\$ -	\$ (0.01)	\$ 0.03

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; 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.

CONSOLIDATED FINANCIAL STATEMENTS

Linamar Corporation

December 31, 2024 and December 31, 2023
(in thousands of dollars)

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management of Linamar Corporation (the "Company") is responsible for the preparation of all information included in this annual report. The consolidated financial statements have been prepared in accordance with IFRS[®] Accounting Standards, and necessarily include some amounts that are based on management's best estimates and judgements. Financial information included elsewhere in this annual report is consistent with that in the consolidated financial statements.

Management maintains a system of internal accounting controls to provide reasonable assurance that the consolidated financial statements are accurate and reliable and that the assets are safeguarded from loss or unauthorized use.

The Company's independent auditor, appointed by the shareholders, has prepared their report, which outlines the scope of their examination and expresses their opinion on the consolidated financial statements.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee is comprised of independent directors who are not employees of the Company.

The Audit Committee meets periodically with management and with the auditors to review and to discuss accounting policy, auditing and financial reporting matters. The Committee reports its findings to the Board of Directors for their consideration in reviewing and approving the consolidated financial statements for issuance to the shareholders.

(Signed) "Jim Jarrell"

Jim Jarrell
Chief Executive Officer & President

(Signed) "Dale Schneider"

Dale Schneider
Chief Financial Officer

March 5, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Linamar Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Linamar Corporation and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- ◆ the consolidated statements of financial position as at December 31, 2024 and 2023;
- ◆ the consolidated statements of earnings for the years then ended;
- ◆ the consolidated statements of comprehensive earnings for the years then ended;
- ◆ the consolidated statements of changes in equity for the years then ended;
- ◆ the consolidated statements of cash flows for the years then ended; and
- ◆ the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Goodwill impairment assessment for Linamar Mobility Europe Group Cash Generating Unit (CGU)</p> <p><i>Refer to note 3 - Material accounting policies, note 5 – Critical accounting estimates and judgements and note 11 - Goodwill to the consolidated financial statements.</i></p> <p>Management performs an impairment assessment annually for goodwill, or more frequently when there is an indication of impairment. An impairment loss is recognized if the carrying value of a CGU or grouped CGUs to which the goodwill relates, exceeds its recoverable amount. As part of management's annual impairment test, the goodwill related to the Linamar Mobility Europe Group CGU was fully impaired, resulting in an impairment loss of \$385.5 million. The recoverable amount of that CGU was determined on a value-in-use calculation (the method) using discounted future operating cash flows (the model) covering a five-year period. The key assumptions used in the model included forecast growth rates, discount rate, operating costs and capital expenditures</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">◆ Tested how management determined the recoverable amount of the Linamar Mobility Europe Group CGU, which included the following:<ul style="list-style-type: none">◆ Evaluated the appropriateness of the method used and the mathematical accuracy of the model for the five-year period.◆ Evaluated the reasonableness of the forecast growth rates, and operating costs and capital expenditures applied by management in the model by (i) comparing to current and past performance of the CGU, (ii) assessing consistency with available third party published industry data, (iii) comparing to the approved budget and (iv) evaluating whether these assumptions were consistent with management's strategic plans.◆ Professionals with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the discount rate applied by management and the reasonableness of the recoverable amount based on available data of comparable companies.

INDEPENDENT AUDITOR'S REPORT

We considered this a key audit matter due to the judgement made by management in determining the recoverable amount of the Linamar Mobility Europe Group CGU, including the use of key assumptions. This has resulted in a high degree of subjectivity and audit effort in performing audit procedures to test the key assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.

- ♦ Tested the underlying data used in the model.
- ♦ Tested the disclosures made in the consolidated financial statements related to goodwill impairment.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

INDEPENDENT AUDITOR'S REPORT

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Aneil Manji.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 5, 2025

LINAMAR CORPORATION

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	December 31 2024 \$	December 31 2023 \$
ASSETS		
Cash and cash equivalents	1,054,598	653,327
Accounts and other receivables (Note 27)	1,312,281	1,343,322
Inventories (Note 7)	2,062,358	1,836,665
Income taxes recoverable (Note 8)	76,612	41,481
Current portion of long-term receivables (Note 27)	21,656	24,151
Current portion of derivative financial instruments (Note 27)	-	32,970
Prepaid expenses and other current assets	78,062	65,052
Current Assets	4,605,567	3,996,968
Long-term receivables (Notes 23 and 27)	32,023	39,142
Derivative financial instruments (Note 27)	-	5,110
Property, plant and equipment (Note 9)	3,642,618	3,652,498
Investments	1,419	8,227
Deferred tax assets (Note 8)	250,601	172,832
Intangible assets (Note 10)	1,135,042	942,274
Goodwill (Note 11)	832,572	1,033,449
Assets	10,499,842	9,850,500
LIABILITIES		
Accounts payable and accrued liabilities (Note 27)	2,247,695	2,328,651
Provisions (Note 12)	74,925	49,255
Income taxes payable (Note 8)	54,633	95,781
Current portion of long-term debt (Note 13)	45,658	40,530
Current portion of derivative financial instruments (Note 27)	64,125	4,698
Current Liabilities	2,487,036	2,518,915
Long-term debt (Note 13)	2,246,861	1,731,817
Derivative financial instruments (Note 27)	9,020	139
Deferred tax liabilities (Note 8)	328,979	277,526
Liabilities	5,071,896	4,528,397
EQUITY		
Capital stock (Note 14)	140,521	142,100
Retained earnings	5,201,851	5,046,422
Contributed surplus	37,669	34,177
Accumulated other comprehensive earnings (loss)	47,905	99,404
Equity	5,427,946	5,322,103
Liabilities and Equity	10,499,842	9,850,500

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

On behalf of the Board of Directors:

(Signed) "Linda Hasenfratz"

Linda Hasenfratz
Director

(Signed) "Jim Jarrell"

Jim Jarrell
Director

LINAMAR CORPORATION

Consolidated Statements of Earnings

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except per share figures)

	2024	2023
	\$	\$
Sales (Note 15)	10,582,022	9,733,532
Cost of sales (Note 16)	9,078,009	8,410,685
Gross Margin	1,504,013	1,322,847
Selling, general and administrative (Note 16)	592,106	526,649
Goodwill impairment (Note 11)	385,523	-
Other income and (expenses) (Note 19)	84,942	(21,374)
Operating Earnings (Loss)	611,326	774,824
Finance income and (expenses) (Note 20)	(135,188)	(71,013)
Net Earnings (Loss) before Income Taxes	476,138	703,811
Provision for (recovery of) income taxes (Note 8)	217,879	200,757
Net Earnings (Loss) for the Year	258,259	503,054
Net Earnings (Loss) per Share: (Note 21)		
Basic	4.20	8.18
Diluted	4.19	8.17

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

LINAMAR CORPORATION

Consolidated Statements of Comprehensive Earnings

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars)

	2024	2023
	\$	\$
Net Earnings (Loss) for the Year	258,259	503,054
Items that may be reclassified subsequently to net income		
Unrealized gains (losses) on translating financial statements of foreign operations	25,503	27,258
Change in unrealized gains (losses) on net investment hedges (Note 27)	(8,704)	(4,576)
Change in unrealized gains (losses) on cash flow hedges (Note 27)	(114,474)	39,087
Change in cost of hedging (Note 27)	3,870	(4,799)
Reclassification to earnings of gains (losses) on cash flow hedges (Note 27)	19,540	7,317
Tax impact of above (Note 8)	22,766	(10,936)
Other Comprehensive Earnings (Loss)	(51,499)	53,351
Comprehensive Earnings (Loss) for the Year	206,760	556,405

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

LINAMAR CORPORATION

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars)

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Total Equity \$
Balance at January 1, 2023	138,925	4,597,513	31,359	59,764	(15,850)	4,811,711
Net Earnings (Loss)	-	503,054	-	-	-	503,054
Other comprehensive earnings (loss)	-	-	-	22,682	30,669	53,351
Comprehensive Earnings (Loss)	-	503,054	-	22,682	30,669	556,405
Hedging transferred to the carrying value of inventory	-	-	-	-	2,139	2,139
Share-based compensation	-	-	3,937	-	-	3,937
Shares issued on exercise of options	3,175	-	(1,119)	-	-	2,056
Dividends	-	(54,145)	-	-	-	(54,145)
Balance at December 31, 2023	142,100	5,046,422	34,177	82,446	16,958	5,322,103
Net Earnings (Loss)	-	258,259	-	-	-	258,259
Other comprehensive earnings (loss)	-	-	-	16,799	(68,298)	(51,499)
Comprehensive Earnings (Loss)	-	258,259	-	16,799	(68,298)	206,760
Share-based compensation	-	-	3,492	-	-	3,492
Common shares repurchased and cancelled (Note 14)	(1,579)	(41,287)	-	-	-	(42,866)
Dividends	-	(61,543)	-	-	-	(61,543)
Balance at December 31, 2024	140,521	5,201,851	37,669	99,245	(51,340)	5,427,946

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

LINAMAR CORPORATION

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

	2024 \$	2023 \$
Cash generated from (used in)		
Operating Activities		
Net earnings (loss)	258,259	503,054
Adjustments for:		
Amortization of property, plant and equipment	528,030	427,430
Amortization of other intangible assets	77,334	64,092
Deferred income taxes	(54,725)	(62,679)
Asset impairment provision, net of reversals	116,167	365
Goodwill impairment	385,523	-
Share-based compensation	3,492	3,937
Finance (income) and expenses	135,188	71,013
Other	15,616	(5,111)
	1,464,884	1,002,101
Changes in operating assets and liabilities		
(Increase) decrease in accounts and other receivables	202,175	(120,033)
(Increase) decrease in inventories	(37,022)	(239,837)
(Increase) decrease in prepaid expenses and other current assets	(10,864)	(3,656)
(Increase) decrease in long-term receivables	11,387	4,163
Increase (decrease) in income taxes	(81,927)	72,839
Increase (decrease) in accounts payable and accrued liabilities	(313,830)	74,792
Increase (decrease) in provisions	19,232	3,183
	(210,849)	(208,549)
Cash generated from (used in) operating activities	1,254,035	793,552
Financing Activities		
Proceeds from (repayments of) long-term debt	(157,748)	(242,337)
Proceeds from term credit agreement	700,000	-
Repayments of term credit agreement	(75,000)	-
Proceeds from private placement notes	-	550,000
Proceeds from exercise of stock options	-	2,056
Repurchase of shares	(42,025)	-
Dividends paid	(61,543)	(54,145)
Finance income received (expenses paid)	(127,760)	(48,178)
Cash generated from (used in) financing activities	235,924	207,396
Investing Activities		
Payments for purchase of property, plant and equipment	(532,598)	(762,709)
Proceeds on disposal of property, plant and equipment	66,833	3,778
Payments for purchase of intangible assets	(31,101)	(27,584)
Business acquisitions, net of cash acquired (Note 26)	(620,496)	(407,060)
Other	(80)	(439)
Cash generated from (used in) investing activities	(1,117,442)	(1,194,014)
	372,517	(193,066)
Effect of translation adjustment on cash	28,754	(14,122)
Increase (decrease) in cash and cash equivalents	401,271	(207,188)
Cash and cash equivalents - Beginning of Year	653,327	860,515
Cash and cash equivalents - End of Year	1,054,598	653,327
Comprised of:		
Cash in bank	712,030	392,636
Short-term deposits	345,383	266,158
Unpresented cheques	(2,815)	(5,467)
	1,054,598	653,327

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

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

1 General Information

Linamar Corporation and its subsidiaries, including jointly controlled entities, (together, the “Company”) is a diversified global manufacturing company of highly engineered products. The Company is incorporated in Ontario, Canada with common shares listed on the Toronto Stock Exchange (“TSX”). The Company is domiciled in Canada and its registered office is 287 Speedvale Avenue West, Guelph, Ontario, Canada.

