Exceptional Top and Bottom Line Growth at Linamar in Fourth Quarter Takes Company to a Record Sales Year

March 8, 2023, Guelph, Ontario, Canada (TSX: LNR)

- Sales up 34.3% and Net Earnings up 83.7%;
- Record level of annual sales of $7.92 billion;
- Outstanding and also a record year in new business wins ("NBW");
  - Greater than 50% of full year NBW with electrified vehicles for over $1 billion in annualized sales won, triple any prior year level of wins; and
  - Launch book more than $4.1 billion.
- Sales up 73.1% for Industrial due to strong markets and solid market share growth notably in our agricultural products;
- Sales up 25.1% for Mobility primarily thanks to launching programs;
- Growth in content per vehicle[1] ("CPV") achieved in every region and new records of annual CPV reached in North America and Europe;
- An additional 0.7 million shares repurchased in the quarter for a total of 3.97 million for 2022; and
- Strong liquidity[1], measured as cash and cash equivalents and available credit as at December 31, 2022, of $1.3 billion.

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
(in millions of dollars, except per share figures)	$	$	$	$
Sales	**2,060.0**	**1,534.4**	**7,917.9**	**6,536.6**
Operating Earnings (Loss)				
Industrial	55.7	(11.5)	201.6	167.9
Mobility	75.8	81.6	393.2	433.3
Operating Earnings (Loss)	131.5	70.1	594.8	601.2
Net Earnings (Loss)	92.2	50.2	426.2	420.6
Net Earnings (Loss) per Share – Diluted	1.49	0.77	6.67	6.41
Earnings before interest, taxes and amortization ("EBITDA")[1]	248.2	178.0	1,042.2	1,032.6
Operating Earnings (Loss) – Normalized[1]				
Industrial	**55.5**	**(4.2)**	**192.5**	**180.9**
Mobility	**85.4**	**85.3**	**372.6**	**424.5**
Operating Earnings (Loss) – Normalized	**140.9**	**81.1**	**565.1**	**605.4**
Net Earnings (Loss) – Normalized[1]	**99.5**	**59.0**	**400.5**	**428.4**
Net Earnings (Loss) per Share – Diluted – Normalized[1]	**1.61**	**0.90**	**6.26**	**6.53**
EBITDA – Normalized[1]	**257.8**	**189.6**	**1,014.0**	**1,045.4**

OPERATING HIGHLIGHTS

Sales for the fourth quarter of 2022 ("Q4 2022") were $2,060.0 million, up $525.6 million from $1,534.4 million in the fourth quarter of 2021 ("Q4 2021").

The Industrial segment ("Industrial") product sales increased 73.1%, or $214.1 million, to $507.1 million in Q4 2022 from Q4 2021. The sales increase was due to:

- an increase in agricultural sales from market growth further improved by global market share growth in all core products;
- increased sales related to the acquisition of the Salford Group of Companies ("Salford");
- additional access equipment sales primarily due to increased market volumes in addition to market share growth in access equipment for certain targeted products and regions;
- increased pricing to help relieve increased supply chain costs; and
- a favourable impact on sales from the changes in foreign exchange rates from Q4 2021.

Sales for the Mobility segment ("Mobility") increased by $311.5 million, or 25.1% in Q4 2022 compared with Q4 2021. The sales in Q4 2022 were impacted by:

- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- increased sales related to the acquisition of the remaining 50% interest of GF Linamar LLC now known as LLM Mills River;
- increased pricing related to cost recovery partially offsetting the associated raw material and utilities; and
- a favourable impact on sales from the changes in foreign exchange rates from Q4 2021.

[1] Operating Earnings (Loss) – Normalized, Net Earnings (Loss) – Normalized, Net Earnings (Loss) per Share – Diluted – Normalized, EBITDA, EBITDA – Normalized, Liquidity, and Free Cash Flow are non-GAAP financial measures. Content per Vehicle is a Supplementary Financial Measure. Please see "Non-GAAP and Other Financial Measures" section of this press release.

The Company's normalized operating earnings for Q4 2022 was $140.9 million. This compares to normalized operating earnings of $81.1 million in Q4 2021, an increase of $59.8 million.

Industrial segment normalized operating earnings in Q4 2022 increased $59.7 million from Q4 2021. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in agricultural sales volumes and pricing;
- an increase in access equipment sales volumes and pricing;
- a favourable impact from the changes in foreign exchange rates from Q4 2021; and
- increased margin related to the acquisition of Salford; partially offset by
- increased costs related to labour and raw materials offset by customer cost recovered in sales; and
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic.

Q4 2022 normalized operating earnings for Mobility were flat at $85.4 million compared to Q4 2021. The Mobility segment's earnings were impacted by the following:

- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with; and
- a favourable impact from the changes in foreign exchange rates from Q4 2021; partially offset by
- reduction in earnings related to the acquisition of LLM Mills River;
- increased costs related to raw materials and utilities partially offset by customer cost recovered in sales; and
- an increase in travel expenses supporting growth.

"The year ended on a very strong note with solid sales and earnings growth," said Linamar Executive Chair and CEO Linda Hasenfratz, "2022 was a tough year navigating supply disruptions, labour shortages and cost increases but our team did an excellent job of focusing on cost reduction, negotiating recoveries where possible and continuing to chase new growth opportunities. Record annual sales, record levels of new business wins, record levels of electrified new business wins, in fact triple any other year in our history, record level of annual CPV in North America and Europe – all of that is evidence of an amazing team hitting it out of the park on growth for today and tomorrow. And with another year of positive free cash flow in the bank, we are increasing our dividend 10% on the heels of a very successful share buy back program – balancing the needs of our shareholders with our employees and customers as we do every day."

