

Impressive Cash Flow Drives Dividend Increase, Buyback at Linamar

November 9, 2021, Guelph, Ontario, Canada (TSX: LNR)

- Free cash flow¹ was \$223.9 million for the third quarter of 2021 (“Q3 2021”) continuing the company’s excellent balance sheet management;
- Liquidity, measured as cash and cash equivalents and available credit as at September 30, 2021, is \$1.8 billion an increase from \$1.3 billion at September 30, 2020;
- During Q3 2021, the Company experienced modest sales growth versus the third quarter of 2020 (“Q3 2020”);
- Industrial segment sales up 45% and normalized operating earnings up 50% compared to Q3 2020:
 - Strong access equipment sales from the market recovery and market share growth for certain targeted products and regions; and
 - Increased agricultural sales from market growth amplified by global market growth in all core products.
- Mobility segment continues to experience adverse conditions associated with semi conductor supply related issues leading to a sales decline;
- Strong content per vehicle in all regions from launching business and content on prioritized vehicles; and
- New business wins grow strong launch book to more than \$3.7 billion, more than 22% year to date new business wins for electrified vehicles.

	Three Months Ended		Nine Months Ended	
	2021	2020	2021	2020
(in millions of dollars, except per share figures)	\$	\$	\$	\$
Sales	1,645.0	1,637.4	5,002.1	4,110.7
Operating Earnings (Loss)				
Industrial	70.0	41.2	179.4	108.6
Mobility	86.2	134.9	351.7	160.2
Operating Earnings (Loss) ¹	156.2	176.1	531.1	268.8
Net Earnings (Loss)	108.8	125.5	370.3	166.1
Net Earnings (Loss) per Share – Diluted	1.66	1.92	5.65	2.54
Earnings before interest, taxes and amortization (“EBITDA”) ¹	260.6	288.9	854.6	597.9
Operating Earnings (Loss) – Normalized¹				
Industrial	72.9	48.7	185.1	116.6
Mobility	77.8	148.7	339.2	165.0
Operating Earnings (Loss) – Normalized	150.7	197.4	524.3	281.6
Net Earnings (Loss) – Normalized¹	104.8	140.5	370.0	185.6
Net Earnings (Loss) per Share – Diluted – Normalized¹	1.60	2.15	5.64	2.84
EBITDA – Normalized¹	255.2	309.3	855.8	615.4

Operating Highlights

Sales for Q3 2021 were \$1,645.0 million, up \$7.6 million from \$1,637.4 million in Q3 2020.

The Industrial segment (“Industrial”) product sales increased 45.4%, or \$135.5 million, to \$433.9 million in Q3 2021 from Q3 2020. The sales increase was due to:

- additional access equipment sales primarily due to market recovery since Q3 2020 which was significantly impacted by the COVID-19 pandemic;
- market share growth in access equipment for certain targeted products and regions; and
- an increase in agricultural sales from market growth amplified by global market share growth in all core products; partially offset by
- an unfavourable impact on sales from the changes in foreign exchange rates from Q3 2020.

Sales for the Mobility segment (“Mobility”) decreased by \$127.9 million, or 9.6% in Q3 2021 compared with Q3 2020. The sales in Q3 2021 were impacted by:

- a sales decline primarily attributed to adverse conditions associated with semi conductor supply related issues; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q3 2020; partially offset by
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with; and
- increased sales related to material pass through pricing offsetting the associated raw material increases.

¹ For more information refer to the section entitled “Non-GAAP and Additional GAAP Measures” in the Company’s separately released Management’s Discussion and Analysis (“MD&A”).

The Company's normalized operating earnings for Q3 2021 was \$150.7 million. This compares to normalized operating earnings of \$197.4 million in Q3 2020, a decrease of \$46.7 million.

Industrial segment normalized operating earnings in Q3 2021 increased \$24.2 million, or 49.7% from Q3 2020. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in agricultural sales; and
- an increase in access equipment volumes; partially offset by
- an increase in labour, material and freight costs associated with ongoing supply chain issues;
- an unfavourable impact from the changes in foreign exchange rates from Q3 2020; and
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic.

Q3 2021 normalized operating earnings for Mobility were lower by \$70.9 million, or 47.7% compared to Q3 2020. The Mobility segment's earnings were impacted by the following:

- a sales decline primarily attributed to adverse conditions associated with semi conductor supply related issues;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic;
- an unfavourable impact from the changes in foreign exchange rates from Q3 2020; and
- an increase in energy and freight costs associated with ongoing supply chain issues; partially offset by
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with.

"There are certainly challenges we are facing in markets today but we are managing them and still expect to see double digit top and bottom line growth this year." said Linamar CEO Linda Hasenfratz, "Cash flow is excellent allowing us to increase the dividend and commence the process to launch a buyback for our shareholders. We see significant opportunities out there for growth, and with continued strong market demand, we envision a solid future for us as supply chain challenges ease in coming quarters."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended September 30, 2021 of CDN\$0.20 per share on the common shares of the company, payable on or after December 3, 2021 to shareholders of record on November 22, 2021.

Forward Looking Information, Risk and Uncertainties

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

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

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

Conference Call Information

Q3 2021 Release Information

Linamar will hold a webcast call on November 9, 2021, at 5:00 p.m. ET to discuss its third quarter results. The event will be simulcast and can be accessed at the following URL <https://www.linamar.com/event/q3-2021-earnings-call> and can also be navigated to on the company's website. For those who wish to listen to an audio only call-in option, the numbers for this call are (877) 668-0168 (North America) or (825) 312-2386 (International) Conference ID 3374269, with a call-in required 15 minutes prior to the start of the webcast. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the Company's quarterly financial statements, including the Management's Discussion & Analysis, will be available on the Company's website after 4:00 p.m. ET on November 9, 2021, and at www.sedar.com by the start of business on November 10, 2021. The webcast replay will be available at <https://www.linamar.com/event/q3-2021-earnings-call> after the call. A taped replay of the conference call will also be made available starting at 8:00 p.m. ET on November 9, 2021, for seven days. The number for the replay is (800) 585-8367 or (416) 621-4642, Passcode: 3374269. In addition, a recording of the call will be posted at <https://www.linamar.com/event/q3-2021-earnings-call>.

Q4 2021 Release Information

Linamar will hold a webcast call on March 9, 2022, at 5:00 p.m. ET to discuss its fourth quarter results. The event will be simulcast and can be accessed at the following URL <https://www.linamar.com/event/q4-2021-earnings-call> and can also be navigated to on the company's website. For those who wish to listen to an audio only call-in option, the numbers for this call are (877) 668-0168 (North America) or (825) 312-2386 (International) Conference ID 7163205, with a call-in required 15 minutes prior to the start of the webcast. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the Company's quarterly financial statements, including the Management's Discussion & Analysis, will be available on the Company's website after 4:00 p.m. ET on March 9, 2022, and at www.sedar.com by the start of business on March 10, 2022. The webcast replay will be available at <https://www.linamar.com/event/q4-2021-earnings-call> after the call. A taped replay of the conference call will also be made available starting at 8:00 p.m. ET on March 9, 2022, for seven days. The number for the replay is (800) 585-8367 or (416) 621-4642, Passcode: 7163205. In addition, a recording of the call will be posted at <https://www.linamar.com/event/q4-2021-earnings-call>.

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and MacDon. Skyjack manufactures scissor, boom and telehandler lifts for the aerial work platform industry. MacDon manufactures combine draper headers and self-propelled windrowers for the agricultural harvesting industry. The Mobility segment is subdivided into three regional groups: North America, Europe, and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered on and off highway vehicle markets. The Mobility segment products are focused on both systems and components for new energy powertrains, body and chassis, driveline, engine, and transmission systems of these vehicles. McLaren Engineering, the global engineering division of Linamar, provides full-service technical capabilities for the Mobility segment, including design, development, and testing services. The newly formed eLIN Product Solutions Group focuses on developing electrified products concentrating on four key areas: Power Generation, Energy Storage, Propulsion Systems, and Structural & Chassis offerings for electrified vehicles in all of Linamar's businesses globally. Linamar has over 25,000 employees in 60 manufacturing locations, 12 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia, which generated sales of \$7.4 billion in 2019. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on Twitter at @LinamarCorp.

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For further information regarding this release please contact Linda Hasenfratz at (519) 836-7550.

Guelph, Ontario
November 9, 2021

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended September 30, 2021

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated interim financial statements for the quarter ended September 30, 2021. This MD&A has been prepared as at November 9, 2021. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS"). References to the term generally accepted accounting principles ("GAAP") refer to information contained herein being prepared under IFRS as adopted. All amounts in this MD&A are in millions of Canadian dollars, unless otherwise noted.

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

OVERALL CORPORATE PERFORMANCE

Overview of the Business

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and MacDon. Skyjack manufactures scissor, boom and telehandler lifts for the aerial work platform industry. MacDon manufactures combine draper headers and self-propelled windrowers for the agricultural harvesting industry. The Mobility segment is subdivided into three regional groups: North America, Europe, and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered on and off highway vehicle markets. The Mobility segment products are focused on both systems and components for new energy powertrains, body and chassis, driveline, engine, and transmission systems of these vehicles. McLaren Engineering, the global engineering division of Linamar, provides full-service technical capabilities for the Mobility segment, including design, development, and testing services. The newly formed eLIN Product Solutions Group focuses on developing electrified products concentrating on four key areas: Power Generation, Energy Storage, Propulsion Systems, and Structural & Chassis offerings for electrified vehicles in all of Linamar's businesses globally. Linamar has over 25,000 employees in 60 manufacturing locations, 12 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia, which generated sales of \$7.4 billion in 2019. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on Twitter at @LinamarCorp.