The consolidated annual financial statements of the Company for the year ended December 31, 2024 were authorized for issue in accordance with a resolution of the Company’s Board of Directors on March 5, 2025.

2 Basis of Preparation

The Company has prepared its consolidated annual financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS® Accounting Standards”) and with interpretations of the International Financial Reporting Issues Committee.

Certain comparative figures have been reclassified to conform to the current period’s financial presentation adopted.

3 Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis with any exceptions outlined below.

Basis of Consolidation

Subsidiaries are all entities over which the Company has control and all subsidiaries are wholly owned and are located in the geographic regions of our segments. These consolidated financial statements include the accounts of the Company and its subsidiaries. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases. All significant intercompany transactions are eliminated on consolidation.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value (at the date of exchange) of the assets acquired, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Any excess of the acquisition cost over the fair value of the net assets acquired and liabilities and contingent liabilities recognized, is recorded in assets as goodwill. If this consideration is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized and estimated at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with the applicable standard either in net earnings or as a change to other comprehensive earnings. If the contingent consideration is classified as equity, it shall not be re-measured and shall be accounted for within equity.

The Company may have partial ownership in joint ventures over whose activities the Company has joint control, established by contractual agreements and requiring unanimous consent for strategic, financial and operating decisions. The Company accounts for jointly controlled entities using the equity method after initially being recognized at cost.

The Company may have partial ownership in associates over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method after initially being recognized at cost.

Under the equity method of accounting, the consolidated financial statements include the Company’s share of the income and expenses and equity movements of the investments, after adjustments to align the accounting policies with those of the Company, from the date that the significant influence or joint control commences until the date that significant influence or joint control ceases. Dividends are recognized as a reduction in the carrying amount of the investment. Where the Company’s share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses.

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company’s interest in these entities. Unrealized losses are eliminated unless the transaction provides evidence of impairment.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

Foreign Currency Translation

Functional and presentation currency

The Company's consolidated financial statements are presented in Canadian dollars ("dollars"), which is also the Company's functional currency. Each entity in the Company maintains its accounting records in its functional currency. An entity's functional currency is the currency of the principal economic environment in which it operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rate of the reporting period. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are re-translated at period end exchange rates. Non-monetary assets and liabilities, which are measured in terms of historical cost in a foreign currency, are not re-translated. Foreign exchange gains and losses arising from borrowings are presented in the statements of earnings within finance expenses and all other foreign exchange gains and losses are presented within operating earnings except for those which relate to qualifying cash flow hedges and qualifying net investment hedges are presented in other comprehensive earnings within accumulated other comprehensive earnings until realized. Foreign exchange gains and losses arising from long-term intercompany loans, where repayment is neither planned or likely to occur in the foreseeable future, are considered as part of the net investment in a foreign operation. These are also presented in other comprehensive earnings within accumulated other comprehensive earnings until realized.

Foreign Operations

For the purposes of presenting consolidated financial statements, the results and financial position of all entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing rate at the reporting period end date;
- (b) Income and expenses are translated at average exchange rates for the reporting period; and
- (c) All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. When a foreign operation is sold, or there is a disposal involving a loss of control, exchange differences that were recorded in equity are recognized in the statements of earnings as part of the gain or loss on sale or disposal.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and short-term deposits. Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally qualify as cash equivalents if they have a term to maturity at the date of purchase of three months or less.

Receivables

Current

Receivables are amounts due from customers for products sold or services performed in the ordinary course of business.

The Company applies the simplified approach, as defined in IFRS Accounting Standards, to measure expected credit losses, which requires the use of the lifetime expected credit loss provision for all trade receivables. To measure lifetime expected credit losses, trade receivables are first categorized by groups with shared credit characteristics and the age of past due receivables followed by an assessment of the Company's historical experience of bad debts including customers' ability to pay and the current and future economic conditions which are expected during the life of the balance. The loss allowance is determined according to a provision matrix incorporating historical experiences adjusted for current and future conditions expected for the life of the balance.

Long-term

The Company provides financing to certain customers through direct financing loans for the sale of industrial access equipment.

The Company applies the simplified approach, as defined in IFRS Accounting Standards, to measure expected credit losses for receivables that contain a significant financing component (long-term receivables) and applies this approach consistently for all such receivables. To measure lifetime expected credit losses, long-term receivables are first categorized by groups with shared credit characteristics and the age of past due receivables followed by an assessment of the Company's historical experience of bad debts including customers' ability to pay and the current and future economic conditions which are expected during the life of the balance. The loss allowance is determined according to the provision matrix incorporating historical experience by credit risk rating as well as current conditions and forward-looking information. These may include internal credit ratings, external credit ratings (as available), actual or expected significant adverse changes

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

in business, financial or economic conditions, changes in the value of collateral and macroeconomic information such as market interest rates.

Impairment

The Company defines default of a financial asset when the Company is no longer reasonably assured of the timely collection of the full amount of principal and interest. The Company writes off its receivables when there is no realistic prospect of recovery. This is generally when a debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write off or fails to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to engage in enforcement activities to attempt to recover the receivable due. Losses are reversed when recoveries are made or the future economic conditions have improved.

Leases

An agreement is a lease if the agreement conveys the right to obtain substantially all of the economic benefit from the use of the identified asset and the right to direct the use of the identified asset.

Company as a lessee

The Company leases certain property, plant and equipment as right-of-use assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Assets and liabilities arising from a lease are initially measured on a present value basis, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease liabilities include the present value of fixed and variable payments, residual value guarantees, exercise of purchase options if reasonably certain to be exercised and any penalties for terminating the lease if reasonably certain to terminate. Right-of-use assets are measured at cost comprised of the amount of the initial measurement of the lease liability plus any lease payments made before the lease commencement date, any initial direct costs and restoration costs. Lease payments are allocated between finance charges and a reduction of the outstanding lease obligation. Finance charges are recognized in net earnings, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. If the underlying right-of-use asset transfers to the lessee at the end of the lease term or the lessee is reasonably certain to exercise a purchase option, the depreciation shall be the useful life of the right-of-use asset in accordance with the Company's depreciation methods and rates based on the class of the right-of-use asset. Otherwise, the right-of-use assets are depreciated over the shorter of the useful life of the asset and the lease term on a straight-line basis. The Company is exposed to potential future increases in variable lease payments based on an index or rate which are not included in the lease liability until they take effect. When the adjustments for variable payments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

For any contracts with a short-term or if the present value of the right-of-use asset has a low-value, the Company will expense the lease payments as incurred and no right-of-use asset will be recorded.

Company as a lessor

The Company leases certain industrial access products to customers. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases. Amounts due from lessees under operating lease arrangements are recognized as revenue over the course of the lease arrangement. Contingent rents are recognized as revenue in the period in which they are earned. Amounts due from lessees under finance lease arrangements are recognized as receivables at the amount of the Company's net investments in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant rate of return on the Company's net investment outstanding.

Sale of Receivables

The sale of receivables is recognized when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a borrowing for the proceeds received. For some transfers, the Company may provide security in the form of a limited guarantee in regards to the risk of default.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of finished goods and work-in-process is comprised of material costs, direct labour costs and other direct costs and related production overheads (based on normal operating capacity). Costs are allocated to inventory on the basis of weighted average costs. Net realizable value for finished goods and work-in-process is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling expenses. For raw materials and general stores inventories the replacement cost is considered to be the best available measure of net realizable value.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

The amount of inventories recognized as an expense during the period is shown in cost of sales. Write-downs for inventories are recorded when the net realizable value is lower than cost. The write-downs may be reversed if the circumstances which caused them no longer exist.

Taxation

Income taxes recoverable and payable

The taxes currently payable are based on taxable earnings for the reporting period. Taxable earnings differs from earnings as reported in the consolidated statements of earnings because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in each jurisdiction that the Company operates in.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable earnings will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill.

Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable earnings against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The ability to realize the tax benefits for tax loss carry-forwards is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Provision for current and deferred income taxes

Income tax expense represents the sum of the current and deferred income taxes for the period.

Current and deferred tax are recognized as an expense or income in net earnings, except when they relate to items that are recognized outside net earnings (whether in other comprehensive earnings or directly in equity), in which case the tax is also recognized outside net earnings, or where they arise from the initial accounting for a business acquisition. In the case of a business acquisition, the tax effect is included in the accounting for the business acquisition.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated amortization and impairment. Amortization of property, plant and equipment commences when they are ready for their intended use. Amortization is charged to earnings in amounts sufficient to depreciate the cost of property, plant and equipment over their estimated useful lives using the diminishing balance and straight-line methods as follows:

Land-use rights	Straight-line over the life of the contract
Buildings	5% diminishing balance
Machinery	Straight-line over 5 - 20 years or 15% - 20% diminishing balance
Office equipment	Straight-line over 2 - 3 years or 20% diminishing balance
Transportation equipment	10% - 30% diminishing balance

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in net earnings. Any impairment loss recognized for goodwill is not reversed in a subsequent period.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows. The increase in the provision due to passage of time is recognized as interest expense.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Financial Instruments

A financial instrument is any contract that at the same time gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized as soon as the Company becomes a contracting party to the financial instrument.

The classification for some financial assets depends on the entity's business model for managing its financial assets and the contractual terms of the cash flows. Debt instruments are assets that are held for collection of contractual cash flows where those cash flows represent payments of principal and interest or are assets that are held for sale. These are classified as either amortized cost, fair value through other comprehensive income or at fair value through profit or loss. Investments in equity instruments are classified at fair value through profit or loss unless an election is applied to classify the investments through other comprehensive income. Financial liabilities are classified as amortized cost. Derivatives are only used for hedging purposes and not as speculative investments; however, where derivatives do not meet the hedge accounting criteria, they are classified as held for trading and are accounted for at fair value through profit or loss.

Classification and measurement of financial instruments

At initial recognition for financial assets or liabilities, the Company measures a financial instrument at its fair value including debt issue and other transaction costs that are directly attributable to the acquisition or issuance of the financial instrument. Where a portion of a financial instrument is expected to be realized within 12 months of the end of the reporting period, that portion is included in current assets or liabilities, the remainder is classified as non-current.

- (a) Amortized cost: Assets that are held for the collection of contractual cash flows are measured at amortized cost using the effective interest method. Cash and cash equivalents, accounts and other receivables and the portfolios of long-term receivables are included in this classification. Short-term bank borrowings, accounts payable and accrued liabilities and long-term debt are financial liabilities included in this classification.
- (b) Fair value through other comprehensive income: Occasionally, a portion of the Company's portfolio of long-term receivables may be determined to be held for collection of contractual cash flows and for selling the financial assets. The recognition of impairment losses or impairment reversals, interest revenue and foreign exchange gains and losses are recognized in profit or loss similar to assets classified at amortized cost; however, movements in the carrying value are taken through other comprehensive income until the asset is de-recognized. At that time the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. Investments in equity instruments that are strategic in nature and therefore are not held for trading may be classified at fair value through other comprehensive income after an irrevocable election at recognition is completed. The fair value gains and losses on the investments remain in other comprehensive income with no subsequent reclassification of those fair value gains and losses to profit or loss on derecognition of the investment. Dividends from such investments are recognized in profit or loss as finance income when the Company's right to receive payments is established.
- (c) Fair value through profit or loss: Derivatives outside of a hedging relationship and investments in equity instruments held for trading have movements in carrying value taken through profit or loss.