DIVIDENDS

The Board of Directors today declared an eligible dividend in respect to the quarter ended December 31, 2022 of CDN$0.22 per share on the common shares of the company, payable on or after April 18, 2023 to shareholders of record on March 31, 2023.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

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

Normalized Non-GAAP Financial Measures and Ratios

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

Operating Earnings (Loss) – Normalized

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

Net Earnings (Loss) – Normalized

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

Net Earnings (Loss) per Share – Diluted – Normalized

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

EBITDA and EBITDA – Normalized

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

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

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
(in millions of dollars)	$	$	$	$
Gain on sale of unused land	-	-	(22.1)	-
Net gain on the purchase of LLM Mills River	(7.7)	-	(7.7)	-
Adjustment for CEWS	-	16.6	-	16.6
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) - Normalized	(7.7)	16.6	(29.8)	16.6
Gain on sale of unused land	-	-	(22.1)	-
Net gain on the purchase of LLM Mills River	(7.7)	-	(7.7)	-
Adjustment for CEWS	-	16.6	-	16.6
Other items	(7.7)	16.6	(29.8)	16.6
Asset impairment provision, net of reversals	(0.1)	0.7	-	2.4
Other items and asset impairments impacting EBITDA – Normalized	(7.8)	17.3	(29.8)	19.0

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by $0.1 million for Q4 2022 ($0.7 million loss for Q4 2021 and $2.4 million loss for the full year of 2021).

During Q4 2022, a normalizing item related to a "net gain on the purchase of LLM Mills River" impacted the Mobility segment by $7.7 million. The Company's acquisition of the remaining 50% interest in the joint venture, LLM Mills River, resulted in a gain on bargain purchase of $29.4 million partially offset by a remeasurement of the original net investment of $21.7 million.

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

During Q4 2021, a normalizing item related to an adjustment for CEWS impacted the Mobility segment by $13.7 million and the Industrial segment by $2.9 million. The adjustment for CEWS is a provision recorded as a result of the subsidy program coming to an end. The Company is reviewing its claim filings to ensure the accuracy of the claims. CEWS was a subsidy program in Canada to assist companies in response to COVID-19 which came to an end in October 2021.

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

	Three Months Ended December 31				Twelve Months Ended December 31			
	2022	2021	+/-	+/-	2022	2021	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	131.5	70.1	61.4	87.6%	594.8	601.2	(6.4)	(1.1%)
Foreign exchange (gain) loss	17.1	(5.6)	22.7		0.1	(12.4)	12.5	
Other items	(7.7)	16.6	(24.3)		(29.8)	16.6	(46.4)	
Operating Earnings (Loss) – Normalized	140.9	81.1	59.8	73.7%	565.1	605.4	(40.3)	(6.7%)
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	92.2	50.2	42.0	83.7%	426.2	420.6	5.6	1.3%
Foreign exchange (gain) loss	17.1	(5.6)	22.7		0.1	(12.4)	12.5	
Foreign exchange (gain) loss on debt and derivatives	0.3	(0.1)	0.4		1.5	6.2	(4.7)	
Other items	(7.7)	16.6	(24.3)		(29.8)	16.6	(46.4)	
Tax impact	(2.4)	(2.1)	(0.3)		2.5	(2.6)	5.1	
Net Earnings (Loss) – Normalized	99.5	59.0	40.5	68.6%	400.5	428.4	(27.9)	(6.5%)
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	1.49	0.77	0.72	93.5%	6.67	6.41	0.26	4.1%
Foreign exchange (gain) loss	0.27	(0.09)	0.36		-	(0.19)	0.19	
Foreign exchange (gain) loss on debt and derivatives	0.01	-	0.01		0.02	0.10	(0.08)	
Other items	(0.12)	0.25	(0.37)		(0.47)	0.25	(0.72)	
Tax impact	(0.04)	(0.03)	(0.01)		0.04	(0.04)	0.08	
Net Earnings (Loss) per Share – Diluted – Normalized	1.61	0.90	0.71	78.9%	6.26	6.53	(0.27)	(4.1%)
EBITDA and EBITDA – Normalized								
Net Earnings (Loss) before income taxes	120.1	62.5	57.6	92.2%	563.1	562.2	0.9	0.2%
Amortization of property, plant and equipment	97.6	96.0	1.6		382.8	397.1	(14.3)	
Amortization of other intangible assets	15.7	14.8	0.9		58.2	51.6	6.6	
Finance costs	10.9	3.9	7.0		28.3	18.4	9.9	
Other interest	3.9	0.8	3.1		9.8	3.3	6.5	
EBITDA	248.2	178.0	70.2	39.4%	1,042.2	1,032.6	9.6	0.9%
Foreign exchange (gain) loss	17.1	(5.6)	22.7		0.1	(12.4)	12.5	
Foreign exchange (gain) loss on debt and derivatives	0.3	(0.1)	0.4		1.5	6.2	(4.7)	
Asset impairment provision, net of reversals	(0.1)	0.7	(0.8)		-	2.4	(2.4)	
Other items	(7.7)	16.6	(24.3)		(29.8)	16.6	(46.4)	
EBITDA – Normalized	257.8	189.6	68.2	36.0%	1,014.0	1,045.4	(31.4)	(3.0%)

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

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended December 31 2022 Linamar $	Industrial $	Mobility $	Twelve Months Ended December 31 2022 Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	55.7	75.8	131.5	201.6	393.2	594.8
Foreign exchange (gain) loss	(0.2)	17.3	17.1	(9.1)	9.2	0.1
Other items	-	(7.7)	(7.7)	-	(29.8)	(29.8)
Operating Earnings (Loss) – Normalized	55.5	85.4	140.9	192.5	372.6	565.1
EBITDA – Normalized						
EBITDA	70.5	177.7	248.2	258.0	784.2	1,042.2
Foreign exchange (gain) loss	(0.2)	17.3	17.1	(9.1)	9.2	0.1
Foreign exchange (gain) loss on debt and derivatives	(0.1)	0.4	0.3	0.2	1.3	1.5
Asset impairment provision, net of reversals	-	(0.1)	(0.1)	-	-	-
Other items	-	(7.7)	(7.7)	-	(29.8)	(29.8)
EBITDA – Normalized	70.2	187.6	257.8	249.1	764.9	1,014.0