Overall Corporate Results

The following table sets out certain highlights of the Company's performance in the third quarter of 2021 ("Q3 2021") and 2020 ("Q3 2020"):

(in millions of dollars, except per share figures)	Three Months Ended September 30				Nine Months Ended September 30			
	2021 \$	2020 \$	+/- \$	+/- %	2021 \$	2020 \$	+/- \$	+/- %
Sales	1,645.0	1,637.4	7.6	0.5%	5,002.1	4,110.7	891.4	21.7%
Gross Margin	235.5	273.5	(38.0)	(13.9%)	776.8	514.9	261.9	50.9%
Operating Earnings (Loss) ¹	156.2	176.1	(19.9)	(11.3%)	531.1	268.8	262.3	97.6%
Net Earnings (Loss)	108.8	125.5	(16.7)	(13.3%)	370.3	166.1	204.2	122.9%
Net Earnings (Loss) per Share - Diluted	1.66	1.92	(0.26)	(13.5%)	5.65	2.54	3.11	122.4%
Earnings before interest, taxes and amortization ("EBITDA") ¹	260.6	288.9	(28.3)	(9.8%)	854.6	597.9	256.7	42.9%
Operating Earnings (Loss) - Normalized ¹	150.7	197.4	(46.7)	(23.7%)	524.3	281.6	242.7	86.2%
Net Earnings (Loss) - Normalized ¹	104.8	140.5	(35.7)	(25.4%)	370.0	185.6	184.4	99.4%
Net Earnings (Loss) per Share - Diluted - Normalized ¹	1.60	2.15	(0.55)	(25.6%)	5.64	2.84	2.80	98.6%
EBITDA - Normalized ¹	255.2	309.3	(54.1)	(17.5%)	855.8	615.4	240.4	39.1%

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

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

In mid-March of 2020, COVID-19 quickly spread in multiple countries and was declared a pandemic by the World Health Organization. A number of the Company's key end markets witnessed a significant reduction in volume in and around April of 2020, mostly due to production shutdowns, shelter-in-place orders, and general effects on economies impacting customer demand. There has been a strengthening return

¹ For more information, refer to the "Non-GAAP and Additional GAAP Measures" section of this MD&A.

in volumes as automotive production in North America and Europe restarted in May of 2020 which has materially improved the results. Despite these positive signs the Company continues to be cautious around costs and capital spending given uncertainties. During 2021, the demand for the Company's products has been negatively impacted by semi conductor supply related issues as well as labour, material and freight costs associated with the pandemic. Therefore, the pandemic and resulting economic contraction have had, and is expected to continue to have, a negative impact on the demand for the Company's products.

Since resuming production in mid-May 2020, the Company's focus has been on Recovery, Restarting and Rejuvenation. Ensuring the safety of our workforce to return to work has been a top priority and we have seen excellent results with extremely low incidence of on-site transmission and employees surveyed feeling safe and supportive of protocols.

Despite these continued impacts, the Company has maintained sufficient liquidity to satisfy its financial obligations during this period and liquidity, measured as cash and cash equivalents and available credit, at September 30, 2021 increased significantly to \$1.8 billion compared with \$1.3 billion at September 30, 2020. The Company's free cash flow¹ was \$223.9 million for Q3 2021 compared to \$445.1 million for the same period of 2020.

Throughout this crisis Linamar strongly supported our local and global communities by implementing regular testing regimes, establishing a vaccination clinic as well as donating, procuring, and managing PPE for local healthcare providers and manufacturing ventilators and parts thereof for a variety of customers. The ability of Linamar to pivot from manufacturing auto assemblies to different products such as ventilators is evidence of the company's agility, flexibility, technical depth and the ability to respond quickly. These traits are, and have always been, the core of Linamar's strength.

Demonstrating this commitment to the health of our communities, beginning in Q1 2021, Linamar began assisting our local community with vaccine rollout efforts. The Company partnered with local health authorities and transformed our Customer Access Centre at Skyjack in Guelph to a community vaccination site. Linamar loaned full-time staff to aid the local health professionals with planning, logistics and coordination. The Company has remained focused on helping everyone moving toward a post COVID-19 world as quickly as possible and during Q3 2021 the community vaccination site closed after successfully vaccinating over 57,000 within the community. Linamar thanks all the volunteers and employees that made the vaccination site such a tremendous success in the Guelph community.

Continuing with the third quarter of 2021, the regional COVID-19 restrictions have not had a significant impact on Linamar's sales or expenses as Linamar has been subject to 'essential business' exemptions in the various jurisdictions in which we operate. Consequently, volumes have not been adversely affected by such restrictions. Given the currently available information, these restrictions are not expected to have a significant impact to the Company's performance. However, the length and extent of the COVID-19 pandemic and current and potential future governmental and other responses to it, such as regional business shut-downs, stay-at-home orders, business, border, travel and other restrictions and their impacts on the overall global economy are not known. Accordingly, there is material uncertainty as to the overall impact relating to the Company's future operations due to the ongoing pandemic. The Company is unable to quantify the overall impact of COVID-19 on Linamar's financial results including net of any mitigating factors.

In light of these events, the Company if necessary will continue to update its disclosures including: commentary in the "Financial Condition, Liquidity and Capital Resources" section, risk factors in the "Risk Management" section, commentary related to COVID-19 in the "Disclosure Controls and Procedures and Internal Controls Over Financial Reporting" section, and its discussion of critical accounting estimates in the "Critical Accounting Estimates and Judgements" section of this MD&A. Please see the "Critical Accounting Estimates and Judgements" section of the December 31, 2020 MD&A.

¹ For more information, refer to the "Non-GAAP and Additional GAAP Measures" section of this MD&A.

BUSINESS SEGMENT REVIEW

The Company reports its results of operations in two business segments: Industrial and Mobility. The segments are differentiated by the products that each produces and reflects how the chief operating decision makers of the Company manage the business. The following should be read in conjunction with the Company's consolidated financial statements for the quarter ended September 30, 2021.

(in millions of dollars)	Three Months Ended September 30 2021			Nine Months Ended September 30 2021		
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
	\$	\$	\$	\$	\$	\$
Sales	433.9	1,211.1	1,645.0	1,175.7	3,826.4	5,002.1
Operating Earnings (Loss)	70.0	86.2	156.2	179.4	351.7	531.1
EBITDA	83.3	177.3	260.6	221.1	633.5	854.6
Operating Earnings (Loss) – Normalized	72.9	77.8	150.7	185.1	339.2	524.3
EBITDA – Normalized	86.3	168.9	255.2	228.1	627.7	855.8

(in millions of dollars)	Three Months Ended September 30 2020			Nine Months Ended September 30 2020		
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
	\$	\$	\$	\$	\$	\$
Sales	298.4	1,339.0	1,637.4	856.6	3,254.1	4,110.7
Operating Earnings (Loss)	41.2	134.9	176.1	108.6	160.2	268.8
EBITDA	57.3	231.6	288.9	157.2	440.7	597.9
Operating Earnings (Loss) – Normalized	48.7	148.7	197.4	116.6	165.0	281.6
EBITDA – Normalized	64.7	244.6	309.3	165.2	450.2	615.4

Industrial Highlights

(in millions of dollars)	Three Months Ended September 30				Nine Months Ended September 30			
	2021	2020	+/-	+/-	2021	2020	+/-	+/-
	\$	\$	\$	%	\$	\$	\$	%
Sales	433.9	298.4	135.5	45.4%	1,175.7	856.6	319.1	37.3%
Operating Earnings (Loss)	70.0	41.2	28.8	69.9%	179.4	108.6	70.8	65.2%
EBITDA	83.3	57.3	26.0	45.4%	221.1	157.2	63.9	40.6%
Operating Earnings (Loss) – Normalized	72.9	48.7	24.2	49.7%	185.1	116.6	68.5	58.7%
EBITDA – Normalized	86.3	64.7	21.6	33.4%	228.1	165.2	62.9	38.1%

The Industrial segment ("Industrial") product sales increased 45.4%, or \$135.5 million, to \$433.9 million in Q3 2021 from Q3 2020. The sales increase was due to:

- additional access equipment sales primarily due to market recovery since Q3 2020 which was significantly impacted by the COVID-19 pandemic;
- market share growth in access equipment for certain targeted products and regions; and
- an increase in agricultural sales from market growth amplified by global market share growth in all core products; partially offset by
- an unfavourable impact on sales from the changes in foreign exchange rates from Q3 2020.

Year to date ("YTD") sales for Industrial increased by \$319.1 million, or 37.3% compared with YTD 2020. The factors that impacted Q3 2021 similarly impacted the YTD results.

Industrial segment normalized operating earnings in Q3 2021 increased \$24.2 million, or 49.7% from Q3 2020. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in agricultural sales; and
- an increase in access equipment volumes; partially offset by
- an increase in labour, material and freight costs associated with ongoing supply chain issues;
- an unfavourable impact from the changes in foreign exchange rates from Q3 2020; and
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic.