Fair value hierarchy

The Company estimates fair values related to financial instruments and classifies these measurements using a fair value hierarchy that reflects the significance of their respective inputs. The Level 1, 2 and 3 classifications utilized by the Company are defined as follows:

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

Level 1 - Fair values are determined using inputs from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair values are determined using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. Derivative financial instruments are valued based on observable market data.

Level 3 - Fair values are determined based on inputs which are not based on observable market data.

The fair value hierarchy is used for all fair value measurement requirements. The Company recognizes transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Derivative financial instruments and hedge accounting

Risk management is predominantly controlled by the corporate treasury department. The corporate treasury department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating entities.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values related to the hedged item. Some of the derivatives used meet hedge effectiveness criteria and are designated in a hedge accounting relationship.

The Company may apply hedge accounting for certain foreign exchange forward contracts and cross currency interest rate swap contracts as cash flow hedges. The Company uses cash flow hedges for certain risks associated with the cash flows of recognized liabilities and highly probable forecasted transactions. Amounts accumulated in the hedge reserve within other comprehensive earnings are reclassified to net earnings in the period in which the hedged transaction occurs. If the hedged transaction subsequently results in the recognition of a non-financial item, the amounts accumulated in the hedge reserve within other comprehensive earnings are included in the initial cost or other carrying amount of the non-financial item. The deferred amounts are ultimately recognized in net earnings as the non-financial item impacts net earnings. In some hedge relationships the Company excludes from the designation the forward element of hedging instruments. The changes in the forward element of the contract that relate to the hedged item are recognized within other comprehensive earnings in the cost of hedging reserve within equity and if the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the cost of hedging reserve and included in the initial cost or other carrying amount of the non-financial item. The deferred amounts are ultimately recognized in net earnings as the non-financial item impacts net earnings. For any other cash flow hedges, the amount accumulated in the cost of hedging reserve is reclassified to net earnings as a reclassification adjustment in the same period or periods during which the hedged cash flows affect net earnings.

The Company may designate certain portions of its foreign denominated long-term debt or the spot component of a cross currency interest rate swaps as a net investment hedge. Hedges of net investments are accounted for similarly to cash flow hedges with amounts accumulated in other comprehensive earnings. The amounts accumulated in other comprehensive earnings are reclassified to net earnings in the period in which the foreign operation is partially disposed of or sold. When only the spot component of a financial instrument is designated in the net investment hedge, the change in the forward element of the hedging instrument that relates to the hedged item is recognized within other comprehensive earnings in the cost of hedging reserve within equity. Because the net investment is considered a time period related item, the deferred amounts are recognized in net earnings on a rational basis over the time period during which the hedge adjustment for the included spot component would affect net earnings.

The fair values are determined based on observable market data.

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Effectiveness is achieved when the hedging relationships meet all of the following hedge effectiveness requirements:

- (a) There is an economic relationship that exists between the hedged item and hedging instrument;
- (b) The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- (c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in accumulated other comprehensive earnings at that time remains in accumulated other comprehensive earnings until the forecasted transaction is eventually recognized in net earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in accumulated other comprehensive earnings is immediately transferred to net earnings.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

Share-based Compensation

Under the Company's share-based compensation plan, the Company with the approval of the Board of Directors may grant equity-settled stock options to its key employees and directors.

The Company recognizes a compensation expense for stock options granted and measures the compensation expense at fair value calculated on the grant date using the Black-Scholes option pricing model. The expense is recognized on a graded-vesting basis in which the fair value of each tranche is recognized over its respective vesting period when all of the specified vesting conditions are satisfied. Contributed surplus consists of accumulated share-based compensation expense less the fair value of options at the grant date that have been exercised and credited to common shares.

Accumulated Other Comprehensive Earnings Reserves

Hedging reserves

The cash flow hedge reserve contains both the effective portion of the cash flow hedge relationships incurred as at the reporting date and the excluded component in the hedging designation which is considered a cost of hedging.

Cumulative translation adjustment

The cumulative translation adjustment reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries along with the effective portion of the net investment hedge relationship incurred as at the reporting date.

Revenue Recognition

Sale of products

The Company enters into contracts with customers to manufacture and sell a range of products focused on propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered markets for the Mobility segment. These contracts are entered into with a customer when the Company can identify each party's rights and the contract has commercial substance, which generally is when the customer has made a firm volume commitment. In addition, the Company manufactures and sells a range of industrial equipment such as aerial work platforms, telehandlers and agricultural equipment. Revenue is recognized when control of the products and equipment has transferred to the customer, generally being when the products and equipment are shipped. This represents the point in time the customer obtains significant risk and rewards of ownership and the Company has the right to payment for the products or equipment.

A receivable is recognized when control of goods transfers to the customer, as indicated above, and consideration is unconditional. Payment terms are generally based on the customers' payment schedules, which typically range from 30 to 90 days from the invoice date. Certain industrial equipment and parts sales have significant financing components and have an average term of 3 to 5 years.

Revenue from these sales is recognized based on the transaction price specified in the purchase order and corresponds to the invoice amount. Sales that include significant financing components are measured and recognized at the purchase order price adjusted for the time value of money. Mobility product sales are recognized net of expected productivity charges. Consideration paid to the customer, if not in exchange for distinct goods or services at their fair values, are recorded within prepaid expenses and other current assets. The asset is amortized as a reduction in sales on a straight-line basis over the term of the specific contract to which the amount paid relates to. Industrial equipment and part sales are recognized net of the expected discounts, rebates and similar obligations. A refund liability is recognized for the expected amount payable to customers due to productivity charges, discounts, rebates and similar obligations that are recorded along with the recognition of the related sales. Productivity charges, rebates, and other similar obligations are classified as a variable consideration and measured using historical experience and forecasts of expected sales. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The Company's obligation to provide a refund or replacement for products built-to-print and equipment not in accordance with design specification is considered a standard warranty and recognized as a provision. Occasionally for Mobility product sales, the Company recognizes retrospective price amendments as a cumulative catch-up adjustment to sales when the contract modification is approved. When applicable, the revenue from services related to the sale of products is recognized when the services are rendered. Any incremental costs to obtain or fulfil a contract with a customer are capitalized when those costs are expected to be recoverable, unless accounted for within another policy.

Sale of customer owned assets

The Company enters into contracts with customers to develop, manufacture, and fabricate customer owned assets used for the purposes of parts production. Revenue is recognized when control of the asset has transferred to the customer, which occurs when the asset is substantially complete and the customer approves the initial production sample. This represents the point in time the customer has accepted the asset, significant risk and rewards of ownership have transferred and the Company has the present right to payment.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

A receivable is recognized when control of the asset transfers to the customer, as indicated above, and consideration is unconditional. Payment terms are generally based on the customers' payment schedules, which typically range from 30 to 90 days from the invoice date. Payment is typically made through a lump-sum payment, however, milestone payments throughout the asset fabrication process or amortization over parts production are sometimes agreed to. Payments made in advance of transfer of control are recorded as a contract liability and recognized as revenue once control has transferred.

Receivables collected through production parts are adjusted for the time value of money when a significant financing component is present. If revenue is recognized before the contractual right to payment exists, a contract asset is recorded.

Revenue from these sales is recognized based on the lower of transaction price specified in the purchase order or actual price invoiced by the Company to fabricate the asset. This amount corresponds to the amount invoiced to the customer by the Company. The invoice amount represents the standalone selling price of the asset, which is consistent with industry practice.

Engineering services

The Company enters into contracts with customers to design and develop a product or process using advanced engineering. Revenue is recognized, for contracts that qualify as a sale of service, as the service is being rendered or on completion of the service. Revenue recognized over time is generally determined based on the proportion of accumulated expenditures to date as compared to total anticipated expenditures as this depicts the progress towards completion of the service. Revenue is recognized over time for contracts where the Company creates an asset without an alternative use and the customer controls the asset as it is created. For some contracts revenue is recognized at a point in time when the customer approves the product or process.

A receivable is recognized as or when the service is rendered based on stages of completion or at completion as indicated above, and at the time the consideration is unconditional. Payment terms are generally based on the customers' payment schedules, which typically range from 30 to 90 days from the invoice date. Certain contracts have significant financing components as payment is amortized over parts production which is collected over the life of the program and are adjusted for the time value of money. Certain other contracts include milestone payments throughout the development process. Payments made in advance of the service being rendered are recorded as a contract liability and recognized as revenue as the service is performed. If revenue is recognized before the contractual right to payment exists, a contract asset is recorded.

Revenue from these sales is recognized based on the transaction price specified in the purchase order and corresponds to the invoice amount. The invoice amount represents the standalone selling price of engineering services, which is consistent with industry practice.

Practical expedients

The Company has elected to use the practical expedient for significant financing components expected to be collected in one year or less and for incremental costs to obtain a contract that the Company would have recognized in one year or less. Therefore, the Company does not adjust the transaction price for the time value of money and expenses incremental costs when incurred, respectively. No information is provided regarding any remaining performance obligations at the end of the period for a contract that has an original expected duration of one year or less or for which revenue is recognized based on the right to invoice, as allowed by IFRS 15.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers for the Company who are responsible for allocating resources and assessing performance of the operating segments have been identified as the senior management that makes strategic decisions.

Research and Development

Research costs are expensed as incurred. When certain criteria are met, development costs are accounted for as intangible assets and capitalized and amortized. Tax credits related to research and development are credited against the related qualifying expense or against the carrying amount of the related asset.

Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all required conditions.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

Government grants relating to costs are deferred and recognized in net earnings over the period necessary to match them with the costs that they are intended to compensate and these are presented as a reduction of the related expense. Government grants relating to property, plant and equipment are recognized as a reduction in the carrying amount of the related asset.

Pension Costs

The Company has various contributory and non-contributory defined contribution pension plans which cover most employees. The Company pays these contributions to a privately administered pension insurance plan after which the Company incurs no further payment obligations. The contributions are accrued and recognized as employee benefit expense when they are due.

4 Changes in Accounting Policies

New Standards and Amendments Adopted

Certain new standards and amendments became effective during the current year. The impact from the adoption of these new standards and amendments are discussed below.

IAS 7 Statement of Cash Flows, IFRS 7 Financial Instruments: Disclosures

Effective for the annual financial statements relating to fiscal years beginning on or after January 1, 2024, the International Accounting Standards Board issued disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on the Company's liabilities, cash flows and exposure to liquidity risk. Under the transitional provisions, the Company is not required to disclose comparative information prior to the effective date.

New Standards and Interpretations Not Yet Adopted

All pronouncements will be adopted in the Company's accounting policies after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards, amendments and interpretations to existing standards were not relevant nor would they significantly impact the Company's net earnings or financial position.