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended December 31 2021 Linamar $	Industrial $	Mobility $	Twelve Months Ended December 31 2021 Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	(11.5)	81.6	70.1	167.9	433.3	601.2
Foreign exchange (gain) loss	4.4	(10.0)	(5.6)	10.1	(22.5)	(12.4)
Other items	2.9	13.7	16.6	2.9	13.7	16.6
Operating Earnings (Loss) – Normalized	(4.2)	85.3	81.1	180.9	424.5	605.4
EBITDA – Normalized						
EBITDA	1.2	176.8	178.0	222.3	810.3	1,032.6
Foreign exchange (gain) loss	4.4	(10.0)	(5.6)	10.1	(22.5)	(12.4)
Foreign exchange (gain) loss on debt and derivatives	(0.1)	-	(0.1)	1.2	5.0	6.2
Asset impairment provision, net of reversals	-	0.7	0.7	-	2.4	2.4
Other items	2.9	13.7	16.6	2.9	13.7	16.6
EBITDA – Normalized	8.4	181.2	189.6	236.5	808.9	1,045.4

Other Non-GAAP Financial Measures

Free Cash Flow

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

Liquidity

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

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

(in millions of dollars)	Three Months Ended December 31 2022 $	2021 $	Twelve Months Ended December 31 2022 $	2021 $
Free Cash Flow				
Cash generated from (used in) operating activities	221.0	217.6	468.1	908.8
Payments for purchase of property, plant and equipment	(154.3)	(74.1)	(410.6)	(243.1)
Proceeds on disposal of property, plant and equipment	1.4	1.2	36.2	6.9
Free Cash Flow	68.1	144.7	93.7	672.6
Liquidity				
Cash	860.5	928.4	860.5	928.4
Available credit	462.5	957.5	462.5	957.5
Liquidity	1,323.0	1,885.9	1,323.0	1,885.9

Supplementary Financial Measures

Content per Vehicle

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

Summary of Content per Vehicle by Quarter

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

Estimates as of December 31, 2022	Three Months Ended				Year to Date			
North America	Mar 31 2022	Jun 30 2022	Sep 30 2022	Dec 31 2022	Mar 31 2022	Jun 30 2022	Sep 30 2022	Dec 31 2022
Vehicle Production Units	3.67	3.68	3.80	3.69	3.67	7.36	11.16	14.84
Automotive Sales	$ 767.0	$ 870.2	$ 912.6	$ 876.0	$ 767.0	$ 1,637.1	$ 2,549.7	$ 3,425.7
Content Per Vehicle	$ 208.73	$ 236.14	$ 240.24	$ 237.63	$ 208.73	$ 222.45	$ 228.51	$ 230.77
Europe								
Vehicle Production Units	3.91	3.97	3.63	4.29	3.91	7.89	11.51	15.81
Automotive Sales	$ 388.2	$ 396.3	$ 381.0	$ 389.5	$ 388.2	$ 784.6	$ 1,165.5	$ 1,555.0
Content Per Vehicle	$ 99.20	$ 99.78	$ 105.08	$ 90.70	$ 99.20	$ 99.49	$ 101.25	$ 98.39
Asia Pacific								
Vehicle Production Units	11.30	10.26	12.78	12.85	11.30	21.56	34.35	47.19
Automotive Sales	$ 134.4	$ 96.0	$ 149.5	$ 150.8	$ 134.4	$ 230.4	$ 379.9	$ 530.7
Content Per Vehicle	$ 11.89	$ 9.35	$ 11.69	$ 11.74	$ 11.89	$ 10.68	$ 11.06	$ 11.24

Estimates as of September 30, 2022	Three Months Ended			Year to Date		
North America	Mar 31 2022	Jun 30 2022	Sep 30 2022	Mar 31 2022	Jun 30 2022	Sep 30 2022
Vehicle Production Units	3.68	3.70	3.81	3.68	7.39	11.20
Automotive Sales	$ 765.0	$ 870.6	$ 918.9	$ 765.0	$ 1,635.6	$ 2,554.5
Content Per Vehicle	$ 207.61	$ 235.03	$ 241.01	$ 207.61	$ 221.36	$ 228.04
Europe						
Vehicle Production Units	3.91	3.98	3.58	3.91	7.89	11.47
Automotive Sales	$ 390.4	$ 396.0	$ 372.6	$ 390.4	$ 786.5	$ 1,159.1
Content Per Vehicle	$ 99.83	$ 99.53	$ 103.95	$ 99.83	$ 99.68	$ 101.01
Asia Pacific						
Vehicle Production Units	11.31	10.28	12.46	11.31	21.60	34.05
Automotive Sales	$ 135.2	$ 97.7	$ 149.6	$ 135.2	$ 232.9	$ 382.5
Content Per Vehicle	$ 11.95	$ 9.50	$ 12.01	$ 11.95	$ 10.79	$ 11.23

Change in Estimates from Prior Quarter	Three Months Ended			Year to Date		
	Mar 31 2022	Jun 30 2022	Sep 30 2022	Mar 31 2022	Jun 30 2022	Sep 30 2022
North America	+/-	+/-	+/-	+/-	+/-	+/-
Vehicle Production Units	(0.01)	(0.02)	(0.01)	(0.01)	(0.03)	(0.04)
Automotive Sales	$ 2.0	$ (0.4)	$ (6.3)	$ 2.0	$ 1.5	$ (4.8)
Content Per Vehicle	$ 1.12	$ 1.11	$ (0.77)	$ 1.12	$ 1.09	$ 0.47
Europe						
Vehicle Production Units	-	(0.01)	0.05	-	-	0.04
Automotive Sales	$ (2.2)	$ 0.3	$ 8.4	$ (2.2)	$ (1.9)	$ 6.4
Content Per Vehicle	$ (0.63)	$ 0.25	$ 1.13	$ (0.63)	$ (0.19)	$ 0.24
Asia Pacific						
Vehicle Production Units	(0.01)	(0.02)	0.32	(0.01)	(0.04)	0.30
Automotive Sales	$ (0.8)	$ (1.7)	$ (0.1)	$ (0.8)	$ (2.5)	$ (2.6)
Content Per Vehicle	$ (0.06)	$ (0.15)	$ (0.32)	$ (0.06)	$ (0.11)	$ (0.17)