The YTD normalized operating earnings for Industrial increased by \$68.5 million, or 58.7% compared with YTD 2020. The factors that impacted Q3 2021 similarly impacted the YTD results.

Mobility Highlights

			Three Months Ended September 30				Nine Months Ended September 30	
	2021	2020	+/-	+/-	2021	2020	+/-	+/-
(in millions of dollars)	\$	\$	\$	%	\$	\$	\$	%
Sales	1,211.1	1,339.0	(127.9)	(9.6%)	3,826.4	3,254.1	572.3	17.6%
Operating Earnings (Loss)	86.2	134.9	(48.7)	(36.1%)	351.7	160.2	191.5	119.5%
EBITDA	177.3	231.6	(54.3)	(23.4%)	633.5	440.7	192.8	43.7%
Operating Earnings (Loss) – Normalized	77.8	148.7	(70.9)	(47.7%)	339.2	165.0	174.2	105.6%
EBITDA – Normalized	168.9	244.6	(75.7)	(30.9%)	627.7	450.2	177.5	39.4%

Sales for the Mobility segment (“Mobility”) decreased by \$127.9 million, or 9.6% in Q3 2021 compared with Q3 2020. The sales in Q3 2021 were impacted by:

- a sales decline primarily attributed to adverse conditions associated with semi conductor supply related issues; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q3 2020; partially offset by
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with; and
- increased sales related to material pass through pricing offsetting the associated raw material increases.

YTD sales for Mobility increased by \$572.3 million, or 17.6% compared to YTD 2020. The factors that impacted Q3 2021 similarly impacted the YTD results.

Q3 2021 normalized operating earnings for Mobility were lower by \$70.9 million, or 47.7% compared to Q3 2020. The Mobility segment’s earnings were impacted by the following:

- a sales decline primarily attributed to adverse conditions associated with semi conductor supply related issues;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic;
- an unfavourable impact from the changes in foreign exchange rates from Q3 2020; and
- an increase in energy and freight costs associated with ongoing supply chain issues; partially offset by
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with.

The YTD normalized operating earnings increased by \$174.2 million, or 105.6% compared with YTD 2020. The factors that impacted Q3 2021 similarly impacted the YTD results.

AUTOMOTIVE SALES AND CONTENT PER VEHICLE¹

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

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

	Three Months Ended September 30				Nine Months Ended September 30			
	2021	2020	+/-	%	2021	2020	+/-	%
<i>North America</i>								
Vehicle Production Units	3.15	4.13	(0.98)	(23.7%)	10.20	9.47	0.73	7.7%
Automotive Sales	\$ 636.3	\$ 750.3	\$ (114.0)	(15.2%)	\$ 1,950.7	\$ 1,684.0	\$ 266.7	15.8%
Content Per Vehicle	\$ 201.78	\$ 181.50	\$ 20.28	11.2%	\$ 191.25	\$ 177.85	\$ 13.40	7.5%
<i>Europe</i>								
Vehicle Production Units	3.07	4.37	(1.30)	(29.7%)	11.98	11.33	0.65	5.7%
Automotive Sales	\$ 297.7	\$ 335.2	\$ (37.5)	(11.2%)	\$ 1,018.4	\$ 917.9	\$ 100.5	10.9%
Content Per Vehicle	\$ 96.83	\$ 76.71	\$ 20.12	26.2%	\$ 85.03	\$ 81.01	\$ 4.02	5.0%
<i>Asia Pacific</i>								
Vehicle Production Units	9.35	11.02	(1.67)	(15.2%)	30.74	27.79	2.95	10.6%
Automotive Sales	\$ 143.1	\$ 138.5	\$ 4.6	3.3%	\$ 418.2	\$ 346.0	\$ 72.2	20.9%
Content Per Vehicle	\$ 15.30	\$ 12.57	\$ 2.73	21.7%	\$ 13.61	\$ 12.45	\$ 1.16	9.3%

North American automotive sales for Q3 2021 decreased 15.2% from Q3 2020 in a market that saw a decrease of 23.7% in production volumes for the same period. As a result, content per vehicle in Q3 2021 increased 11.2% from \$181.50 to \$201.78. The increase in North American content per vehicle was mainly driven by programs we have significant business with that have enjoyed disproportionately higher volumes and increased sales for launching programs. These increases were partially driven by impacts related to semi conductor chip supply issues as OEM powertrain production requirements did not decrease as significantly in the quarter relative to the decline in OEM vehicle production volumes.

European automotive sales for Q3 2021 decreased 11.2% from Q3 2020 in a market that saw a decrease of 29.7% in production volumes for the same period. As a result, content per vehicle in Q3 2021 increased 26.2% from \$76.71 to \$96.83. The increase in European content per vehicle was mainly driven by programs we have significant business with that have enjoyed disproportionately higher volumes and increased sales for launching programs. These increases were partially driven by impacts related to semi conductor chip supply issues as OEM powertrain production requirements did not decrease as significantly in the quarter relative to the decline in OEM vehicle production volumes.

Asia Pacific automotive sales for Q3 2021 increased 3.3% from Q3 2020 in a market that saw a decrease of 15.2% in production volumes for the same period. As a result, content per vehicle in Q3 2021 increased 21.7% from \$12.57 to \$15.30. The increase in Asian content per vehicle was mainly driven by additional sales for launching programs and increased volumes for certain programs that the Company has significant business with that have enjoyed disproportionately higher volumes.

¹ Automotive Sales are measured as the amount of the Company's automotive sales dollars per vehicle, not including tooling sales. CPV does not have a standardized meaning and therefore is unlikely to be comparable to similar measures presented by other issuers. CPV is an indicator of the Company's market share for the automotive markets that it operates in.

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

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Sales	\$ 1,645.0	\$ 1,637.4	\$ 5,002.1	\$ 4,110.7
Cost of Sales before amortization	1,301.6	1,254.9	3,889.8	3,268.7
Amortization	107.9	109.0	335.5	327.1
Cost of Sales	1,409.5	1,363.9	4,225.3	3,595.8
Gross Margin	\$ 235.5	\$ 273.5	\$ 776.8	\$ 514.9
Gross Margin percentage	14.3%	16.7%	15.5%	12.5%

Gross margin percentage decreased in Q3 2021 to 14.3% compared to 16.7% in Q3 2020. Cost of sales before amortization as a percentage of sales increased in Q3 2021 to 79.1% compared to 76.6% for the same quarter of last year. In dollar terms, gross margin decreased \$38.0 million in Q3 2021 compared with Q3 2020 as a result of the items discussed earlier in this analysis such as:

- a sales decline primarily attributed to adverse conditions associated with semi conductor supply related issues;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic;
- an increase in costs associated with ongoing supply chain issues; and
- an unfavourable impact from the changes in foreign exchange rates from Q3 2020; partially offset by
- an increase in agricultural sales;
- an increase in access equipment volumes; and
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with.

Q3 2021 amortization remained flat at \$107.9 million compared to Q3 2020. Amortization as a percentage of sales decreased to 6.6% of sales compared to 6.7% in Q3 2020. The YTD increase is primarily due to additional amortization from launching programs and products.

YTD gross margin increased to 15.5% from 12.5% in the same period of 2020. The increase in the YTD gross margin was a result of the same factors that impacted Q3 2021.

Selling, General and Administration

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Selling, general and administrative	\$ 85.0	\$ 89.8	\$ 253.6	\$ 247.6
SG&A percentage	5.2%	5.5%	5.1%	6.0%

Selling, general and administrative ("SG&A") costs decreased in Q3 2021 to \$85.0 million from \$89.8 million and decreased as a percentage of sales to 5.2% from 5.5% when compared to Q3 2020. This decrease, in dollar terms, is primarily due to:

- a reduction in provisions for receivables that were incurred in Q3 2020 that were primarily related to COVID-19; partially offset by
- a reduction in the utilization of various government support programs mainly related to COVID-19 in comparison to Q3 2020.

On a YTD basis, SG&A costs increased to \$253.6 million from \$247.6 million and decreased as a percentage of sales to 5.1% from 6.0% when compared to YTD 2020. This increase, in dollar terms, is primarily due to a reduction in the utilization of various government support programs mainly related to COVID-19.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Operating Earnings (Loss)	\$ 156.2	\$ 176.1	\$ 531.1	\$ 268.8
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(7.7)	(4.4)	(21.1)	(16.0)
Finance Income and (Expenses)	(1.9)	(1.5)	(10.3)	(26.7)
Provision for (Recovery of) Income Taxes	37.8	44.7	129.4	60.0
Net Earnings (Loss)	108.8	125.5	370.3	166.1

Finance Expenses

Finance expenses increased \$0.4 million in Q3 2021 from \$1.5 million in Q3 2020 to \$1.9 million due to:

- lower interest earned due to decreasing long-term receivable balances; which was partially offset by
- lower interest expense due to decreasing debt balances.

YTD finance expenses decreased \$16.4 million compared to \$26.7 million in YTD 2020. The YTD finance expenses were impacted by the same factors as described for Q3 2021 and further impacted by the Q2 2020 one-time make-whole expense related to the prepayment of the Company's United States Dollar ("USD") \$130 million Private Placement Notes that did not recur.