IFRS 18 Presentation and Disclosure in Financial Statements

Effective for the annual financial statements relating to fiscal years beginning on or after January 1, 2027, the IASB issued a new standard replacing *IAS 1 Presentation of Financial Statements*. Although the new standard carries forward many requirements from IAS 1 unchanged, IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies. Management is currently assessing the impact that these amendments will have on the financial statements.

5 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 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. The following discussion sets forth 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.

Impairment of Non-Financial Assets

The Company believes that the estimate of impairment for goodwill and non-financial assets is a "critical accounting estimate" because management is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to make significant forward-looking assumptions. In assessing whether there is an indication that an asset may be impaired, there are a number of external and internal sources of information which require a high degree of judgement. Judgement is used for what determines the CGU or group of CGUs and this may impact the results of an impairment review. The recoverable amounts of CGUs have been determined based on the higher of fair value less costs of disposal or value in use calculations, which require the use of estimates. Uncertain changes in the discount rate used, and forward-looking assumptions regarding improvement plans, costing assumptions, timing of program launches, and production volumes may affect the fair value of estimates used. No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used with the exception of supply chain constraints and escalated input costs.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

Current Income Taxes

The Company is subject to income taxes in numerous jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. Loss carry forwards also comprise a portion of the temporary differences and result in a deferred income tax asset. Deferred income tax assets are only recognized to the extent that management considers it probable that a deferred income tax asset will be realized. The assessment for the recognition of a deferred tax asset requires significant judgement. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.

Useful Lives of Depreciable Assets

Due to the significance of property, plant and equipment and intangible assets on the Company's statements of financial position, the Company considers the amortization policy relating to property, plant and equipment and intangible assets to be a "critical accounting estimate". The Company considers the expected useful life of the assets, expected residual value, and contract length when setting the amortization rates of its assets. Judgement is involved when establishing these estimates as such factors as technological innovation, maintenance programs, and relevant market information must be taken into consideration. The assets' residual values, useful lives and amortization methods are reviewed at the end of each reporting period and are adjusted if expectations differ from previous estimates. If circumstances impacting these assumptions and estimates change, the change in accounting estimates may represent a material impact to the consolidated financial statements.

Purchase Price Allocations

The determination of the purchase price is a critical estimate. The purchase price related to a business combination is allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities; as a result, the purchase price allocation impacts the Company's reported assets and liabilities and future net earnings due to its impact on future depreciation and amortization expense as well as impairment tests.

6 Sale of Receivables

The Company sells a portion of its receivables through various purchase agreements. Under the agreements, the receivables are mostly sold on a fully serviced basis, so that the Company continues to administer the collection of such receivables. The Company receives no fee for administration of the collection of such receivables. The Company has derecognized the receivables as substantially all of the risks and rewards of ownership of the assets have been transferred. Although the receivables have been derecognized, the Company has provided limited guarantees within the purchase agreements in regards to the risk of default. At December 31, 2024, the maximum exposure to loss is \$29,504 (2023 – \$30,891).

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

7 Inventories

	December 31 2024	December 31 2023
	\$	\$
General stores	250,088	208,228
Raw materials	784,600	738,309
Work-in-process	357,971	370,370
Finished goods	669,699	519,758
	2,062,358	1,836,665

The cost of inventories recognized as an expense during the year ended December 31, 2024 was \$8,011,567 (2023 – \$7,623,417).

A provision for obsolescence for slow moving inventory items is estimated by management based on historical and expected future sales and is included in cost of sales. In the year ended December 31, 2024 the Company recognized a charge to cost of sales for the write-down of slow moving and obsolete inventory, and adjustments to net realizable value aggregating \$81,412 (2023 – \$54,371).

8 Income Taxes

(i) Income Tax Recognized in Net Earnings

	December 31 2024		December 31 2023	
	\$	%	\$	%
Earnings before taxes	476,138		703,811	
Combined basic Canadian Federal and Ontario Provincial income taxes, including manufacturing and processing reduction	119,035	25.00%	175,953	25.00%
Increase (decrease) in income taxes resulting from:				
Effect of expenses that are not deductible in determining taxable earnings	(13,393)	-2.82%	4,169	0.59%
Effect of unused tax losses not recognized as deferred tax assets	2,743	0.58%	(694)	-0.10%
Effect of different tax rates of subsidiaries operating in other jurisdictions	8,557	1.80%	4,676	0.66%
Adjustments recognized in the current year in relation to the current tax of prior years	4,557	0.96%	(4,708)	-0.67%
Withholding tax on dividends from subsidiaries	-	-	20,385	2.90%
Other	-	-	976	0.14%
Non-deductible goodwill impairment	96,380	20.24%	-	-
Income tax expense and effective income tax rate	217,879	45.76%	200,757	28.52%
Current tax	272,604		263,436	
Deferred tax	(54,725)		(62,679)	
Income tax expense	217,879		200,757	

The tax rate used in the reconciliation above is the Canadian corporate tax rate of 25.0% (2023 – 25.0%). Deferred income tax expense (recovery) directly recognized in equity for the year was \$(22,766) (2023 – expense of \$10,936).

The Company is within the scope of the Organization for Economic Cooperation and Development (OECD) Pillar Two model rules. The Pillar Two legislation became effective January 1, 2024 and under the legislation, the Company is liable to pay a top-up tax for the difference between its effective tax rate in each jurisdiction and the 15% minimum tax rate. The IAS 12 amendments for a temporary exception to the accounting and disclosures for deferred taxes related to Pillar Two income taxes have been applied.

The Company's assessment indicated that our Hungarian operations would be subject to the new rules. For Hungary, the weighted average tax rate based on accounting profits was determined to be below the 15% minimum tax rate. Considering the impact of specific adjustments in the Pillar Two legislation, the Company recognized an additional current income tax expense for the year.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

(ii) Deferred Tax Balances

	December 31 2024	December 31 2023
	\$	\$
Tax benefit of tax credits and loss carry forwards	211,490	177,777
Tax benefit (liability) of derivative financial instruments	17,113	(5,653)
Other assets - tax value in excess of book value	77,460	63,854
Cumulative tax amortization in excess of book amortization	(200,779)	(176,843)
Other liabilities - book value in excess of tax value	(183,662)	(163,829)
Deferred tax net position	(78,378)	(104,694)

Reconciliation of deferred tax net balance:

	2024	2023
	\$	\$
At January 1	(104,694)	(152,822)
Tax recovery (expense) during the period recognized in earnings	54,725	62,679
Tax recovery (expense) during the period recognized in other comprehensive earnings	22,766	(10,936)
Impact of foreign currency translation adjustment	5,305	536
Net tax liability related to business acquisition	(61,834)	(11,785)
Other	5,354	7,634
At December 31	(78,378)	(104,694)

Net deferred tax balances in the statements of financial position are comprised of the following:

	December 31 2024	December 31 2023
	\$	\$
Deferred tax assets to be recovered after more than 12 months	320,589	251,766
Deferred tax assets to be recovered within 12 months	17,162	10,433
Total deferred tax assets	337,751	262,199
Deferred tax liabilities to be utilized after more than 12 months	(406,407)	(351,632)
Deferred tax liabilities to be utilized within 12 months	(9,722)	(15,261)
Total deferred tax liabilities	(416,129)	(366,893)
Deferred tax balances (net)	(78,378)	(104,694)

Unrecognized deferred tax assets were as follows:

	December 31 2024	December 31 2023
	\$	\$
Tax losses	33,358	38,099
Tax credits	4,218	5,091
Total deferred tax assets not recognized	37,576	43,190

The unrecognized tax losses expire as follows: \$8,075 during 2025-2029, \$4,652 during 2030-2044 and \$20,631 have no expiry date (2023 - \$2,994 during 2024-2028, \$7,138 during 2029-2043 and \$27,967 have no expiry date). The unrecognized tax credits expire as follows: \$Nil during 2025-2029 and \$4,218 during 2030-2044 (2023 - \$Nil during 2024-2028 and \$5,091 during 2029-2043).

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

9 Property, Plant and Equipment

	Land \$	Land use rights \$	Buildings \$	Machinery \$	Office equipment \$	Transportation equipment \$	Tooling \$	Total \$
Cost	117,927	14,748	942,230	4,413,998	27,850	64,349	24,451	5,605,553
Accumulated amortization	-	(1,368)	(336,453)	(2,401,324)	(19,612)	(36,776)	(16,929)	(2,812,462)
Book value at January 1, 2023	117,927	13,380	605,777	2,012,674	8,238	27,573	7,522	2,793,091
Effect of cumulative translation adjustment	467	(653)	(1,667)	25,118	(439)	1,086	(119)	23,793
Additions, net of government grants	32,789	-	114,582	653,573	3,533	18,605	10,889	833,971
Business acquisitions (Note 26)	656	-	125,659	302,925	2,024	1,899	1,457	434,620
Impairment provision, net of reversals	-	-	-	(28)	-	-	-	(28)
Disposals	-	-	(218)	(4,017)	(52)	(1,214)	(18)	(5,519)
Amortization	-	(286)	(51,092)	(353,083)	(3,006)	(11,308)	(8,655)	(427,430)
Book value at December 31, 2023	151,839	12,441	793,041	2,637,162	10,298	36,641	11,076	3,652,498
Cost	151,839	14,022	1,177,846	5,431,557	30,101	75,805	43,886	6,925,056
Accumulated amortization	-	(1,581)	(384,805)	(2,794,395)	(19,803)	(39,164)	(32,810)	(3,272,558)
Book value at December 31, 2023	151,839	12,441	793,041	2,637,162	10,298	36,641	11,076	3,652,498
Effect of cumulative translation adjustment	1,619	688	11,155	37,460	(472)	387	(649)	50,188
Additions, net of government grants	-	-	125,723	343,549	5,936	21,017	18,727	514,952
Business acquisitions (Note 26)	10,809	-	106,721	9,134	1,099	2,383	19	130,165
Impairment provision, net of reversals	-	-	(1,754)	(96,316)	(17)	-	(7,294)	(105,381)
Disposals	(295)	-	(3,157)	(65,894)	(521)	(1,880)	(27)	(71,774)
Amortization	-	(285)	(68,972)	(428,137)	(4,937)	(15,810)	(9,889)	(528,030)
Book value at December 31, 2024	163,972	12,844	962,757	2,436,958	11,386	42,738	11,963	3,642,618
Cost	163,972	14,808	1,424,444	5,349,594	29,559	88,838	33,594	7,104,809
Accumulated amortization	-	(1,964)	(461,687)	(2,912,636)	(18,173)	(46,100)	(21,631)	(3,462,191)
Book value at December 31, 2024	163,972	12,844	962,757	2,436,958	11,386	42,738	11,963	3,642,618

Amortization expense of \$524,113 (2023 – \$425,020) has been charged in cost of sales and \$3,917 (2023 – \$2,410) in selling, general and administration.

During the year, an impairment loss of \$105,381 was recorded in cost of sales, primarily for machinery and tooling in the Mobility segment. The impairments were related to Mobility electrified vehicle market and certain other programs that prematurely ended. The same programs also impacted technology intangibles for an impairment loss of \$10,786 recorded in cost of sales in the Mobility segment.

Building additions made by a related party, a company owned by the spouse of an officer and director, for 2024 were \$56,297 (2023 – \$54,948).

Government grants recognized as a reduction in the carrying amount of the assets during the year was \$11,698 (2023 – \$24,489). See Note 16 for more details regarding government grants.