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; cyclicality 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

Q4 2022 Release Information

Linamar will hold a webcast call on March 8, 2023, 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/q4-2022-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 (+1) 888 396-8049 (North America) or (+1) 416 764-8646 (International) Conference ID 62240189, 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 Executive Chair and 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 8, 2023, and at www.sedar.com by the start of business on March 9, 2023. The webcast replay will be available at https://www.linamar.com/event/q4-2022-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 8, 2023, for seven days. The number for the replay is (+1) (877) 674-7070 or (+1) (416) 764-8692, Passcode: 240189#. In addition, a recording of the call will be posted at https://www.linamar.com/event/q4-2022-earnings-call/.

Q1 2023 Release Information

Linamar will hold a webcast call on May 10, 2023, at 5:00 p.m. ET to discuss its first quarter results. The event will be simulcast and can be accessed at the following URL https://www.linamar.com/event/q1-2023-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 (+1) 888 396-8049 (North America) or (+1) 416 764-8646 (International) Conference ID 04628605, 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 Executive Chair and 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 May 10, 2023, and at www.sedar.com by the start of business on May 11, 2023. The webcast replay will be available at https://www.linamar.com/event/q1-2023-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 May 10, 2023, for seven days. The number for the replay is (+1) (877) 674-7070 or (+1) (416) 764-8692, Passcode: 628605#. In addition, a recording of the call will be posted at https://www.linamar.com/event/q1-2023-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, MacDon and Salford. 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. Salford also supplies the agriculture market with farm tillage and crop fertilizer applicator equipment. The Mobility segment is subdivided into three regional groups: North America, Europe and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered vehicle markets. The Mobility segment products are focused on both components and systems for new energy powertrains, body and chassis, driveline, engine and transmission systems of these vehicles. In addition to the recently formed eLIN Product Solutions Group that focuses on Electrification, McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar's recently announced medical solutions group, Linamar MedTech, focuses on manufacturing solutions for medical devices and precision medical components. Linamar has over 28,000 employees in 66 manufacturing locations, 14 R&D centres and 28 sales offices in 17 countries in North and South America, Europe and Asia, which generated sales of more than $7.9 billion in 2022. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on our social media channels.

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

Guelph, Ontario
March 8, 2023

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended December 31, 2022

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated financial statements for the quarter and year ended December 31, 2022. This MD&A has been prepared as at March 8, 2023. 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, MacDon and Salford. 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. Salford also supplies the agriculture market with farm tillage and crop fertilizer applicator equipment. The Mobility segment is subdivided into three regional groups: North America, Europe and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered vehicle markets. The Mobility segment products are focused on both components and systems for new energy powertrains, body and chassis, driveline, engine and transmission systems of these vehicles. In addition to the recently formed eLIN Product Solutions Group that focuses on Electrification, McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar's recently announced medical solutions group, Linamar MedTech, focuses on manufacturing solutions for medical devices and precision medical components. Linamar has over 28,000 employees in 66 manufacturing locations, 14 R&D centres and 28 sales offices in 17 countries in North and South America, Europe and Asia, which generated sales of more than $7.9 billion in 2022. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on our social media channels.

Overall Corporate Results

The following table sets out certain highlights of the Company's performance in the fourth quarter of 2022 ("Q4 2022") and 2021 ("Q4 2021"):

	Three Months Ended December 31				Twelve Months Ended December 31			
(in millions of dollars, except per share figures)	2022 $	2021 $	+/- $	+/- %	2022 $	2021 $	+/- $	+/- %
Sales	2,060.0	1,534.4	525.6	34.3%	7,917.9	6,536.6	1,381.3	21.1%
Gross Margin	248.8	160.9	87.9	54.6%	974.8	937.7	37.1	4.0%
Operating Earnings (Loss)	131.5	70.1	61.4	87.6%	594.8	601.2	(6.4)	(1.1%)
Net Earnings (Loss)	92.2	50.2	42.0	83.7%	426.2	420.6	5.6	1.3%
Net Earnings (Loss) per Share - Diluted	1.49	0.77	0.72	93.5%	6.67	6.41	0.26	4.1%
Earnings before interest, taxes and amortization ("EBITDA")[1]	248.2	178.0	70.2	39.4%	1,042.2	1,032.6	9.6	0.9%
Operating Earnings (Loss) - Normalized[1]	140.9	81.1	59.8	73.7%	565.1	605.4	(40.3)	(6.7%)
Net Earnings (Loss) - Normalized[1]	99.5	59.0	40.5	68.6%	400.5	428.4	(27.9)	(6.5%)
Net Earnings (Loss) per Share - Diluted - Normalized[1]	1.61	0.90	0.71	78.9%	6.26	6.53	(0.27)	(4.1%)
EBITDA – Normalized[1]	257.8	189.6	68.2	36.0%	1,014.0	1,045.4	(31.4)	(3.0%)

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

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

BUSINESS SEGMENT REVIEW

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

			Three Months Ended December 31 2022			Twelve Months Ended December 31 2022
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	507.1	1,552.9	2,060.0	1,913.3	6,004.6	7,917.9
Operating Earnings (Loss)	55.7	75.8	131.5	201.6	393.2	594.8
EBITDA	70.5	177.7	248.2	258.0	784.2	1,042.2
Operating Earnings (Loss) – Normalized	55.5	85.4	140.9	192.5	372.6	565.1
EBITDA – Normalized	70.2	187.6	257.8	249.1	764.9	1,014.0