The consolidated effective interest rate for Q3 2021 increased to 2.0% compared to 1.8% in Q3 2020. The effective interest rate decreased to 2.0% YTD versus 2.1% YTD 2020. The changes in the effective interest rate for Q3 2021 were driven by the same factors that impacted the financing expenses and as a result of the debt repayments, the weighting of each debt agreement on the effective interest rate has changed. The YTD effective interest rate was driven by the same factors that impacted the effective interest rate for Q3 2021 with the exception of the Q2 2020 make-whole payment which is excluded from the effective interest rate calculations.

Income Taxes

The effective tax rate for Q3 2021 was 25.8%, a decrease from the 26.3% rate in the third quarter of 2020. The effective tax rate in Q3 2021 decreased due to a more favourable mix of foreign tax rates in Q3 2021 compared to Q3 2020.

The YTD effective tax rate was 25.9%, a decrease from the 26.6% rate for YTD 2020. The YTD 2021 effective tax rate has decreased primarily due to a tax adjustment recognized in the second quarter of 2020 in relation to prior years, which did not recur in 2021.

TOTAL EQUITY

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

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,450,697 common shares were outstanding as of November 9, 2021. The Company's common shares constitute its only class of voting securities. As of November 9, 2021, there were 900,000 options to acquire common shares outstanding and 3,750,000 options still available to be granted under the Company's share option plan.

In March 2020, the Company announced that the Toronto Stock Exchange ("TSX") had accepted a notice filed by the Company of its intention to renew its normal course issuer bid ("NCIB" or "Bid"). Under the NCIB, Linamar had the ability to purchase for cancellation up to a maximum of 4,396,427 common shares from March 20, 2020 until March 19, 2021, representing approximately 10% of the public float of 43,964,265 that were issued and outstanding as of March 6, 2020. No shares were purchased and cancelled from March 20, 2020 to March 19, 2021 due to the COVID-19 pandemic.

SELECTED FINANCIAL INFORMATION

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended December 31, 2019 through September 30, 2021. 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.

	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
	2021	2021	2021	2020	2020	2020	2020	2019
(in millions of dollars, except per share figures)	\$	\$	\$	\$	\$	\$	\$	\$
Sales	1,645.0	1,575.3	1,781.9	1,704.8	1,637.4	923.6	1,549.8	1,616.1
Net Earnings (Loss)	108.8	108.0	153.5	113.1	125.5	(37.9)	78.5	49.7
Net Earnings (Loss) per Share								
Basic	1.66	1.65	2.35	1.73	1.92	(0.58)	1.21	0.76
Diluted	1.66	1.65	2.34	1.73	1.92	(0.58)	1.20	0.76

The quarterly results of the Company are impacted by the seasonality of certain operational units. Historically, earnings in the second quarter for the Industrial segment are positively impacted by the high selling season for both the access equipment and agricultural businesses. For the Mobility segment, vehicle production is typically at its lowest level during the third and fourth quarters due to lower OEM production schedules resulting from shutdowns related to summer and winter maintenance and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules. Additionally, COVID-19 had adverse impacts on each quarter of 2020 as well as Q1 through Q3 of 2021. Plant shutdowns began mainly in March 2020 and April 2020 with the automotive OEM's restarting production in May 2020 resulting in volumes growing over the remainder of the year.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2021 \$	2020 \$	2021 \$	2020 \$
Cash generated from (used in):				
Operating Activities	281.2	518.4	691.1	944.5
Financing Activities	(143.9)	(244.2)	(555.0)	(502.3)
Investing Activities	(67.8)	(83.8)	(185.0)	(209.3)
Effect of translation adjustment on cash	4.9	4.1	(6.2)	(1.0)
Increase (decrease) in cash and cash equivalents	74.4	194.5	(55.1)	231.9
Cash and cash equivalents – Beginning of Period	731.6	375.6	861.1	338.2
Cash and cash equivalents – End of Period	806.0	570.1	806.0	570.1
Comprised of:				
Cash in bank	449.5	417.0	449.5	417.0
Short-term deposits	375.5	168.2	375.5	168.2
Unpresented cheques	(19.0)	(15.1)	(19.0)	(15.1)
	806.0	570.1	806.0	570.1

The Company's cash and cash equivalents (net of unpresented cheques) at September 30, 2021 were \$806.0 million, an increase of \$235.9 million compared to September 30, 2020.

Cash generated from operating activities was \$281.2 million, a decrease of \$237.2 million from Q3 2020, due to a decreased generation of cash in operating assets and liabilities and decreased earnings for the period. YTD cash generated from operating activities was \$691.1 million, \$253.4 million less than was provided in YTD 2020, due to an increased use of cash in operating assets and liabilities partially offset by increased earnings for the period.

Financing activities used \$143.9 million of cash compared to \$244.2 million used in Q3 2020 and YTD financing activities used \$555.0 million compared to \$502.3 million primarily due to the repayment of the Company's long-term debt. In Q1 2021, the repayment of the Company's USD denominated bank borrowings a portion which came due in January 2021 was partially offset by funding received through the Company's new 2031 Notes.

Investing activities used \$67.8 million in Q3 2021 compared to \$83.8 million used in Q3 2020 and YTD investing activities used \$185.0 million compared to \$209.3 million in YTD 2020. This use of cash was primarily due to the purchases of property, plant and equipment which continues to be an area of focus in conserving cash by the Company.

Operating Activities

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2021 \$	2020 \$	2021 \$	2020 \$
Net Earnings (Loss) for the period	108.8	125.5	370.3	166.1
Adjustments to earnings	104.2	131.7	328.3	366.8
	213.0	257.2	698.6	532.9
Changes in operating assets and liabilities	68.2	261.2	(7.5)	411.6
Cash generated from (used in) operating activities	281.2	518.4	691.1	944.5

Cash generated by operations before the effect of changes in operating assets and liabilities decreased \$44.2 million in Q3 2021 to \$213.0 million, compared to \$257.2 million in Q3 2020. YTD cash generated from operations before the effect of changes in operating assets and liabilities increased \$165.7 million in 2021 to \$698.6 million, compared to \$532.9 million YTD 2020.

Changes in operating assets and liabilities for Q3 2021 provided cash of \$68.2 million primarily due to an increase in accounts payables. Changes in operating assets and liabilities YTD used cash of \$7.5 million primarily due to increased inventories partially offset by decreased long-term receivables.

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the crisis. The Company received government assistance in certain regions where such assistance was available and where the Company was eligible for the subsidy programs. The Company has recognized these subsidy programs as a reduction to the related expenses. A significant benefit to Linamar was from a subsidy program in Canada. The Canada Emergency Wage Subsidy ("CEWS") program was announced in March 2020 and the program came to an end in October 2021. CEWS provided a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including a demonstration of revenue declines. The direct benefit of CEWS and other COVID-19 related programs recorded was \$24.8 million for Q3 2021. However, the Company is unable to

quantify the overall impact of COVID-19 on Linamar's financial results net of any mitigating factors such as government assistance programs.

Although Linamar has received COVID-19-related assistance from various governments, as of the date of this MD&A it remains unknown if these or any other COVID-19-related government assistance will be available in the future.

Financing Activities

(in millions of dollars)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Proceeds from (repayments of) short-term borrowings	-	(0.6)	-	(6.4)
Proceeds from (repayments of) long-term debt	(131.0)	(253.9)	(976.7)	(495.2)
Proceeds from senior unsecured notes	-	-	494.0	-
Proceeds from exercise of stock options	-	-	-	9.5
Repurchase of shares	-	-	-	(13.3)
Dividends	(10.5)	(3.9)	(31.4)	(15.6)
Finance income received (expenses paid)	(2.4)	(1.9)	(0.4)	(22.7)
Settlement of derivative contracts	-	16.1	(40.5)	41.4
Cash generated from (used in) financing activities	(143.9)	(244.2)	(555.0)	(502.3)

Financing activities for Q3 2021 used \$143.9 million of cash compared to \$244.2 million used in Q3 2020. YTD financing activities used \$555.0 million compared to \$502.3 million used in YTD 2020 primarily driven by the Company's repayment of long-term debt and prepayment of the Company's USD \$130 million Private Placement Notes in Q2 2020. In January 2021, the Company received EUR 320 million of its 2031 Notes, issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. In January, the Company also repaid USD denominated bank borrowings a portion which came due in January 2021 that was maturing under its bank credit facility.

Investing Activities

(in millions of dollars)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Payments for purchase of property, plant and equipment	(58.6)	(73.9)	(169.0)	(188.5)
Proceeds on disposal of property, plant and equipment	1.3	0.6	5.7	6.7
Payments for purchase of intangible assets	(3.0)	(8.5)	(8.3)	(20.1)
Other	(7.5)	(2.0)	(13.4)	(7.4)
Cash generated from (used in) investing activities	(67.8)	(83.8)	(185.0)	(209.3)

Cash used for investing activities for Q3 2021 was \$67.8 million compared to Q3 2020 at \$83.8 million. YTD cash used on investing activities was \$185.0 million compared to YTD 2020 at \$209.3 million. The Company continues to focus on the conservation of cash resulting in lower payments for the purchase of property, plant and equipment when compared to periods prior to the COVID-19 pandemic.

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, reasonable level of debt, 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 September 30, 2021, cash and cash equivalents, including short-term deposits was \$806.0 million and the Company's credit facilities had available credit of \$957.5 million. Combined, the Company believes this liquidity of \$1.8 billion at September 30, 2021 is sufficient to meet cash flow needs. In addition, free cash flow was \$223.9 million for Q3 2021 compared to \$445.1 million for the same period last year.