As of December 31, 2024, property, plant and equipment includes \$492,964 (2023 – \$937,445) of assets in the course of construction for production purposes. The majority of the assets in the course of construction are included under the machinery category above.

Property leases, consisting of land and buildings, are included under the buildings category above.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

The following amounts are included in property, plant and equipment where the Company is a lessee under lease contracts:

	December 31, 2024		December 31 2023	
	Amortization	Book value	Amortization	Book value
	Year Ended		Year Ended	
	\$	\$	\$	\$
Land and buildings	28,416	167,094	20,317	172,527
Machinery	283	584	418	482
Office equipment	1,020	1,597	596	2,553
Transportation equipment	12,836	28,492	9,426	24,982
Tooling	264	986	158	199
	42,819	198,753	30,915	200,743

	December 31	December 31
	2024	2023
	\$	\$
Additions to leased assets	38,767	47,789
Business acquisitions (Note 26)	422	104,898
Lease interest expense	9,620	5,810
Expenses relating to short-term leases	12,072	12,051
Expenses relating to low-value leases	1,228	995
Total cash outflow for leases	38,437	26,898

The lease agreements do not impose any significant covenants other than the security interests in the leased assets that are held by the lessor. Some leases contain variable payment terms and future changes under the variable payment terms will not have a significant impact on future cash flows. There are no significant extension, termination or residual value guarantees that have not already been accounted for within the value of the leased asset or lease liability.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

10 Intangible Assets

	Trade names \$	Customer relationships \$	Technology \$	Product development costs \$	Software \$	Total \$
Cost	246,670	512,459	236,788	184,566	18,668	1,199,151
Accumulated amortization	(1,067)	(137,636)	(85,300)	(67,888)	(4,342)	(296,233)
Book value at January 1, 2023	245,603	374,823	151,488	116,678	14,326	902,918
Effect of cumulative translation adjustment	-	814	92	(1,178)	351	79
Additions	-	-	15,672	24,513	3,071	43,256
Business acquisition (Note 26)	-	60,450	-	-	-	60,450
Impairment provision	-	-	-	(337)	-	(337)
Amortization	(70)	(28,076)	(16,431)	(16,261)	(3,254)	(64,092)
Book value at December 31, 2023	245,533	408,011	150,821	123,415	14,494	942,274
Cost	246,670	574,529	253,442	180,503	21,835	1,276,979
Accumulated amortization	(1,137)	(166,518)	(102,621)	(57,088)	(7,341)	(334,705)
Book value at December 31, 2023	245,533	408,011	150,821	123,415	14,494	942,274
Effect of cumulative translation adjustment	-	3,968	1,580	6,095	(223)	11,420
Additions	-	-	813	26,041	4,154	31,008
Business acquisition (Note 26)	56,040	107,260	75,160	-	-	238,460
Impairment provision	-	-	(10,786)	-	-	(10,786)
Amortization	(70)	(34,221)	(23,040)	(16,479)	(3,524)	(77,334)
Book value at December 31, 2024	301,503	485,018	194,548	139,072	14,901	1,135,042
Cost	302,710	687,934	327,944	215,030	25,733	1,559,351
Accumulated amortization	(1,207)	(202,916)	(133,396)	(75,958)	(10,832)	(424,309)
Book value at December 31, 2024	301,503	485,018	194,548	139,072	14,901	1,135,042

Amortization of intangible assets is included in cost of sales. Product development costs and software are internally generated intangible assets except for those acquired through a business acquisition or separately acquired. During 2024 and 2023, no product development costs were separately acquired.

Trade names include assets of \$301,310 deemed to have an indefinite life. The useful life has been deemed to be indefinite because there are no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of this asset.

	December 31, 2024		December 31, 2023	
	Book value	Remaining amortization period	Book value	Remaining amortization period
	\$	in years	\$	n years
Customer relationships include assets in the following operating groups:				
MacDon	166,945	18	176,177	19
Bourgault	104,695	24	-	-
Salford	82,877	18	87,636	19
Linamar Mobility Europe	74,472	6	85,131	7
Linamar Structures	55,753	14	60,450	15
Technology includes assets in the following operating groups:				
Bourgault	71,719	19	-	-
MacDon	61,810	8	69,474	9

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

11 Goodwill

	2024	2023
	\$	\$
Cost, being book value at January 1	1,033,449	948,919
Business acquisition (Note 26)	173,485	80,572
Goodwill impairment	(385,523)	-
Effect of cumulative translation adjustment	11,161	3,958
Cost, being book value at December 31	832,572	1,033,449

Goodwill is monitored by management at the operating group level and these groups of CGUs are summarized as follows:

	December 31 2024	December 31 2023
	\$	\$
MacDon	388,806	388,806
Bourgault (Note 26)	182,350	-
Salford	92,572	92,572
Skyjack	12,983	12,983
Linamar Mobility Europe	-	378,482
Linamar Mobility North America	82,018	80,520
Linamar Structures (Note 26)	73,843	80,086
	832,572	1,033,449

During the year, a change in the allocation of goodwill was made using the relative value approach. The Company has evolved monitoring from the businesses acquired to its operating groups, specifically from a geographic perspective in the case of our Mobility businesses, better matching its updated internal reporting systems. This change did not result in an impairment.

Management performed the annual goodwill and indefinite intangible asset impairment analysis during the fourth quarters of 2024 and 2023 and found that there were no impairments, except for the Linamar Mobility Europe group in 2024. During 2024, Europe continued to experience economic challenges including a significant decline in automotive production. As a result of these economic challenges, the Company recorded a non-cash impairment charge of \$385,523 within operating earnings which was determined by comparing the carrying amount of the group to its recoverable amount.

The recoverable amounts of the CGUs were determined on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the Board of Directors, covering a five-year period.

Key assumptions used in the determination of the recoverable amount include:

- Operating costs and capital expenditures are based on internal management forecasts. Cost assumptions incorporate the Company's experience and expertise, operating costs, the nature and location of each CGU and the risk associated with each CGU. All committed and anticipated capital expenditures adjusted for future cost estimates have been included in the projected cash flows.
- Forecast growth rates are principally based on the Company's expectations for future performance. For the purpose of the impairment test, the Company set the terminal value to reflect a 3.0% (2023 – 3.0%) growth rate for the present value calculation.
- Discount rates used reflect specific risks relating to the relevant groups and the countries in which they operate. The pre-tax discount rates used range from 8.0% to 13.3% (2023 – 9.0% to 13.7%).

Sensitivity of impairment tests were performed for the remaining CGUs. A 1% increase in the discount rate would have no impact on the results of impairment tests. A 0.25% decrease in the growth rate would have no impact on the results of impairment tests.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

12 Provisions

	Claims and litigation (a) \$	Product warranties and product defects (b) \$	Other (c) \$	Total \$
At January 1, 2023	10,991	23,991	617	35,599
Charged (credited) to earnings:				
Additional provisions	1,460	19,575	51	21,086
Business acquisition (Note 26)	-	-	10,415	10,415
Unused amounts reversed	(1,246)	(2,918)	(17)	(4,181)
Used during year	(1,751)	(11,362)	(54)	(13,167)
Effect of cumulative translation adjustment	(63)	34	(468)	(497)
At December 31, 2023	9,391	29,320	10,544	49,255
Charged (credited) to earnings:				
Additional provisions	1,415	15,196	16,046	32,657
Business acquisition (Note 26)	-	5,089	-	5,089
Unused amounts reversed	(388)	(1,779)	(69)	(2,236)
Used during year	(526)	(10,630)	(32)	(11,188)
Effect of cumulative translation adjustment	351	47	950	1,348
At December 31, 2024	10,243	37,243	27,439	74,925

- (a) **Claims and litigation:** Claims and litigation provision relate to certain legal and commercial claims brought against the Company by stakeholders and potential repayment of government assistance in various jurisdictions. In management's opinion, after taking appropriate legal advice, the outcome of these claims will not give rise to any significant loss beyond the amounts provided at December 31, 2024.
- (b) **Product warranties and product defects:** Product warranties and product defects represent the legal or constructive responsibility of the Company for the proper function of products sold and the obligation arising from the use of products sold.
- (c) **Other:** Includes onerous contracts, restructuring, and decommissioning provisions which relates to the legal or constructive obligations for the completion of the leasing arrangements. The provision charge is recognized in earnings within cost of sales.

13 Long-Term Debt

The following amounts represent the Company's long-term debt obligations:

	Note	December 31 2024 \$	December 31 2023 \$
Private placement notes	(i)	1,024,245	1,015,213
Bank borrowings	(ii)	979,628	485,195
Lease liabilities	(iii)	209,477	203,513
Government borrowings	(iv)	79,169	68,426
		2,292,519	1,772,347
Less: current portion		45,658	40,530
		2,246,861	1,731,817

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

Principal payments required to meet the long-term obligations were as follows:

	December 31 2024	December 31 2023
	\$	\$
Not later than 1 year	45,658	40,530
Later than 1 year and not later than 5 years	1,124,741	627,937
Later than 5 years	1,127,006	1,108,750
Total principal payments	2,297,405	1,777,217
Less: debt issue costs	4,886	4,870
	2,292,519	1,772,347

(i) Private placement notes

The Private placement notes consisted of:

- (a) In January 2021, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of Euro ("EUR") 320.0 million aggregate principal amount issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. The private placement notes are guaranteed by material subsidiaries of the Company as defined in the agreement. The private placement notes require the Company to maintain certain financial ratios and impose limitations on specific activities. The Company is in compliance with all financial covenants. The EUR denominated notes have been designated as a net investment hedge for the net investments in EUR foreign operations.
- (b) In June 2023, the Company received funding through a note purchase agreement with certain institutional investors for private placement of \$550.0 million aggregate principal amount, issued at an annual rate of 5.96%, coming due June 2033 and paying interest semi-annually. The new private placement notes require the Company to maintain certain financial ratios and impose limitations on specific activities. The Company is in compliance with all financial covenants. The funds were used for general corporate purposes including the Battery Enclosures Business acquisition (Note 26).

(ii) Bank borrowings

The Company's credit facility was last amended and restated in November 2022. The facility includes a revolving credit facility for up to \$1.175 billion which will expire in November 2026 and is under terms and conditions largely consistent with the Company's previously existing credit facilities. Borrowings are subject to short-term market rates, plus applicable margin. The facility includes the use of alternative benchmark rates in order to complete the transition due to the IBOR reform.

In February 2024, the Company entered into a new term credit agreement for \$700.0 million in connection with the acquisition of Bourgault (Note 26) and general corporate purposes. The term credit agreement is repayable in three tranches with the last expiring in February 2027. The first tranche due in February 2025 of \$75.0 million was repaid during the third quarter of 2024. 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.

These borrowings are unsecured and guaranteed by material subsidiaries of the Company, as defined in their agreements. The borrowings under these facilities require the Company to maintain certain financial ratios and impose limitations on specified activities. The Company is in compliance with all financial covenants.

As of December 31, 2024, \$791,248 was available under the Company's credit facility.

(iii) Lease liabilities

The Company has various leases which are included in property, plant and equipment. The Company's obligations under the leases are secured by the Lessors' title to the assets. The undiscounted contractual maturities are as follows:

	December 31 2024	December 31 2023
	\$	\$
Not later than 1 year	46,269	42,733
Later than 1 year and not later than 5 years	134,310	129,664
Later than 5 years	66,914	68,378
	247,493	240,775
Less: future finance charges	38,016	37,262
	209,477	203,513

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

(iv) Government borrowings

The Company has three unsecured non-revolving interest free government loans due in annual payments through 2034.