			Three Months Ended December 31 2021			Twelve Months Ended December 31 2021
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	293.0	1,241.4	1,534.4	1,468.7	5,067.9	6,536.6
Operating Earnings (Loss)	(11.5)	81.6	70.1	167.9	433.3	601.2
EBITDA	1.2	176.8	178.0	222.3	810.3	1,032.6
Operating Earnings (Loss) – Normalized	(4.2)	85.3	81.1	180.9	424.5	605.4
EBITDA – Normalized	8.4	181.2	189.6	236.5	808.9	1,045.4

Industrial Highlights

				Three Months Ended December 31				Twelve Months Ended December 31
	2022	2021	+/-	+/-	2022	2021	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	507.1	293.0	214.1	73.1%	1,913.3	1,468.7	444.6	30.3%
Operating Earnings (Loss)	55.7	(11.5)	67.2	-	201.6	167.9	33.7	20.1%
EBITDA	70.5	1.2	69.3	5,775.0%	258.0	222.3	35.7	16.1%
Operating Earnings (Loss) – Normalized	55.5	(4.2)	59.7	-	192.5	180.9	11.6	6.4%
EBITDA – Normalized	70.2	8.4	61.8	735.7%	249.1	236.5	12.6	5.3%

The Industrial segment ("Industrial") product sales increased 73.1%, or $214.1 million, to $507.1 million in Q4 2022 from Q4 2021. The sales increase was due to:

- an increase in agricultural sales from market growth further improved by global market share growth in all core products;
- increased sales related to the acquisition of the Salford Group of Companies ("Salford");
- additional access equipment sales primarily due to increased market volumes in addition to market share growth in access equipment for certain targeted products and regions;
- increased pricing to help relieve increased supply chain costs; and
- a favourable impact on sales from the changes in foreign exchange rates from Q4 2021.

The 2022 sales for Industrial increased by $444.6 million, or 30.3% compared with 2021. The factors that impacted Q4 2022 similarly impacted the 2022 results.

Industrial segment normalized operating earnings in Q4 2022 increased $59.7 million from Q4 2021. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in agricultural sales volumes and pricing;
- an increase in access equipment sales volumes and pricing;
- a favourable impact from the changes in foreign exchange rates from Q4 2021; and
- increased margin related to the acquisition of Salford; partially offset by
- increased costs related to labour and raw materials offset by customer cost recovered in sales; and
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic.

The 2022 normalized operating earnings for Industrial increased by $11.6 million, or 6.4% compared with 2021. The factors that impacted Q4 2022 similarly impacted the 2022 results.

Mobility Highlights

			Three Months Ended December 31				Twelve Months Ended December 31	
	2022	2021	+/-	+/-	2022	2021	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	1,552.9	1,241.4	311.5	25.1%	6,004.6	5,067.9	936.7	18.5%
Operating Earnings (Loss)	75.8	81.6	(5.8)	(7.1%)	393.2	433.3	(40.1)	(9.3%)
EBITDA	177.7	176.8	0.9	0.5%	784.2	810.3	(26.1)	(3.2%)
Operating Earnings (Loss) – Normalized	85.4	85.3	0.1	0.1%	372.6	424.5	(51.9)	(12.2%)
EBITDA – Normalized	187.6	181.2	6.4	3.5%	764.9	808.9	(44.0)	(5.4%)

Sales for the Mobility segment ("Mobility") increased by $311.5 million, or 25.1% in Q4 2022 compared with Q4 2021. The sales in Q4 2022 were impacted by:

- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- increased sales related to the acquisition of the remaining 50% interest of GF Linamar LLC now known as LLM Mills River;
- increased pricing related to cost recovery partially offsetting the associated raw material and utilities; and
- a favourable impact on sales from the changes in foreign exchange rates from Q4 2021.

The 2022 sales for Mobility increased by $936.7 million, or 18.5% compared to 2021. The factors that impacted Q4 2022 similarly impacted the 2022 results with the exception of the impact on sales from the changes in foreign exchange rates which was a negative impact on a full year basis.

Q4 2022 normalized operating earnings for Mobility were flat at $85.4 million compared to Q4 2021. The Mobility segment's earnings were impacted by the following:

- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with; and
- a favourable impact from the changes in foreign exchange rates from Q4 2021; partially offset by
- reduction in earnings related to the acquisition of LLM Mills River;
- increased costs related to raw materials and utilities partially offset by customer cost recovered in sales; and
- an increase in travel expenses supporting growth.

The 2022 normalized operating earnings decreased by $51.9 million, or 12.2% compared with 2021. The factors that impacted Q4 2022 similarly impacted the 2022 results.

Automotive Sales and Content Per Vehicle[1]

Automotive sales by region in the following discussion are determined by the final vehicle production location and, as such, there are differences between these figures and those reported under the geographic segment disclosure, which are based primarily on the Company's location of manufacturing and include both automotive and non-automotive sales. These differences are the result of products being sold directly to one continent, and the final vehicle being assembled on another continent. It is necessary to show the sales based on the vehicle build location to provide accurate comparisons to the vehicle production units[2] 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.