Commitments and Contingencies

Please see the Company's December 31, 2020 annual MD&A for a table summarizing the contractual obligations by category. Also, certain guarantees and legal claims are described in the notes to the Company's consolidated financial statements for the year ended December 31, 2020.

Financial Instruments

In January 2021, the Company received EUR 320 million in funding through its 2031 Notes. These EUR denominated notes have been designated as a net investment hedge for the net investments in EUR foreign operations. The Company applied the proceeds of these notes, as well as a portion of available surplus cash, and proceeds drawn from the revolving credit facility towards the repayment of the USD denominated debt, a portion of which came due in January 2021. The USD cross currency interest rate swap contract associated with the USD denominated debt matured and settled at the same time. The EUR cross currency interest rate swap contract matured and also

settled in January 2021, ending the associated net investment hedge. For more information, please see the Company's consolidated financial statements for the year ended December 31, 2020.

A portion of the Company's financial instruments are held as long-term receivables totalling \$235.1 million at September 30, 2021 compared to \$376.4 million at December 31, 2020. Long-term receivables are primarily made up of financing loans for the sale of industrial access equipment which decreased by \$157.2 million to \$77.3 million, financing loans for equity method investments which increased by \$14.5 million to \$125.7 million, and receivables for government assistance which increased by \$1.1 million to \$29.1 million. During Q2 2021, the Company received payment of \$132.6 million of long-term receivables from a customer.

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the quarter ended September 30, 2021. For more information, please see the Company's December 31, 2020 annual MD&A and the Company's consolidated financial statements for the year ended December 31, 2020.

Due to COVID-19 there is uncertainty in the future repayment of certain of Linamar's long-term accounts receivable and a reduction in the value of related collateral securing certain long-term receivables. During 2020, a review and adjustment for an increase in economic credit risk due to COVID-19 was also completed on the Company's accounts and other receivables. The credit risk on long-term receivables has improved and is still being monitored by the Company.

Off Balance Sheet Arrangements

For more information about off balance sheet arrangements, please see the notes to the Company's consolidated financial statements for the year ended December 31, 2020.

CURRENT AND PROPOSED TRANSACTIONS

There are no current and proposed transactions for the quarter ended September 30, 2021.

RISK MANAGEMENT

The Company is exposed to a number of risks in the normal course of business that have the potential to affect its operating results. These include, but are not limited to Public Health Threats; Competition, Outsourcing and Insourcing; Sources and Availability of Raw Materials; Labour Markets and Dependence on Key Personnel; Dependence on Certain Customers; Technological Change and Product Launches; Foreign Currency Risk; Long-term Contracts; Acquisition and Expansion Risk; Foreign Business Risk; Cyclicity and Seasonality; Legal Proceedings and Insurance Coverage; Credit Risk; Weather; Emission Standards; Capital and Liquidity Risk; Tax Laws; Securities Laws Compliance and Corporate Governance Standards; and Environmental Matters. These risk factors remain substantially unchanged during the quarter ended September 30, 2021. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2020 annual MD&A, and the Company's December 31, 2020 Annual Information Form, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In response to the COVID-19 pandemic, certain physical distancing measures taken by the Company, customers, suppliers and governments had the potential to impact the design and performance of internal controls over financial reporting for the Company. Although our pre-existing controls were not specifically designed to operate in this current pandemic environment, we continue to believe that our established internal control over financial reporting addresses all identified risk areas. There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2021, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions.

The Company provided updates to its estimates and judgements during 2020 related to COVID-19 and in particular the 'Impact of COVID-19 on Results and Risk Management Practices', the 'Impact of COVID-19 on Receivables' and 'Impairment of Non-Financial Assets'. The following are these critical estimates and judgements the Company has disclosed again in its September 30, 2021 consolidated interim financial statements.

Impact of COVID-19 on Results and Risk Management Practices

During 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, spread across the globe impacting worldwide economic activity. The extent to which the financial results and condition of the Company in future periods may be affected by

COVID-19 depends on future developments and cannot be reliably determined at the date of these financial statements. The Company has not changed its fundamental risk management practices. The Company will continue to evaluate the situation and monitor any impacts or potential impacts to its business.

Impact of COVID-19 on Receivables

With regard to the Company's receivables, the recognition and measurement of the expected credit loss rate involves a provision matrix incorporating historical experiences adjusted for current and future conditions expected for the life of the balance. No significant changes were made to the methodology during the period, except for enhancements made to assess the economic impacts of COVID-19. The level of estimation uncertainty and judgement has increased as a result of the economic effects of the COVID-19 pandemic, particularly as the length and extent of the pandemic and its impact on the overall global economy are not known. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate expected credit losses.

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. The recoverable amounts of cash generating units 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 the length and extent of the COVID-19 pandemic and its impact on the overall global economy which is not known.

Please refer to the "Critical Accounting Estimates and Judgements" section of the Company's December 31, 2020 consolidated annual financial statements and September 30, 2021 consolidated interim financial statements for additional information on its estimates and judgements.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2021 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2020 and the consolidated interim financial statements for the quarter ended September 30, 2021.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Non-GAAP Measures

The Company uses certain non-GAAP financial measures including Operating Earnings (Loss) – Normalized, Net Earnings (Loss) – Normalized, Net Earnings (Loss) per Share – Diluted – Normalized, EBITDA – Normalized, and Free Cash Flow. The Company believes these non-GAAP financial measures provide useful information to both management and investors 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 financial measures to exclude foreign exchange impacts, and the impact of unusual items when analyzing consolidated and segment underlying operational performance, on a consistent basis. The exclusion of certain items does not imply that they are non-recurring.

These Non-GAAP 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.

Normalizing Items

During Q3 2020, an unusual item of \$13.8 million related to the closing of a facility impacted the Mobility segment's earnings. For EBITDA - Normalized the impairment of assets is included in its definition and therefore the unusual item is the remaining portion for the closure of the facility. During Q2 2020, an unusual item of \$9.1 million related to make-whole interest for the early prepayment of the 2021 Notes impacted net earnings.

(in millions of dollars)	Three Months Ended September 30				Nine Months Ended September 30			
	2021 \$	2020 \$	+/- \$	+/- %	2021 \$	2020 \$	+/- \$	+/- %
Operating Earnings (Loss)	156.2	176.1	(19.9)	(11.3%)	531.1	268.8	262.3	97.6%
Foreign ex change (gain) loss	(5.5)	7.5	(13.0)		(6.8)	(1.0)	(5.8)	
Unusual items	-	13.8	(13.8)		-	13.8	(13.8)	
Operating Earnings (Loss) – Normalized	150.7	197.4	(46.7)	(23.7%)	524.3	281.6	242.7	86.2%
Net Earnings (Loss)	108.8	125.5	(16.7)	(13.3%)	370.3	166.1	204.2	122.9%
Foreign ex change (gain) loss	(5.5)	7.5	(13.0)		(6.8)	(1.0)	(5.8)	
Foreign ex change (gain) loss on debt and derivatives	-	(0.9)	0.9		6.3	4.7	1.6	
Unusual items	-	13.8	(13.8)		-	22.9	(22.9)	
Tax impact	1.5	(5.4)	6.9		0.2	(7.1)	7.3	
Net Earnings (Loss) – Normalized	104.8	140.5	(35.7)	(25.4%)	370.0	185.6	184.4	99.4%
Net Earnings (Loss) per Share – Diluted	1.66	1.92	(0.26)	(13.5%)	5.65	2.54	3.11	122.4%
Foreign ex change (gain) loss	(0.08)	0.12	(0.20)		(0.10)	(0.01)	(0.09)	
Foreign ex change (gain) loss on debt and derivatives	-	(0.02)	0.02		0.09	0.07	0.02	
Unusual items	-	0.21	(0.21)		-	0.35	(0.35)	
Tax impact	0.02	(0.08)	0.10		-	(0.11)	0.11	
Net Earnings (Loss) per Share – Diluted – Normalized	1.60	2.15	(0.55)	(25.6%)	5.64	2.84	2.80	98.6%
EBITDA	260.6	288.9	(28.3)	(9.8%)	854.6	597.9	256.7	42.9%
Foreign ex change (gain) loss	(5.5)	7.5	(13.0)		(6.8)	(1.0)	(5.8)	
Foreign ex change (gain) loss on debt and derivatives	-	(0.9)	0.9		6.3	4.7	1.6	
Asset impairment provision, net of reversals	0.1	11.7	(11.6)		1.7	11.7	(10.0)	
Unusual items	-	2.1	(2.1)		-	2.1	(2.1)	
EBITDA – Normalized	255.2	309.3	(54.1)	(17.5%)	855.8	615.4	240.4	39.1%

Normalizing Items by Segment

(in millions of dollars)	Three Months Ended September 30 2021			Nine Months Ended September 30 2021		
	Industrial \$	Mobility \$	Linamar \$	Industrial \$	Mobility \$	Linamar \$
Operating Earnings (Loss)	70.0	86.2	156.2	179.4	351.7	531.1
EBITDA	83.3	177.3	260.6	221.1	633.5	854.6
Foreign ex change (gain) loss	2.9	(8.4)	(5.5)	5.7	(12.5)	(6.8)
Operating Earnings (Loss) – Normalized	72.9	77.8	150.7	185.1	339.2	524.3
Asset impairment provision, net of reversals	-	0.1	0.1	-	1.7	1.7
Foreign ex change (gain) loss on debt and derivatives	0.1	(0.1)	-	1.3	5.0	6.3
EBITDA – Normalized	86.3	168.9	255.2	228.1	627.7	855.8