14 Capital Stock

The Company is incorporated under the Ontario Business Corporations Act in Canada and is authorized to issue an unlimited number of common and special shares.

	Common Shares Issued/(Cancelled) #	Stated capital \$
At January 1, 2023	61,528,157	138,925
Stock options exercised	50,000	3,175
At December 31, 2023	61,578,157	142,100
Repurchase of shares under normal course issuer bid	(684,111)	(1,579)
At December 31, 2024	60,894,046	140,521

In November 2024, the Company announced TSX approval to commence a normal course issuer bid. This bid permitted the Company to acquire for cancellation up to 4,021,282 common shares between November 15, 2024 and November 14, 2025. This bid is subject to daily limits. Subsequent to year end, the Company repurchased and cancelled 707,869 common shares under its bid for a total of \$38,529.

15 Revenue from Contracts with Customers

The disaggregated revenue from contracts with customers aligns with the revenue information as disclosed for each reportable segment in Note 24. The Company has recognized revenue-related receivables, contract assets and contract liabilities in its consolidated statements of financial position. Accounts and other receivables and long-term receivables include \$1,125,048 and \$50,424, respectively, of receivables from contracts with customers (2023 - \$1,147,627 and \$30,547, respectively). Accounts payable and accrued liabilities include \$184,945 of liabilities from contracts with customers (2023 - \$156,195) (Note 27).

(i) Significant changes in contract liabilities

There have been no significant changes in contract liabilities over the year.

(ii) Revenue recognized in relation to contract liabilities

Revenue recognized during the year that was included in the contract liability balance at the beginning of the period was \$93,145 (2023 - \$116,341).

(iii) Remaining performance obligations

The aggregate amount of the transaction price allocated to remaining performance obligations as of the end of the year amounted to \$185,556, of which \$136,612 was attributable to customer owned asset contracts, \$34,781 to parts production, \$13,407 to engineering services contracts and \$756 to other (2023 - \$209,484, of which \$134,450 was attributable to customer owned asset contracts, \$53,027 to parts production, \$21,340 to engineering services contracts and \$667 to other).

Management expects that \$120,018 of the transaction price allocated to remaining performance obligations will be recognized during the next year, \$62,005 in 2026, \$2,916 in 2027 and the remaining balance in 2028 and beyond. Remaining performance obligations do not include variable consideration which is constrained.

16 Expenses by Nature

	2024 \$	2023 \$
Cost of materials	5,481,739	5,155,189
Employee benefits (Note 17)	2,479,517	2,186,210
Amortization (Notes 9, 10)	605,364	491,522
Transportation	269,145	283,997
Other	834,350	820,416
	9,670,115	8,937,334

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

During 2024, the benefits of government grants recorded in the statements of earnings was \$22,895 (2023 - \$17,541). In all cases, repayment of government grants is contingent on employment related measures, investment related measures or both.

During 2024, the Company has incurred research and development costs in the statement of earnings of \$168,329 (2023 - \$146,111).

The other category includes customer compensation recoveries partly offset by property, plant and equipment and technology intangible impairments (see Notes 9 and 10).

17 Employee Benefits

	2024	2023
	\$	\$
Wages, salaries and commissions	1,884,618	1,702,462
Social charges and other personnel expenses	518,751	436,574
Termination benefits	26,985	5,341
Share-based compensation (Note 18)	3,492	3,937
Pension expenses under defined contribution plans	45,671	37,896
	<u>2,479,517</u>	<u>2,186,210</u>

18 Share-Based Compensation

The Company is authorized to grant options for common stock to its key employees and directors. The exercise price of each option equals the average of the high and low market price of the Company's stock for the five trading days prior to the date of grant. An option's maximum term is 10 years and vesting is determined by the Board of Directors. The Company issues new common shares to satisfy stock options exercised. Options are forfeited when the option holder ceases to be an employee or director of the Company.

	Number of options	2024 Weighted average exercise price \$	Number of options	2023 Weighted average exercise price \$
At January 1	1,250,000	61.65	1,150,000	61.20
Granted	150,000	62.07	150,000	58.25
Exercised	-	-	(50,000)	41.11
Expired	(100,000)	66.63	-	-
At December 31	<u>1,300,000</u>	<u>61.31</u>	<u>1,250,000</u>	<u>61.65</u>
Vested at December 31	<u>645,000</u>	<u>60.74</u>	<u>615,000</u>	<u>61.58</u>

There were no share options exercised in 2024. In 2023, the average share price, during the period the share options were exercised, was \$58.11.

The following table is a summary of information about the stock options outstanding at December 31, 2024:

Year of Grant	Exercise Price	Number of options outstanding	Weighted average remaining life in years
2015	\$73.52	100,000	0.9
2016	\$50.14	100,000	1.9
2018	\$73.96	100,000	3.0
2018	\$45.40	100,000	4.0
2019	\$44.30	150,000	4.9
2020	\$65.42	150,000	5.9
2021	\$74.57	150,000	6.9
2022	\$64.74	150,000	7.9
2023	\$58.25	150,000	8.9
2024	\$62.07	150,000	10.0
		<u>1,300,000</u>	<u>5.9</u>

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

For all grants, the weighted average fair value of share options granted, and weighted average assumptions used in the fair value estimation at the time of grant, using the Black-Scholes model, are as follows:

	Granted in 2024	Granted in 2023
Share option fair value (per share)	\$23.12	\$23.01
Risk free interest rate	3.14%	3.37%
Expected life (years)	10	10
Expected volatility	32.42%	32.52%
Dividend yield	1.54%	1.33%

The expected life used in the Black-Scholes model is the same as the contractual term of the options. The risk free interest rate used in determining the fair value of the options granted is based on a Government of Canada zero coupon yield that was current at the time of grant and has a term corresponding to the contractual term of the options. The expected volatility considers the historical volatility of the Company's shares for the 10 year period preceding the share option grant date. The dividend yield is the annualized dividend at the date of grant divided by the average exercise price.

19 Other Income and (Expenses)

	2024 \$	2023 \$
Foreign exchange gain (loss)	66,300	(19,192)
Other income (expense)	18,642	(2,182)
	84,942	(21,374)

20 Finance Income and (Expenses)

	2024 \$	2023 \$
Interest expense	(126,786)	(69,370)
Foreign exchange gain (loss) on debt and derivatives	(1,017)	(2,505)
Interest earned	19,886	25,884
Other	(27,271)	(25,022)
	(135,188)	(71,013)

21 Earnings per Share

Basic earnings per share are calculated by dividing the net earnings attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding throughout the year. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding during the year to assume conversion of all dilutive potential shares.

	2024 \$	2023 \$
Net earnings (loss)	258,259	503,054
Weighted average common shares	61,518,562	61,532,541
Incremental shares from assumed conversion of stock options	73,811	67,106
Adjusted weighted average common shares for diluted earnings per share	61,592,373	61,599,647
Net earnings (loss) per share:		
Basic	4.20	8.18
Diluted	4.19	8.17

22 Commitments

As at December 31, 2024, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$216,863 (December 31, 2023 - \$419,983). Of this amount \$206,251 (December 31, 2023 - \$350,151) relates to the purchase of manufacturing equipment and \$10,612 (December 31, 2023 - \$69,832) relates to general contracting and construction costs in respect of plant

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

construction. Of the commitments for plant construction, \$6,553 (December 31, 2023 - \$55,313) were commitments to a related party, a company owned by the spouse of an officer and director. The majority of these commitments are due within the next twelve months.

23 Related Party Transactions

Please see related party transactions related to property, plant and equipment in Notes 9 and 22.

The Company's key management includes members of senior management and the Board of Directors. The compensation paid, or payable, to key management for employee services during the year was as follows:

	2024	2023
	\$	\$
Compensation and short-term benefits	31,225	33,853
Share-based compensation (Notes 17, 18)	3,492	3,937
Total compensation	34,717	37,790

24 Segmented Information

Management has determined the operating segments based on the reports reviewed by senior management that are used to make strategic decisions.

Mobility: The Mobility segment derives revenues from the collaborative design, development and manufacture of propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered markets.

Industrial: The Industrial segment is a world leader in the design and production of innovative industrial equipment, notably its class-leading aerial work platforms, telehandlers and agricultural equipment.

The segments are differentiated by the products that each produces and reflects how senior management manages the business. Corporate headquarters and other small operating entities are allocated to the Mobility and Industrial operating segments accordingly.

The Company accounts for inter-segment sales and transfers as arm's length transactions at current market rates. The Company ensures that the measurement and policies are consistently followed among the Company's reportable segments for sales, operating earnings, net earnings and assets.

The Company's customers representing over 10% of revenue are in the Mobility segment and account for 19.2% and 15.2% of total revenue (2023 – 18.4% and 16.4%).

The Company derives revenue from the transfer of goods and services at a point in time and over time in the following operating segments. These segments best depict how economic factors affect the nature, amount, timing and uncertainty of revenue and cash flows.

Operational Segments	Mobility	Industrial	2024
	\$	\$	\$
Total revenue	7,531,380	3,107,410	
Inter-segment sales	(42,960)	(13,808)	
Sales to external customers	7,488,420	3,093,602	10,582,022
Cost of sales before amortization	6,233,760	2,242,807	8,476,567
Amortization	512,430	89,012	601,442
Selling, general and administration	331,060	261,046	592,106
Goodwill impairment	385,523	-	385,523
Other income and (expenses)	(3,490)	88,432	84,942
Operating earnings (loss)	22,157	589,169	611,326
Finance income and (expenses)			(135,188)
Income taxes			217,879
Net earnings (loss)			258,259
Payments for property, plant and equipment	465,116	67,482	532,598

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

Operational Segments	Mobility \$	Industrial \$	2023 \$
Total revenue	7,144,147	2,657,784	
Inter-segment sales	(56,878)	(11,521)	
Sales to external customers	7,087,269	2,646,263	9,733,532
Cost of sales before amortization	6,019,819	1,901,754	7,921,573
Amortization	427,290	61,822	489,112
Selling, general and administration	315,025	211,624	526,649
Other income and (expenses)	(11,189)	(10,185)	(21,374)
Operating earnings (loss)	313,946	460,878	774,824
Finance income and (expenses)			(71,013)
Income taxes			200,757
Net earnings (loss)			503,054
Payments for property, plant and equipment	633,043	129,666	762,709

The Company operates in four geographic segments – Canada, Rest of North America, Asia Pacific and Europe. The non-current assets exclude financial instruments and deferred tax assets.