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

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

North America		2022		2021		+/-	Three Months Ended December 31 %		2022		2021		+/-	Twelve Months Ended December 31 %
Vehicle Production Units		3.69		3.43		0.26	7.6%		14.84		13.55		1.29	9.5%
Automotive Sales	$	876.0	$	651.5	$	224.5	34.5%	$	3,425.7	$	2,602.3	$	823.4	31.6%
Content Per Vehicle	$	237.63	$	189.90	$	47.73	25.1%	$	230.77	$	192.09	$	38.68	20.1%
Europe														
Vehicle Production Units		4.29		3.98		0.31	7.8%		15.81		15.85		(0.04)	(0.3%)
Automotive Sales	$	389.5	$	313.6	$	75.9	24.2%	$	1,555.0	$	1,332.0	$	223.0	16.7%
Content Per Vehicle	$	90.70	$	78.83	$	11.87	15.1%	$	98.39	$	84.06	$	14.33	17.0%
Asia Pacific														
Vehicle Production Units		12.85		12.60		0.25	2.0%		47.19		43.58		3.61	8.3%
Automotive Sales	$	150.8	$	141.5	$	9.3	6.6%	$	530.7	$	559.7	$	(29.0)	(5.2%)
Content Per Vehicle	$	11.74	$	11.23	$	0.51	4.5%	$	11.24	$	12.84	$	(1.60)	(12.5%)

North American automotive sales for Q4 2022 increased 34.5% from Q4 2021 in a market that saw an increase of 7.6% in production volumes for the same period. As a result, content per vehicle in Q4 2022 increased 25.1% from $189.90 to $237.63. The increase in North American content per vehicle was mainly driven by increased sales for launching programs, sales related to the acquisitions in 2022, higher volumes on programs we have significant business with and, to a lesser extent hardship cost recovery from key customers.

European automotive sales for Q4 2022 increased 24.2% from Q4 2021 in a market that saw an increase of 7.8% in production volumes for the same period. As a result, content per vehicle in Q4 2022 increased 15.1% from $78.83 to $90.70. The increase in European content per vehicle was mainly driven by hardship cost recovery from key customers, increased sales for launching programs and higher volumes on programs we have significant business with.

Asia Pacific automotive sales for Q4 2022 increased 6.6% from Q4 2021 in a market that saw an increase of 2.0% in production volumes for the same period. As a result, content per vehicle in Q4 2022 increased 4.5% from $11.23 to $11.74. The increase in Asian content per vehicle was mainly driven by increased sales for launching programs and higher volumes on programs we have significant business with.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)		Three Months Ended December 31 2022		2021		Twelve Months Ended December 31 2022		2021
Sales	$	2,060.0	$	1,534.4	$	7,917.9	$	6,536.6
Cost of Sales before amortization		1,698.5		1,263.4		6,504.8		5,153.3
Amortization		112.7		110.1		438.3		445.6
Cost of Sales		1,811.2		1,373.5		6,943.1		5,598.9
Gross Margin	$	248.8	$	160.9	$	974.8	$	937.7
Gross Margin percentage		12.1%		10.5%		12.3%		14.3%

Gross margin percentage increased in Q4 2022 to 12.1% compared to 10.5% in Q4 2021. Cost of sales before amortization as a percentage of sales increased in Q4 2022 to 82.5% compared to 82.3% for the same quarter of last year. In dollar terms, gross margin increased $87.9 million in Q4 2022 compared with Q4 2021 as a result of the items discussed earlier in this analysis such as:

- an increase in agricultural sales volumes and pricing;
- an increase in access equipment sales volumes and pricing;
- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- a favourable impact from the changes in foreign exchange rates from Q4 2021; and
- increased margin related to the acquisition of Salford; partially offset by
- increased costs related to labour and raw materials offset by customer cost recovered in sales;
- reduction in earnings related to the acquisition of LLM Mills River; and
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic.

Amortization as a percentage of sales decreased to 5.5% of sales compared to 7.2% in Q4 2021. In dollar terms Q4 2022 amortization increased as a result of:

- additional expenses from the acquisition of LLM Mills River and Salford; partially offset by
- lower amortization as a result of a lower level of capital investment.

For 2022 amortization as a percentage of sales decreased to 5.5% of sales compared to 6.8% in 2021. The factors that impacted Q4 2022 similarly impacted the 2022 results.

For 2022 gross margin decreased to 12.3% from 14.3% in 2021. The factors that impacted the Q4 2022 similarly impacted the 2022 results.

Selling, General and Administration

(in millions of dollars)	Three Months Ended December 31 2022	2021	Twelve Months Ended December 31 2022	2021
Selling, general and administrative	$ 110.1	$ 96.1	$ 411.2	$ 349.6
SG&A percentage	5.3%	6.3%	5.2%	5.3%

Selling, general and administrative ("SG&A") costs increased in Q4 2022 to $110.1 million from $96.1 million but decreased as a percentage of sales to 5.3% from 6.3% when compared to Q4 2021. This increase, in dollar terms, is primarily due to:

- additional expenses from the acquisitions in 2022; and
- an increase in travel expenses supporting growth.

For 2022, SG&A costs reflected similar factors that impacted Q4 2022 and remained flat as a percentage of sales at 5.2% when compared to 2021.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended December 31 2022 $	2021 $	Twelve Months Ended December 31 2022 $	2021 $
Operating Earnings (Loss)	131.5	70.1	594.8	601.2
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	-	(7.1)	(6.1)	(28.3)
Finance Income and (Expenses)	(11.4)	(0.5)	(25.6)	(10.7)
Provision for (Recovery of) Income Taxes	27.9	12.3	136.9	141.6
Net Earnings (Loss)	92.2	50.2	426.2	420.6

Finance Expenses

Finance expenses increased $10.9 million in Q4 2022 from $0.5 million in Q4 2021 to $11.4 million due to:

- increase in interest costs due to change in the Bank of Canada overnight rate and United States Federal Funds rate;
- increased borrowings to fund business acquisitions and to fund the Company's share repurchase program; and
- an increase in foreign exchange impacts on debt and derivatives.

The 2022 finance expenses increased $14.9 million, from $10.7 million in 2021 to $25.6 million. The full year finance expenses were impacted by the same factors as described for Q4 2022 and further impacted by:

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

The consolidated effective interest rate for Q4 2022 increased to 3.2% compared to 1.9% in Q4 2021. The full year effective interest rate increased to 2.5% for 2022 versus 1.9% in 2021. The changes in the effective interest rate for both Q4 2022 and full year were driven by increases in the Bank of Canada overnight rate and United States Federal Funds rate.