(in millions of dollars)	Three Months Ended September 30 2020			Nine Months Ended September 30 2020		
	Industrial \$	Mobility \$	Linamar \$	Industrial \$	Mobility \$	Linamar \$
Operating Earnings (Loss)	41.2	134.9	176.1	108.6	160.2	268.8
EBITDA	57.3	231.6	288.9	157.2	440.7	597.9
Foreign ex change (gain) loss	7.5	-	7.5	8.0	(9.0)	(1.0)
Unusual Item, including an asset impairment	-	13.8	13.8	-	13.8	13.8
Operating Earnings (Loss) – Normalized	48.7	148.7	197.4	116.6	165.0	281.6
Foreign ex change (gain) loss on debt and derivatives	(0.1)	(0.8)	(0.9)	-	4.7	4.7
EBITDA – Normalized	64.7	244.6	309.3	165.2	450.2	615.4

Operating Earnings (Loss) – Normalized

The Company believes Operating Earnings (Loss) – Normalized 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), as defined in "Additional GAAP Measures" below, and as presented in the Company's consolidated financial statements, adjusted for foreign exchange gain (loss), and any unusual items, if applicable, that are considered not to be indicative of underlying operational performance. See the "Normalizing Items" section above for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of GAAP Operating Earnings (Loss) to Operating Earnings (Loss) – Normalized.

Net Earnings (Loss) – Normalized

The Company believes Net Earnings (Loss) – Normalized 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) as presented in the Company's consolidated financial statements adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and any unusual items, if applicable, that are considered not to be indicative of underlying operational performance. See the "Normalizing Items" section above for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of GAAP Net Earnings (Loss) to Net Earnings (Loss) – Normalized.

Net Earnings (Loss) per Share – Diluted – Normalized

The Company believes Net Earnings (Loss) per Share – Diluted – Normalized 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. See the "Normalizing Items" section above for a description of the unusual items, if applicable, impacting the operational performance discussed in this MD&A and a reconciliation of GAAP Net Earnings (Loss) per Share – Diluted to Net Earnings (Loss) per Share – Diluted – Normalized.

EBITDA – Normalized

The Company believes EBITDA – Normalized is useful in assessing the Company's underlying operational performance of cash flow and profitability, and in making decisions regarding the ongoing operations of the business. EBITDA – Normalized is calculated as EBITDA, as defined in "Additional GAAP Measures" below, and as presented in the Company's consolidated financial statements, adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, non-cash asset impairments and any unusual items, if applicable, that are considered not to be indicative of underlying operational performance. See the "Normalizing Items" section above for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of GAAP EBITDA to EBITDA – Normalized.

Free Cash Flow

The Company believes Free Cash Flow is useful in assessing the Company's ability to generate cash. Free Cash Flow is calculated as cash from operating activities less payments for purchase of property, plant and equipment plus proceeds on disposal of property, plant and equipment.

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
(in millions of dollars)	\$	\$	\$	\$
Cash generated from (used in) operating activities	281.2	518.4	691.1	944.5
Payments for purchase of property, plant and equipment	(58.6)	(73.9)	(169.0)	(188.5)
Proceeds on disposal of property, plant and equipment	1.3	0.6	5.7	6.7
Free Cash Flow	223.9	445.1	527.8	762.7

Additional GAAP Measures

IFRS mandates certain minimum line items for financial statements and requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of an entity's financial position and performance. The Company presents the following additional GAAP measures in the Company's consolidated financial statements.

Operating Earnings (Loss)

Operating Earnings (Loss) is calculated as Net Earnings (Loss) before income taxes, finance income and (expenses) and share of net earnings (loss) of investments accounted for using the equity method, as presented on the Company's consolidated statements of earnings. This measure, along with other GAAP and non-GAAP measures are used by the chief operating decision makers and management to assess operating performance and the effective use and allocation of resources and to provide more meaningful comparisons of operating results.

EBITDA

EBITDA is calculated as Net Earnings (Loss) before interest, income taxes, and amortization. Please see the table below for the calculation. This measure, along with other GAAP and non-GAAP measures are used by the chief operating decision makers and management to assess operating performance of cash flow and profitability, the effective use and allocation of resources, and to provide more meaningful comparisons of operating results.

(in millions of dollars)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net Earnings (Loss) before income taxes	146.6	170.2	499.7	226.1
Amortization of property, plant and equipment	96.0	99.0	301.2	298.1
Amortization of other intangible assets	12.7	11.1	36.8	32.6
Finance costs	4.4	7.7	14.6	38.1
Other interest	0.9	0.9	2.3	3.0
EBITDA	260.6	288.9	854.6	597.9

SUMMARY OF CONTENT PER VEHICLE BY QUARTER

Estimates as of September 30, 2021	Three Months Ended			Year to Date		
	Mar 31 2021	Jun 30 2021	Sep 30 2021	Mar 31 2021	Jun 30 2021	Sep 30 2021
<i>North America</i>						
Vehicle Production Units	3.73	3.31	3.15	3.73	7.05	10.20
Automotive Sales	\$ 723.4	\$ 591.0	\$ 636.3	\$ 723.4	\$ 1,314.4	\$ 1,950.7
Content Per Vehicle	\$ 193.72	\$ 178.44	\$ 201.78	\$ 193.72	\$ 186.54	\$ 191.25

<i>Europe</i>						
Vehicle Production Units	4.74	4.16	3.07	4.74	8.90	11.98
Automotive Sales	\$ 388.3	\$ 332.3	\$ 297.7	\$ 388.3	\$ 720.6	\$ 1,018.4
Content Per Vehicle	\$ 81.87	\$ 79.90	\$ 96.83	\$ 81.87	\$ 80.95	\$ 85.03

<i>Asia Pacific</i>						
Vehicle Production Units	11.10	10.29	9.35	11.10	21.39	30.74
Automotive Sales	\$ 148.7	\$ 126.4	\$ 143.1	\$ 148.7	\$ 275.1	\$ 418.2
Content Per Vehicle	\$ 13.40	\$ 12.28	\$ 15.30	\$ 13.40	\$ 12.86	\$ 13.61

Estimates as of June 30, 2021	Three Months Ended		Year to Date	
	Mar 31 2021	Jun 30 2021	Mar 31 2021	Jun 30 2021
<i>North America</i>				
Vehicle Production Units	3.73	3.33	3.73	7.06
Automotive Sales	\$ 734.2	\$ 588.1	\$ 734.2	\$ 1,322.2
Content Per Vehicle	\$ 196.68	\$ 176.62	\$ 196.68	\$ 187.22

<i>Europe</i>				
Vehicle Production Units	4.74	4.20	4.74	8.94
Automotive Sales	\$ 386.6	\$ 336.4	\$ 386.6	\$ 723.0
Content Per Vehicle	\$ 81.55	\$ 80.07	\$ 81.55	\$ 80.86

<i>Asia Pacific</i>				
Vehicle Production Units	11.08	10.26	11.08	21.33
Automotive Sales	\$ 147.4	\$ 128.3	\$ 147.4	\$ 275.7
Content Per Vehicle	\$ 13.31	\$ 12.51	\$ 13.31	\$ 12.92

Change in Estimates from Prior Quarter	Three Months Ended		Year to Date	
	Mar 31 2021	Jun 30 2021	Mar 31 2021	Jun 30 2021
<i>North America</i>				
Vehicle Production Units	-	(0.02)	-	(0.01)
Automotive Sales	\$ (10.8)	\$ 2.9	\$ (10.8)	\$ (7.8)
Content Per Vehicle	\$ (2.96)	\$ 1.82	\$ (2.96)	\$ (0.68)

<i>Europe</i>				
Vehicle Production Units	-	(0.04)	-	(0.04)
Automotive Sales	\$ 1.7	\$ (4.1)	\$ 1.7	\$ (2.4)
Content Per Vehicle	\$ 0.32	\$ (0.17)	\$ 0.32	\$ 0.09

<i>Asia Pacific</i>				
Vehicle Production Units	0.02	0.03	0.02	0.06
Automotive Sales	\$ 1.3	\$ (1.9)	\$ 1.3	\$ (0.6)
Content Per Vehicle	\$ 0.09	\$ (0.23)	\$ 0.09	\$ (0.06)

FORWARD LOOKING INFORMATION

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

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

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

LINAMAR CORPORATION**Consolidated Interim Statements of Financial Position**

As at September 30, 2021 with comparatives as at December 31, 2020 (Unaudited)
(in thousands of Canadian dollars)