Geographic Segments	Canada \$	Rest of North America \$	Asia Pacific \$	Europe \$	2024 \$
Total sales	5,962,246	2,330,315	689,392	2,479,574	
Inter-segment sales	(333,320)	(355,999)	(22,536)	(167,650)	
Sales to external customers	5,628,926	1,974,316	666,856	2,311,924	10,582,022
Non-current assets	2,677,545	1,338,900	360,672	1,233,115	5,610,232

Geographic Segments	Canada \$	Rest of North America \$	Asia Pacific \$	Europe \$	2023 \$
Total sales	5,582,982	1,759,407	665,959	2,552,285	
Inter-segment sales	(356,670)	(301,725)	(19,428)	(149,278)	
Sales to external customers	5,226,312	1,457,682	646,531	2,403,007	9,733,532
Non-current assets	2,146,062	1,460,767	326,697	1,694,695	5,628,221

25 Supplemental Cash Flow Information

	2024 \$	2023 \$
Interest paid	147,249	73,991
Interest received	19,489	25,813
Taxes paid	349,147	181,891

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

Net Debt Reconciliation of Liabilities Arising from Financing Activities

	Cash and cash equivalents	Long-term debt	Total
	\$	\$	\$
At January 1, 2023	860,515	(1,308,374)	(447,859)
Cash flow activity	(193,066)	(307,663)	(500,729)
Additions, net of disposals - leases	-	(46,070)	(46,070)
Effect of cumulative translation adjustment	(14,122)	2,053	(12,069)
Effect of foreign exchange adjustments	-	2,011	2,011
Amount recognized in other comprehensive earnings	-	(4,576)	(4,576)
Business acquisitions, net of cash acquired (Note 26)	-	(104,898)	(104,898)
Other changes	-	(4,830)	(4,830)
At December 31, 2023	653,327	(1,772,347)	(1,119,020)
Cash flow activity	372,517	(467,252)	(94,735)
Additions, net of disposals - leases	-	(35,229)	(35,229)
Effect of cumulative translation adjustment	28,754	(4,854)	23,900
Effect of foreign exchange adjustments	-	(4,062)	(4,062)
Amount recognized in other comprehensive earnings	-	(8,704)	(8,704)
Business acquisitions, net of cash acquired (Note 26)	-	(422)	(422)
Other changes	-	351	351
At December 31, 2024	1,054,598	(2,292,519)	(1,237,921)

The table above details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's consolidated statements of cash flows as cash flows from financing activities. This also applies to derivative financial instruments held to hedge liabilities arising from financing activities although there were none in 2024 or 2023. The Company is also presenting cash and cash equivalents to reflect net debt.

26 Business Acquisitions

(i) Bourgault

On February 1, 2024, the Company acquired 100% of the equity interest of Bourgault Industries Ltd. ("Bourgault"), headquartered in St. Brieux, Saskatchewan, Canada. The acquisition will expand the Company's agricultural portfolio into broad acre seeding. The purchase price was \$621,645.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

Summary of identifiable assets acquired and liabilities assumed completed on February 1, 2024 as a business combination:

	\$
Cash and cash equivalents	1,149
Accounts and other receivables	48,028
Inventories	166,577
Income taxes recoverable	1,291
Prepaid expenses and other current assets	1,374
Property, plant and equipment	137,733
Leased assets	422
Deferred tax assets	731
Intangible assets	239,880
Goodwill	182,350
Total assets acquired	779,535
Accounts payable and accrued liabilities	87,117
Provisions	5,089
Income taxes payable	1,324
Lease liabilities	422
Deferred tax liabilities	63,938
Total liabilities assumed	157,890
Net identifiable assets acquired	621,645

The goodwill is attributable to expanding the Company's capabilities and further diversifies the Company's end markets. The acquisition further positions the Company as a global agricultural equipment manufacturer. The goodwill arising from this acquisition is not deductible for tax purposes.

The sales included in the consolidated statements of earnings from February 1, 2024 to December 31, 2024 contributed by Bourgault was \$370,150. Bourgault also contributed net earnings of \$11,550 over the same period. Bourgault is included in the Industrial segment.

(ii) Battery Enclosures Business

On August 3, 2023, the Company acquired three battery enclosures facilities from Dura-Shiloh ("Battery Enclosures Business") through the acquisition of certain assets and shares. The acquisition will increase the Company's electrified product portfolio with increased future battery electric vehicle content. During 2024, due to a change in purchase price, the total consideration decreased by \$20,049 to \$298,811, thereby decreasing the fair value of property, plant and equipment by \$7,990 to \$215,301, decreasing goodwill by \$8,865 to \$71,707, and other insignificant adjustments.

Summary of identifiable assets acquired and liabilities assumed completed on August 3, 2023 as a business combination:

	\$
Accounts and other receivables	29,138
Inventories	33,097
Prepaid expenses and other current assets	7,602
Property, plant and equipment	215,301
Leased assets	48,171
Intangible assets	59,030
Goodwill	71,707
Total assets acquired	464,046
Accounts payable and accrued liabilities	106,652
Lease liabilities	48,171
Deferred tax liabilities	10,412
Total liabilities assumed	165,235
Net identifiable assets acquired	298,811

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

The goodwill is attributable to expanding the Company's capabilities and further diversifies the Company's end markets. A portion of the goodwill arising from this acquisition will be deductible for tax purposes.

The sales included in the consolidated statements of earnings from August 3, 2023 to December 31, 2023 contributed by the Battery Enclosures Business was \$135,726. The acquisition also contributed net earnings of \$6,258 over the same period. The Battery Enclosures Business is included in the Mobility segment.

(iii) Chassis and Suspension Business

On October 31, 2023 the Company acquired the substantial portion of the US-based assets from Mobex Fourth and 1, LLC ("Chassis and Suspension Business") and certain of its affiliates. The acquisition will increase the Company's propulsion-agnostic solutions that can be supplied to BEV, hybrid and internal combustion-powered vehicle applications. The purchase price was \$88,730.

Summary of identifiable assets acquired and liabilities assumed completed on October 31, 2023 as a business combination:

	\$
Accounts and other receivables	25,005
Inventories	42,262
Prepaid expenses and other current assets	5,626
Property, plant and equipment	106,431
Leased assets	56,727
Total assets acquired	236,051
Accounts payable and accrued liabilities	80,179
Provisions	10,415
Lease liabilities	56,727
Total liabilities assumed	147,321
Net identifiable assets acquired	88,730

The sales included in the consolidated statements of earnings from October 31, 2023 to December 31, 2023 contributed by the Chassis and Suspension Business was \$94,724. The acquisition also contributed net earnings of \$2,605 over the same period. The Chassis and Suspension Business is included in the Mobility segment.

27 Financial Instruments

(i) Accounts Payable and Accrued Liabilities

	December 31 2024	December 31 2023
	\$	\$
Accounts payable	1,279,746	1,427,926
Accrued liabilities	783,004	744,530
Financial liabilities	2,062,750	2,172,456
Contract liabilities (Note 15)	184,945	156,195
Accounts payable and accrued liabilities	2,247,695	2,328,651

The Company has supplier financing programs with third-party financial institutions that provide an alternative source of financing for the Company's suppliers. The arrangement provides the suppliers with the option to be paid by the financial institution at a discount earlier than the payment date of their receivable. The due dates between the Company and the suppliers have been extended to an average of 90 – 180 days after the invoice date. Suppliers not party to the supplier financing programs are paid on an average of 60 days after the invoice date.

Included in accounts payable at December 31, 2024 are \$172,643 of liabilities that are part of a supplier financing program. Of this balance, the suppliers party to the program have received payments of \$147,862.

(ii) Composition of Financial Instruments

The comparison of fair values to carrying amounts of financial assets and financial liabilities along with the fair value hierarchy for financial assets and financial liabilities carried at fair value on a recurring basis is as follows:

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

	Subsequent Measurement	December 31, 2024		December 31, 2023	
		Carrying Value Asset (Liability) \$	Fair Value \$	Carrying Value Asset (Liability) \$	Fair Value \$
Long-term receivables	Amortized cost (Level 2)	53,679	52,425	63,293	62,803
Derivative financial instruments (hedge relationships) (iii):					
USD sales forwards – CAD functional entities	Fair value (Level 2)	(52,043)	(52,043)	15,385	15,385
USD sales forwards – MXN functional entities	Fair value (Level 2)	(19,657)	(19,657)	20,653	20,653
USD sales forwards – CNY functional entities	Fair value (Level 2)	(1,445)	(1,445)	(702)	(702)
Derivative financial instruments (held for trading) (iii):					
CAD foreign currency forwards	Fair value (Level 2)	-	-	(2,093)	(2,093)
Investments designated at fair value through other comprehensive income	Fair value (Level 3)	1,419	1,419	8,227	8,227
Long-term debt, excluding lease liabilities (Note 13)	Amortized cost (Level 2)	(2,083,042)	(1,994,979)	(1,568,834)	(1,478,148)

The fair value of the long-term receivables, derivative financial instruments, and long-term debt are determined by using valuation techniques based on observable market data other than quoted prices. The Company determined that the fair value of its investments, is equal to its carrying values. The fair value of other financial instruments such as cash and cash equivalents, accounts and other receivables, short-term bank borrowings and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturities of these instruments. There were no transfers in the fair value hierarchy between Levels 1, 2 and 3 during the year.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices for similar instruments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date; or
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(iii) Derivative Financial Instruments and Hedge Accounting

The summary of the Company's derivative financial instruments and hedge accounting is as follows:

	Hedging reserves			Unrealized gain/(loss) recognized \$	Amount reclassified to inventory \$	Other comprehensive earnings Gain/(loss) reclassified to sales and finance expense \$		Change in cost of hedging \$
	Carrying value \$	Cost of hedging reserve \$	Total \$					
a) USD sales forward contracts	(55,407)	4,067	(51,340)	(114,474)	-	19,540	3,870	
b) Long-term debt designated as net investment hedge	-	-	-	(8,704)	-	-	-	
December 31, 2024, gross	(55,407)	4,067	(51,340)	(123,178)	-	19,540	3,870	
Deferred tax				28,618	-	(4,885)	(967)	
December 31, 2024, net				(94,560)	-	14,655	2,903	

	Hedging reserve			Unrealized gain/(loss) recognized \$	Amount reclassified to inventory \$	Other comprehensive earnings Gain/(loss) reclassified to sales and finance expense \$		Change in cost of hedging \$
	Carrying value \$	Cost of hedging reserve \$	Total \$					
a) USD sales forward contracts	15,794	1,164	16,958	41,569	-	6,350	(4,718)	
b) Long-term debt designated as net investment hedge	-	-	-	(4,576)	-	-	-	
c) CAD purchase forward contracts	-	-	-	(2,482)	2,139	967	(81)	
December 31, 2023, gross	15,794	1,164	16,958	34,511	2,139	7,317	(4,799)	
Deferred tax				(9,772)	(535)	(1,829)	1,200	
December 31, 2023, net				24,739	1,604	5,488	(3,599)	

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

There was no ineffectiveness in any of the hedge relationships in 2024. There was a business model change during 2023 that ended the hedge program for forecasted consolidated CAD purchases for GBP functional entities. The forecasted purchases were reclassified to finance expenses for an ineffective loss of \$967 in 2023. Further details in b) below.

a) USD Sales Forward Contracts

The Company enters into a series of forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted consolidated USD sales. The Company's program hedges a portion of USD sales contracts entered into by entities with various functional currencies. Every quarter, additional contracts will be initiated in order to maintain a proportional coverage for up to 18 months of forecasted USD sales.

All the contracts are designated as cash flow hedges for accounting purposes for the spot component only, up until the month of the sales activity. The change in the forward element (the excluded component) of the contracts are recognized within other comprehensive earnings in the cost of hedging reserve within equity and is reclassified to net earnings in sales when the hedging relationship ends. The derivatives are in the same currency and notional amounts as a portion of the anticipated USD sales; therefore, the hedge ratio is on a one to one basis. It is anticipated that all critical terms will match during the period they are outstanding, therefore the economic relationship will remain 100% effective. After the month the sales activity occurs, the net fair value on the derivatives outstanding until maturity is recognized in other income and (expenses). For the current year, this was a loss of \$16,165 (2023 – gain of \$8,879).