Income Taxes

The effective tax rate for Q4 2022 was 23.3%, an increase from the 19.6% rate in the same quarter of 2021. The effective tax rate in Q4 2022:

- increased due to higher non-deductible expenses incurred in Q4 2022 compared to Q4 2021;
- increased due to a less favourable mix of foreign tax rates; partially offset by
- a decrease due to the impact of the Company's acquisition of LLM Mills River.

The effective tax rate for 2022 was 24.3%, a decrease from the 25.2% rate in 2021 and was in line with the expected annual tax rate. The 2022 effective tax rate decreased due to a reduction in non-deductible expenses in the year and the impact of the accounting change resulting from acquiring the remaining 50% interest in the joint venture, known as LLM Mills River, which were partially offset a less favourable mix of foreign tax rates.

TOTAL EQUITY AND OUTSTANDING SHARE DATA

During the quarter no options expired unexercised, no options were forfeited, 50,000 were exercised, and 150,000 options were issued.

The Company is authorized to issue an unlimited number of common shares, of which 61,528,157 common shares were outstanding as of March 8, 2023. The Company's common shares constitute its only class of voting securities. As of March 8, 2023, there were 1,150,000 options to acquire common shares outstanding and 3,450,000 options still available to be granted under the Company's share option plan.

In November 2021, the Company announced Toronto Stock Exchange ("TSX") approval to commence a new normal course issuer bid ("NCIB" or "Bid"). This bid permitted the Company to acquire for cancellation up to 4,421,507 common shares between November 30, 2021 and November 29, 2022. This bid was subject to daily limits and blackout periods. For the twelve months ended December 31, 2022, the Company repurchased and cancelled 3,972,540 common shares under its bid for a total amount of $236.1 million.

SELECTED FINANCIAL INFORMATION

Annual Results

The following table sets out selected financial data relating to the Company's years ended December 31, 2022, 2021 and 2020. This financial data should be read in conjunction with the Company's consolidated financial statements for these years:

(in millions of dollars, except per share figures)	2022 $	2021 $	2020 $
Sales	7,917.9	6,536.6	5,815.6
Net Earnings (Loss)	426.2	420.6	279.1
Normalizing Items	(25.7)	7.8	35.5
Net Earnings (Loss) - Normalized	400.5	428.4	314.6
Total Assets	8,576.4	7,390.4	7,556.7
Total Long-term Liabilities	1,608.3	1,046.5	1,006.0
Cash Dividends declared per share	0.80	0.68	0.36
Net Earnings (Loss) per Share			
Basic	6.67	6.43	4.27
Diluted	6.67	6.41	4.27
Diluted - Normalized	6.26	6.53	4.81

For 2022 and 2021 normalizing items please see the "Non-GAAP and Additional GAAP Measures" section of this MD&A.

The most significant impact on 2020 sales and earnings was a result of COVID-19 on the Company. In addition, the Company repaid a portion of its long-term debt primarily on its credit facilities as well as its 2021 Notes.

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended March 31, 2021 through December 31, 2022. This information has been derived from the Company's unaudited consolidated interim financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of the financial position and results of operations for those periods.

(in millions of dollars, except per share figures)	Dec 31 2022 $	Sep 30 2022 $	Jun 30 2022 $	Mar 31 2022 $	Dec 31 2021 $	Sep 30 2021 $	Jun 30 2021 $	Mar 31 2021 $
Sales	2,060.0	2,098.1	1,981.6	1,778.1	1,534.4	1,645.0	1,575.3	1,781.9
Net Earnings (Loss)	92.2	133.2	104.5	96.3	50.2	108.8	108.0	153.5
Net Earnings (Loss) per Share								
Basic	1.49	2.10	1.61	1.47	0.77	1.66	1.65	2.35
Diluted	1.49	2.10	1.61	1.47	0.77	1.66	1.65	2.34

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 2021 and 2022.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
(in millions of dollars)	$	$	$	$
Cash generated from (used in):				
Operating Activities	221.0	217.6	468.1	908.8
Financing Activities	(67.7)	(17.1)	156.4	(572.1)
Investing Activities	(154.4)	(82.3)	(715.7)	(267.3)
Effect of translation adjustment on cash	5.6	4.2	23.3	(2.1)
Increase (decrease) in cash and cash equivalents	4.5	122.4	(67.9)	67.3
Cash and cash equivalents – Beginning of Period	856.0	806.0	928.4	861.1
Cash and cash equivalents – End of Period	860.5	928.4	860.5	928.4
Comprised of:				
Cash in bank	396.1	511.9	396.1	511.9
Short-term deposits	467.3	429.1	467.3	429.1
Unpresented cheques	(2.9)	(12.6)	(2.9)	(12.6)
	860.5	928.4	860.5	928.4

The Company's cash and cash equivalents (net of unpresented cheques) at December 31, 2022 were $860.5 million, an decrease of $67.9 million compared to December 31, 2021.

Cash generated from operating activities was $221.0 million, an increase of $3.4 million from Q4 2021, due to increased earnings for the period partially offset by an increased use of cash in operating assets and liabilities. Cash generated from operating activities in 2022 was $468.1 million, $440.7 million less than was provided in 2021, due to increased accounts receivables and increased inventories partially offset by increased accounts payables.

Financing activities used $67.7 million of cash compared to $17.1 million used in Q4 2021. This use of cash for Q4 2022 was primarily due to the repurchase of shares under the Company's NCIB program. For 2022, cash generated from financing activities was primarily due to borrowings used for the acquisition of the Company's remaining 50% interest in LLM Mills River and 100% of the issued and outstanding equity of Salford as well as $236.1 million used for the repurchase of 3,972,540 shares under the Company's NCIB program. For 2021, $572.1 of cash was used primarily for the repayment of the Company's USD denominated bank borrowings a portion which came due in January 2021 partially offset by funding received through the Company's new 2031 Notes.