	September 30 2021 \$	December 31 2020 \$
ASSETS		
Cash and cash equivalents	805,996	861,100
Accounts and other receivables	968,365	888,206
Inventories	977,114	864,155
Income taxes recoverable	12,394	8,961
Current portion of long-term receivables (Note 6)	38,399	66,135
Current portion of derivative financial instruments (Note 6)	15,054	26,398
Other current assets	42,938	34,847
Current Assets	2,860,260	2,749,802
Long-term receivables (Note 6)	196,738	310,315
Derivative financial instruments (Note 6)	844	5,073
Property, plant and equipment	2,439,853	2,624,004
Investments	14,399	6,579
Deferred tax assets	116,924	106,358
Intangible assets	821,573	864,478
Goodwill	862,015	890,081
Assets	7,312,606	7,556,690
LIABILITIES		
Accounts payable and accrued liabilities	1,530,475	1,452,323
Provisions	34,936	38,441
Income taxes payable	84,279	83,882
Current portion of long-term debt (Notes 6, 7)	21,352	577,335
Current portion of derivative financial instruments (Note 6)	7,385	45,236
Current Liabilities	1,678,427	2,197,217
Long-term debt (Notes 6, 7)	778,967	725,879
Derivative financial instruments (Note 6)	2,264	363
Deferred tax liabilities	271,476	279,733
Liabilities	2,731,134	3,203,192
EQUITY		
Capital stock	146,204	146,204
Retained earnings	4,412,503	4,073,591
Contributed surplus	27,664	25,546
Accumulated other comprehensive earnings (loss)	(4,899)	108,157
Equity	4,581,472	4,353,498
Liabilities and Equity	7,312,606	7,556,690

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

On behalf of the Board of Directors:

(Signed) "Frank Hasenfratz"

Frank Hasenfratz
Director

(Signed) "Linda Hasenfratz"

Linda Hasenfratz
Director

LINAMAR CORPORATION**Consolidated Interim Statements of Earnings**

For the nine months ended September 30, 2021 and September 30, 2020 (Unaudited)

(in thousands of Canadian dollars, except per share figures)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021 \$	2020 \$	2021 \$	2020 \$
Sales	1,645,005	1,637,392	5,002,132	4,110,728
Cost of sales	1,409,488	1,363,911	4,225,377	3,595,794
Gross Margin	235,517	273,481	776,755	514,934
Selling, general and administrative	85,016	89,791	253,554	247,663
Other income and (expenses) (Note 9)	5,704	(7,589)	7,924	1,506
Operating Earnings (Loss)	156,205	176,101	531,125	268,777
Share of net earnings (loss) of investments accounted for using the equity method	(7,698)	(4,360)	(21,207)	(15,937)
Finance income and (expenses) (Note 10)	(1,926)	(1,546)	(10,262)	(26,722)
Net Earnings (Loss) before Income Taxes	146,581	170,195	499,656	226,118
Provision for (recovery of) income taxes	37,742	44,709	129,328	60,065
Net Earnings (Loss) for the Period	108,839	125,486	370,328	166,053
Net Earnings (Loss) Per Share:				
Basic	1.66	1.92	5.66	2.54
Diluted	1.66	1.92	5.65	2.54

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

LINAMAR CORPORATION**Consolidated Interim Statements of Comprehensive Earnings**

For the nine months ended September 30, 2021 and September 30, 2020 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net Earnings (Loss) for the Period	108,839	125,486	370,328	166,053
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	3,159	43,507	(126,020)	122,418
Change in unrealized gains (losses) on net investment hedges	1,440	(21,462)	36,662	(63,099)
Change in unrealized gains (losses) on cash flow hedges	(13,305)	5,613	(10,200)	(34,506)
Change in cost of hedging	(173)	(3,138)	(2,558)	5,955
Reclassification to earnings of gains (losses) on cash flow hedges	(6,830)	12,134	(14,610)	15,022
Tax impact of above	5,091	1,714	3,617	19,157
Other Comprehensive Earnings (Loss)	(10,618)	38,368	(113,109)	64,947
Comprehensive Earnings (Loss) for the Period	98,221	163,854	257,219	231,000

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

LINAMAR CORPORATION

Consolidated Interim Statements of Changes in Equity

For the nine months ended September 30, 2021 and September 30, 2020 (Unaudited)

(in thousands of Canadian dollars)

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Total Equity \$
Balance at January 1, 2021	146,204	4,073,591	25,546	91,598	16,559	4,353,498
Net Earnings (Loss)	-	370,328	-	-	-	370,328
Other comprehensive earnings (loss)	-	-	-	(92,586)	(20,523)	(113,109)
Comprehensive Earnings (Loss)	-	370,328	-	(92,586)	(20,523)	257,219
Hedging transferred to the carrying value of inventory	-	-	-	-	53	53
Share-based compensation	-	-	2,118	-	-	2,118
Dividends	-	(31,416)	-	-	-	(31,416)
Balance at September 30, 2021	146,204	4,412,503	27,664	(988)	(3,911)	4,581,472

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Total Equity \$
Balance at January 1, 2020	132,356	3,830,666	27,578	36,469	2,686	4,029,755
Net Earnings (Loss)	-	166,053	-	-	-	166,053
Other comprehensive earnings (loss)	-	-	-	74,356	(9,409)	64,947
Comprehensive Earnings (Loss)	-	166,053	-	74,356	(9,409)	231,000
Share-based compensation	-	-	1,831	-	-	1,831
Shares issued on exercise of options	14,417	-	(4,914)	-	-	9,503
Common shares repurchased and cancelled	(569)	(12,711)	-	-	-	(13,280)
Dividends	-	(15,643)	-	-	-	(15,643)
Balance at September 30, 2020	146,204	3,968,365	24,495	110,825	(6,723)	4,243,166

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

LINAMAR CORPORATION

Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2021 and September 30, 2020 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period	108,839	125,486	370,328	166,053
Adjustments for:				
Amortization of property, plant and equipment	96,009	98,977	301,157	298,113
Amortization of other intangible assets	12,667	11,065	36,765	32,570
Deferred income taxes	1,564	(1,170)	(12,023)	(28,890)
Asset impairment provision, net of reversals	109	11,725	1,749	11,725
Share-based compensation	706	610	2,118	1,831
Equity investment (earnings) loss	7,698	4,360	21,207	15,937
Finance (income) and expenses	1,926	1,546	10,262	26,722
Other	(16,485)	4,578	(33,008)	8,818
	213,033	257,177	698,555	532,879
Changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	21,026	(195,675)	(79,582)	21,053
(Increase) decrease in inventories	(28,759)	43,828	(132,064)	112,448
(Increase) decrease in other current assets	(11,805)	(3,088)	(9,049)	6,165
(Increase) decrease in long-term receivables	(1,791)	68,744	121,815	109,821
Increase (decrease) in income taxes	14,024	39,442	(5,094)	64,733
Increase (decrease) in accounts payable and accrued liabilities	76,625	309,630	99,418	102,229
Increase (decrease) in provisions	(1,124)	(1,689)	(2,870)	(4,811)
	68,196	261,192	(7,426)	411,638
Cash generated from (used in) operating activities	281,229	518,369	691,129	944,517
Financing Activities				
Proceeds from (repayments of) short-term borrowings	-	(594)	-	(6,370)
Proceeds from (repayments of) long-term debt	(130,972)	(253,862)	(976,666)	(495,223)
Proceeds from senior unsecured notes	-	-	493,952	-
Proceeds from exercise of stock options	-	-	-	9,503
Repurchase of shares	-	-	-	(13,280)
Dividends	(10,472)	(3,927)	(31,416)	(15,643)
Finance income received (expenses paid)	(2,494)	(1,892)	(374)	(22,739)
Settlement of derivative contracts (Notes 6, 7)	-	16,093	(40,470)	41,428
Cash generated from (used in) financing activities	(143,938)	(244,182)	(554,974)	(502,324)
Investing Activities				
Payments for purchase of property, plant and equipment	(58,632)	(73,867)	(168,983)	(188,549)
Proceeds on disposal of property, plant and equipment	1,303	574	5,708	6,684
Payments for purchase of intangible assets	(2,991)	(8,453)	(8,262)	(20,069)
Other	(7,487)	(2,038)	(13,468)	(7,327)
Cash generated from (used in) investing activities	(67,807)	(83,784)	(185,005)	(209,261)
	69,484	190,403	(48,850)	232,932
Effect of translation adjustment on cash	4,941	4,133	(6,254)	(1,072)
Increase (decrease) in cash and cash equivalents	74,425	194,536	(55,104)	231,860
Cash and cash equivalents - Beginning of Period	731,571	375,550	861,100	338,226
Cash and cash equivalents - End of Period	805,996	570,086	805,996	570,086
Comprised of:				
Cash in bank	449,550	417,000	449,550	417,000
Short-term deposits	375,466	168,195	375,466	168,195
Unpresented cheques	(19,020)	(15,109)	(19,020)	(15,109)
	805,996	570,086	805,996	570,086

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

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the nine months ended September 30, 2021 and September 30, 2020 (Unaudited)
(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 interim financial statements of the Company for the period ended September 30, 2021 were authorized for issue in accordance with a resolution of the Company’s Board of Directors on November 9, 2021.

2 Basis of Presentation and Significant Accounting Policies

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

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2020. These interim financial statements and the notes thereto have not been reviewed by the Company’s external auditors pursuant to a review engagement applying review standards set out in the Canadian Chartered Professional Accountants handbook.

These interim financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value.

The Company has prepared these unaudited consolidated interim financial statements using the same accounting policies and methods as those used in the Company’s audited consolidated annual financial statements for the year ended December 31, 2020. These policies have been consistently applied to all periods presented, unless otherwise stated.