The summary of contracts in place with USD notional hedge values and average forward rates back to the respective functional currencies is as follows:

	December 31, 2024		December 31, 2023	
	Notional Hedge Value USD \$	Average Forward Rate	Notional Hedge Value USD \$	Average Forward Rate
USD sales forwards – CAD functional entities	756,450	1.3534	802,050	1.3410
USD sales forwards – MXN functional entities	156,350	19.7307	150,725	19.5271
USD sales forwards – CNY functional entities	32,925	6.9823	36,175	6.9173
	945,725		988,950	

b) Long-term Debt Designated as Net Investment Hedge

In 2021, EUR denominated private placement notes used towards the repayment of a non-revolving term credit facility were designated as a net investment hedge for the net investments in EUR foreign operations. As all critical terms matched during the period, the economic relationship was 100% effective.

Further terms of the EUR denominated private placement notes are disclosed in Note 13(i).

c) CAD Purchase Forward Contracts

The Company enters into a series of forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted consolidated CAD purchases. The Company's program hedges a portion of CAD purchase contracts entered into by entities with various functional currencies. While programs are outstanding, every quarter, additional contracts will be initiated in order to maintain a proportional coverage for up to 18 months of forecasted CAD purchases.

During 2023, the Company revised its business model which decreased the forecasted purchases to be made in CAD for GBP functional entities. It was determined that the forecasted purchases could no longer be considered as highly probable to occur. The balances related to these forecasted purchases were reclassified from the hedge reserve and cost of hedging reserve into finance expenses for a loss of \$967. At the time of the reclassification, the contracts in place had a notional value of CAD \$58,500 at an average forward rate of 1.6095 back to the GBP functional currency. There were further impacts to the finance expenses for changes in the fair value of the contracts until the end of 2024 for a loss of \$1,033 (2023 – loss of \$1,535). No further contracts were added to the program and as at December 31 2024, there are no contracts remaining.

(iv) Financial Risk Management

The Company is primarily exposed to market risk, liquidity risk, credit risk and capital risk as a result of holding financial instruments.

Market Risk – Foreign Exchange Risk

The Company operates in several different geographical regions in the world and has many business arrangements with customers and suppliers also based in different geographical regions. The Company therefore is impacted by changes in foreign exchange rates. These foreign exchange rate changes affect net sales and expenses based in foreign currencies and the translation of monetary balances in relation to functional currencies. In order to minimize the adverse effects on the financial performance of the Company,

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

foreign exchange derivative contracts, which may or may not be designated in a hedge accounting relationship, and certain portions of its foreign denominated long-term debt may be used to mitigate certain foreign currency risk exposures to reduce the uncertainty from foreign currency transactions and functional currency translations.

Approximate foreign exchange exposure as related to the following significant currencies:

	December 31 2024 %	December 31 2023 %
USD activity	87.2	79.9
EUR activity	2.2	0.8
British pound activity	2.3	14.8
Mexican peso activity	0.9	1.0

The Company has foreign operations with functional currencies that differ from the parent.

Assuming all other variables are constant a 5% strengthening of the following significant currencies against the functional currency of the Company and its foreign subsidiaries would result in gains/(losses) by the amounts shown below:

	December 31, 2024		December 31, 2023	
	Impact on net earnings gain/(loss) \$	Impact on hedging reserve gain/(loss) \$	Impact on net earnings gain/(loss) \$	Impact on hedging reserve gain/(loss) \$
USD	(16,352)	(34,362)	(13,986)	(33,206)
EUR	(378)	-	(18)	-
British pound	281	-	1,987	788
Mexican peso	(1,733)	(6,832)	(167)	(5,895)

A weakening of the same above currencies at December 31 would have had the equal but opposite effect, on the basis that all other variables remain constant.

Market Risk – Interest Rate Risk

Due to the Company's capital structure, there is some degree of exposure to changes in the Canadian, US, European and Asian money market rates of interest. The Company does invest excess funds at times to maximize interest income earned. The investment quality must meet internal standards for ratings and liquidity to safeguard the Company's cash and cash equivalents. Interest rate or cross currency interest rate swap agreements are used by the Company from time to time to manage the fixed and floating interest rate mix of the Company's total debt portfolio and related overall cost of borrowing.

As at December 31, 2024, an interest rate change of 50 basis points (all other variables held constant) would have an impact on net earnings for the year of \$4,766 (2023 - \$2,848).

Liquidity Risk

Liquidity risk is the Company's ability to meet its financial obligations when they come due. The Company manages the liquidity risk of forecasted cash flows from operations, by ensuring that there are cash resources available to meet these needs. As at December 31, 2024, the Company's revolving bank facility had available credit of \$791,248. The revolving facility matures in 2026 and the term credit agreement matures in 2027.

The amount of financial resources available to invest in a Company's growth is dependent upon its size and willingness to utilize debt and issue equity. If the Company deviates from its growth expectations, it may require additional debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully compete in its markets on favourable commercial terms. Failure to obtain such financing could result in the delay or abandonment of certain strategic plans for product manufacturing or development.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

The undiscounted contractual maturities of the Company's financial liabilities are as follows:

	Current year	Maturing in 1	Maturing after	Total
	\$	to 2 years	2 years	\$
December 31, 2024		\$	\$	
Accounts payable and accrued liabilities	2,062,750	-	-	2,062,750
Long-term debt and contractual interest payments, derivative instruments, and financial guarantees	174,963	667,709	1,921,192	2,763,864
	2,237,713	667,709	1,921,192	4,826,614

	Current year	Maturing in 1	Maturing after	Total
	\$	to 2 years	2 years	\$
December 31, 2023		\$	\$	
Accounts payable and accrued liabilities	2,172,456	-	-	2,172,456
Long-term debt and contractual interest payments, derivative instruments, and financial guarantees	171,599	118,440	1,974,283	2,264,322
	2,344,055	118,440	1,974,283	4,436,778

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk at the reporting date is represented by the net carrying amount of the Company's cash and cash equivalents, accounts and other receivables, long-term receivables, derivative financial instruments and financial guarantees. The Company is exposed to credit risk from potential default by counterparties that carry the Company's cash and cash equivalents and derivative financial instruments. The Company attempts to mitigate this risk by dealing only with large financial institutions with investment grade credit ratings. All the financial institutions within the bank syndicate providing the Company's credit facility meet these qualifications.

A substantial portion of the Company's receivables are with large customers in the automotive, truck and industrial sectors and are subject to normal industry credit risks. At December 31, 2024, the receivables from the Company's three largest customers amounted to 12.9%, 8.5% and 6.4% (December 31, 2023 – 12.3%, 9.2% and 8.8%) of customer receivables.

The following represents the weighted-average expected credit loss rate of the Company's accounts and other receivables and long-term receivables. For credit risk management, the Company assesses the age of past due receivables to determine if credit risk has increased significantly. The aging of receivables is as follows:

	December 31, 2024		December 31, 2023	
	Accounts and other receivables	Long-term receivables	Accounts and other receivables	Long-term receivables
	\$	\$	\$	\$
Current	1,006,766	52,182	1,103,097	62,684
Past due 1-30 days	187,681	6	150,745	358
Past due 31-60 days	56,204	4	42,979	18
Past due 61-90 days	16,438	4	16,845	18
Past due >91 days	49,284	3,166	32,997	1,017
Gross carrying amount	1,316,373	55,362	1,346,663	64,095
Loss allowance provision	4,092	1,683	3,341	802
	1,312,281	53,679	1,343,322	63,293
Expected loss rate	0.3%	3.0%	0.2%	1.3%

The above gross carrying amounts represent the maximum exposure to credit risk without taking into consideration any collateral held or other credit enhancements. This is mitigated as the Company may hold a security interest in the underlying asset until the balance is fully settled by the customer, resulting in a reduced actual exposure.

Capital Risk Management

The Company's capital management objectives are to ensure the stability of its capital to support continued operations, provide an adequate return to shareholders and generate benefits for other stakeholders. The Company's capital is composed of shareholders' equity and is not subject to any capital requirements imposed by a regulator.

The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue or re-acquire shares, acquire or

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and December 31, 2023
(in thousands of Canadian dollars, except where otherwise noted)

dispose of assets, and adjust the amount of cash and cash equivalents. There were no changes in the Company's capital risk management strategy during the year.

28 Subsequent Event

In early 2025, the United States ("U.S.") administration has announced intentions to implement or increase tariffs. On March 4, 2025 tariffs of 25% went into effect on most Canadian and Mexican goods as well as 20% on Chinese products imported into the U.S. The same day retaliatory tariffs were implemented by Canada and China with Mexico planning its response. At this time, specific additional actions remain uncertain. The effect of these potential tariffs on our business and financial condition is influenced by several unknown factors, including the effective date and duration of such tariffs, their scope and nature, the amount imposed, and any retaliatory measures by the target countries.

Given these uncertainties, the Company cannot assure that any mitigating actions available to us, such as passing along some or all of the tariff costs to our customers, will be successful. Any further escalation of trade tensions, additional tariffs, retaliatory measures, or shifts in Canadian or international trade policies could adversely impact our business. The United States-Mexico-Canada Agreement (USMCA) is up for renewal in 2026, and there is no assurance that renegotiated terms will not adversely affect our business. It remains unclear what specific actions the current U.S. administration may take to address trade-related issues, and the U.S. and other governments could impose additional sanctions or export controls that might restrict our ability to conduct business directly or indirectly with certain countries or parties.

ANNUAL MEETING OF SHAREHOLDERS

The Company's Annual Meeting of Shareholders will take place in May 2025:

Date: May 15, 2025
Time: 9:00 a.m. (ET)
Location: The Frank Hasenfratz Centre of Excellence in Manufacturing
700 Woodlawn Road West, Guelph, ON N1K 1G4

Officers:

Linda Hasenfratz
Executive Chairman of the Board

Jim Jarrell
Chief Executive Officer President

Dale Schneider
Chief Financial Officer

Elliot Burger
General Counsel, Corporate Secretary and Global Vice President of Corporate Development

Mark Stoddart
Chief Technology Officer & Executive Vice President - Marketing

Henry Huang
Group President, Linamar Manufacturing Asia Pacific

Sam Cocca
Group President, Linamar North America & Europe

Kurt Buehler
Group President, Linamar Agriculture

Mike Russell
Group President, Linamar Structures

Charlie Patterson
Group President, Skyjack Inc.

Directors:

Linda Hasenfratz
Executive Chairman of the Board

Jim Jarrell
Director

Mark Stoddart
Director

Dennis Grimm
Director
Chair, Audit Committee
Member of the Human Resources & Corporate Governance Committee

Lisa Forwell
Director
Member of the Human Resources & Corporate Governance Committee and Audit Committee

Terry Reidel
Director
Chair, Human Resources & Corporate Governance Committee
Member of Audit Committee

Auditors, Transfer Agent & Registrar

PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario are the auditors of Linamar Corporation.

The transfer agent and registrar for the common shares of the Company is Computershare Investor Services Inc. at its principal offices in Toronto.

Linamar Shares are listed on the Toronto Stock Exchange, trading under LNR.