3 Changes in Accounting Policies

New Standards and Amendments Adopted

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

IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases The Company has adopted the Phase 2 amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases as issued in August 2020. The Phase 2 amendments address issues affecting financial reporting when changes are made to contractual cash flows of financial instruments or hedging relationships as a result of interest rate benchmark reform. In addition, the amendments to IFRS 7 require additional disclosures related to the interest rate benchmark reform. There have been no significant impacts to the Company for the nine months ended September 30, 2021 for any financial instruments or other contracts linked to an underlying interest rate impacted by the reforms. The Company continues to assess the impacts of the benchmark reforms on our operations and continues to engage with industry associations on recent developments on the transition to risk-free rates. However, the Company does not currently anticipate future significant impacts to the financial statements.

New Standards and Interpretations Not Yet Adopted

All pronouncements will be adopted in the Company’s accounting policies for the first period beginning after the effective date of the pronouncement. At the date of authorization of these interim financial statements, there were no new standards, amendments and interpretations to existing standards that were relevant to the Company.

4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on 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.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the nine months ended September 30, 2021 and September 30, 2020 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

Due to the uncertainty of COVID-19, the following discussion sets forth an update to management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

Impact of COVID-19 on Results and Risk Management Practices

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

Impact of COVID-19 on Receivables

With regard to the Company's receivables, the recognition and measurement of the expected credit loss rate involves a provision matrix incorporating historical experiences adjusted for current and future conditions expected for the life of the balance. No significant changes were made to the methodology during the period, except for enhancements made to assess the economic impacts of COVID-19. The level of estimation uncertainty and judgement has increased as a result of the economic effects of the COVID-19 pandemic, particularly as the length and extent of the pandemic and its impact on the overall global economy are not known. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate expected credit losses.

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. The recoverable amounts of cash generating units 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 the length and extent of the COVID-19 pandemic and its impact on the overall global economy which is not known.

Please refer to the "Critical Accounting Estimates and Judgements" section of the Company's December 31, 2020 consolidated annual financial statements for additional information.

5 Seasonality

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 original equipment manufacturers' 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.

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6 Composition of Financial Instruments

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

	Subsequent Measurement	September 30, 2021		December 31, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		Asset (Liability) \$	Asset (Liability) \$	Asset (Liability) \$	Asset (Liability) \$
Long-term receivables	Amortized cost (Level 2)	235,137	249,715	376,450	413,177
Derivative financial instruments					
USD cross currency interest rate swaps (Note 7)	Fair value (Level 2)	-	-	(33,772)	(33,772)
EUR cross currency interest rate swaps	Fair value (Level 2)	-	-	(10,832)	(10,832)
USD sales forwards – CAD functional entities	Fair value (Level 2)	(2,616)	(2,616)	13,664	13,664
USD sales forwards – MXN functional entities	Fair value (Level 2)	5,727	5,727	15,467	15,467
USD sales forwards – CNY functional entities	Fair value (Level 2)	1,073	1,073	2,340	2,340
CAD purchase forwards – GBP functional entities	Fair value (Level 2)	2,065	2,065	(995)	(995)
Investment designated at fair value through other comprehensive income	Fair value (Level 3)	6,806	6,806	6,579	6,579
Long-term debt, excluding lease liabilities	Amortized cost (Level 2)	(740,385)	(690,041)	(1,237,415)	(1,211,770)

As at December 31, 2020, the Company held Euro (“EUR”) cross currency interest rate swap contracts to buy EUR interest and principal amounts in exchange for CAD interest and principal amounts. The contracts hedged the effective change in exchange rates on net investments in EUR foreign operations. The EUR cross currency interest rate swap contracts matured and were settled in January 2021, ending that net investment hedge.

7 Long-Term Debt

	September 30 2021 \$	December 31 2020 \$
Senior unsecured notes	467,370	-
Bank borrowings	197,662	1,158,184
Lease liabilities	59,934	65,799
Government borrowings	75,353	79,231
	800,319	1,303,214
Less: current portion	21,352	577,335
	778,967	725,879

In June 2020, the U.S. \$130,000 Senior unsecured notes, due in September 2021, were fully repaid. The hedge interest payment and debt principal forward contracts used to convert the United States stated coupon rate to a Canadian interest rate, and to lock in the exchange rate on the principal repayment component, were terminated at the same time.

In January 2021, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of EUR 320,000 aggregate principal amount, issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. The EUR denominated senior unsecured notes have been designated as a net investment hedge for the net investments in EUR foreign operations.

As at December 31, 2020, the Company held floating USD \$716,044 denominated bank borrowings, a portion of which came due in January 2021. The USD cross currency interest rate swap contracts effectively locked in the exchange rate on the interest and principal repayments of the USD borrowings and hedge the effective changes in exchange rates. The contracts also lock in the interest payments on the USD borrowings from monthly LIBOR floating interest rates to a CAD fixed interest rate. The USD borrowings were repaid in January 2021 and the USD cross currency interest rate swap contracts matured and were settled at the same time (Note 6). Along with available cash and proceeds drawn from the revolving credit facility the Company applied the proceeds of the EUR denominated notes towards the repayment of the USD denominated bank borrowings.

As of September 30, 2021, \$957,493 was available under the revolving credit facility.

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8 Capital Stock

In March 2020, the Company announced that the Toronto Stock Exchange ("TSX") had accepted a notice filed by the Company of its intention to renew its normal course issuer bid ("NCIB" or "Bid"). Under the NCIB, Linamar has the ability to purchase for cancellation up to a maximum of 4,396,427 common shares from March 20, 2020 until March 19, 2021, representing approximately 10% of the public float of 43,964,265 that were issued and outstanding as of March 6, 2020. No shares were purchased and cancelled from March 20, 2020 to March 19, 2021 due to the COVID-19 pandemic.

9 Other Income and (Expenses)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Foreign exchange gain (loss)	5,459	(7,534)	6,818	1,017
Other income (expense)	245	(55)	1,106	489
	5,704	(7,589)	7,924	1,506

10 Finance Income and (Expenses)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Finance costs	(4,453)	(7,734)	(14,575)	(38,140)
Foreign exchange gain (loss) on debt and derivatives	-	885	(6,324)	(4,657)
Interest earned	4,524	7,177	16,292	22,177
Other	(1,997)	(1,874)	(5,655)	(6,102)
	(1,926)	(1,546)	(10,262)	(26,722)

11 Government Grants

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the crisis. The Company received government assistance in certain regions where such assistance was available and where the Company was eligible for the subsidy programs. The Company has recognized these subsidy programs as a reduction to the related expenses. A significant benefit to Linamar was from a subsidy program in Canada. The Canada Emergency Wage Subsidy ("CEWS") program was announced in March 2020 and the program came to an end in October 2021. CEWS provided a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including a demonstration of revenue declines. The direct benefit of CEWS and other COVID-19 related programs recorded in the consolidated interim statement of earnings was \$24,795 for the three months ended September 30, 2021 and \$62,874 for the nine months ended September 30, 2021 (\$47,050 for the three months ended September 30, 2020 and \$108,061 for the nine months ended September 30, 2020).

12 Commitments

As at September 30, 2021, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$177,456 (September 30, 2020 - \$110,286). Of this amount \$156,069 (September 30, 2020 - \$105,371) relates to the purchase of manufacturing equipment and \$21,387 (September 30, 2020 - \$4,915) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months.

13 Related Party Transactions

Related party transactions include long-term receivables to an investee accounted for using the equity method at September 30, 2021 of \$125,735 (September 30, 2020 - \$110,331). Included in the cost of sales are material purchases from the same related party of \$9,652 for the three months ended September 30, 2021 and \$20,455 for the nine months ended September 30, 2021 (\$7,849 for the three months ended September 30, 2020 and \$17,571 for the nine months ended September 30, 2020), with amounts payable at September 30, 2021 of \$11,029 (September 30, 2020 - \$8,489).

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14 Segmented Information

Management has determined the operating segments based on the reports reviewed by the Senior Executive Group that are used to make strategic decisions.

Mobility: The Mobility segment derives revenues primarily from the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle markets.

Industrial: The Industrial segment is a world leader in the design and production of innovative mobile 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 the Senior Executive Group 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, earnings and assets.

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.

	Three Months Ended September 30, 2021			Nine Months Ended September 30, 2021		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	\$	\$	\$	\$	\$	\$
Mobility	1,211,050	7,899	86,189	3,826,392	21,846	351,733
Industrial	433,955	2,462	70,016	1,175,740	6,910	179,392
Total	1,645,005	10,361	156,205	5,002,132	28,756	531,125

	Three Months Ended September 30, 2020			Nine Months Ended September 30, 2020		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	\$	\$	\$	\$	\$	\$
Mobility	1,338,947	4,170	134,883	3,254,131	17,253	160,131
Industrial	298,445	2,691	41,218	856,597	8,929	108,646
Total	1,637,392	6,861	176,101	4,110,728	26,182	268,777

The Company operates in four geographic segments. The sales to external customers in Canada, Rest of North America, Asia Pacific and Europe are as follows:

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Canada	864,190	821,293	2,526,822	2,020,284
Rest of North America	187,622	215,837	591,777	534,917
Asia Pacific	182,037	157,338	456,440	366,273
Europe	411,156	442,924	1,427,093	1,189,254
Total	1,645,005	1,637,392	5,002,132	4,110,728