Investing activities used $154.4 million in Q4 2022 compared to $82.3 million used in Q4 2021 and for 2022 investing activities used $715.7 million compared to $267.3 million in 2021. The use of cash was primarily for business acquisitions in Q2 2022 and the purchases of property, plant and equipment.

Operating Activities

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
(in millions of dollars)	$	$	$	$
Net Earnings (Loss) for the period	92.2	50.2	426.2	420.6
Adjustments to earnings	134.3	113.6	439.1	441.8
	226.5	163.8	865.3	862.4
Changes in operating assets and liabilities	(5.5)	53.8	(397.2)	46.4
Cash generated from (used in) operating activities	221.0	217.6	468.1	908.8

Cash generated by operations before the effect of changes in operating assets and liabilities increased $62.7 million in Q4 2022 to $226.5 million, compared to $163.8 million in Q4 2021. Cash generated from operations before the effect of changes in operating assets and liabilities increased $2.9 million in 2022 to $865.3 million, compared to $862.4 million in 2021.

Changes in operating assets and liabilities for Q4 2022 used cash of $5.5 million primarily due to a decrease in accounts payable. For the full year changes in operating assets and liabilities used cash of $397.2 million primarily due to increased accounts receivables and inventories partially offset by increased accounts payables.

Financing Activities

(in millions of dollars)	Three Months Ended December 31 2022 $	2021 $	Twelve Months Ended December 31 2022 $	2021 $
Proceeds from (repayments of) long-term debt	(6.7)	(5.1)	462.9	(981.7)
Proceeds from senior unsecured notes	-	-	-	494.0
Proceeds from exercise of stock options	1.1	-	1.1	-
Repurchase of shares	(42.4)	-	(236.1)	-
Dividends	(12.3)	(13.1)	(51.1)	(44.5)
Finance income received (expenses paid)	(7.4)	1.1	(20.4)	0.6
Settlement of derivative contracts	-	-	-	(40.5)
Cash generated from (used in) financing activities	(67.7)	(17.1)	156.4	(572.1)

Financing activities for Q4 2022 used $67.7 million of cash compared to $17.1 million used in Q4 2021 and for 2022 financing activities generated $156.4 million of cash compared to $572.1 million used in 2021 primarily driven by the Company's proceeds from borrowings related to the acquisitions of LLM Mills River and Salford in Q2 2022. In addition, the Company used $42.4 million in Q4 2022 and $236.1 million for the full year for the repurchase of shares under its NCIB program. In January 2021, the Company received EUR 320 million of its 2031 Notes, issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. In January 2021, the Company also repaid USD denominated bank borrowings a portion which came due in January 2021 that was maturing under its bank credit facility.

Investing Activities

(in millions of dollars)	Three Months Ended December 31 2022 $	2021 $	Twelve Months Ended December 31 2022 $	2021 $
Payments for purchase of property, plant and equipment	(154.3)	(74.1)	(410.6)	(243.1)
Proceeds on disposal of property, plant and equipment	1.4	1.2	36.2	6.9
Payments for purchase of intangible assets	(3.9)	(3.2)	(12.6)	(11.5)
Business acquisitions, net of cash acquired	2.8	-	(325.5)	-
Other	(0.4)	(6.2)	(3.2)	(19.6)
Cash generated from (used in) investing activities	(154.4)	(82.3)	(715.7)	(267.3)

Cash used for investing activities for Q4 2022 was $154.4 million compared to Q4 2021 at $82.3 million. For 2022 cash used on investing activities was $715.7 million compared to 2021 at $267.3 million. In addition to the Company's ongoing purchase of property, plant and equipment, the primary use of cash in Q2 2022 was for the acquisitions of LLM Mills River and Salford.

Liquidity and Capital Resources

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

At December 31, 2022, cash and cash equivalents, including short-term deposits was $860.5 million and the Company's credit facilities had available credit of $462.5 million. Combined, the Company believes this liquidity of $1.3 billion at December 31, 2022 is sufficient to meet cash flow needs. Free cash flow was $68.1 million for Q4 2022 primarily due to cash generated from operating activities.

Commitments and Contingencies

The following table summarizes contractual obligations by category and the associated payments for the next five years:

(in millions of dollars)	Total $	1 year $	Later than 1 year and not later than 5 years $	Later than 5 years $
Long-Term Debt Principal, excluding Lease Liabilities	1,232.4	5.0	722.5	504.9
Lease Liabilities[1]	87.8	23.9	52.9	11.0
Purchase Commitments	401.0	401.0	-	-
Total Contractual Obligations	1,721.2	429.9	775.4	515.9

[1] Lease Liabilities includes the interest component in accordance with the definition of minimum lease payments under IFRS.

The Company occasionally provides guarantees to third parties who, in turn, provide financing to certain Linamar customers for industrial products. In addition, the Company has provided limited guarantees within the purchase agreements of derecognized receivables as discussed in the notes to the Company's consolidated financial statements for the year ended December 31, 2022.

From time to time, the Company may be contingently liable for litigation, legal and/or regulatory actions and proceedings and other claims. These claims, and other details surrounding its financial liabilities, off-balance sheet obligations, or other contractual obligations as applicable, are described in the notes to Company's consolidated financial statements for the year ended December 31, 2022.

Financial Instruments

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

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

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

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, 2022.

The company is exposed to foreign exchange fluctuations due to foreign operating transactions and to manage this the Company enters into forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted consolidated foreign sales and purchases. Any fair value unrealized gains and losses for the hedges are included in other comprehensive earnings, with reclassifications to net earnings for the effective portion to match the net earnings impact of the hedged items.

For more information, please see the notes to the Company's consolidated financial statements for the year ended December 31, 2022.

A portion of the Company's financial instruments are held as long-term receivables totalling $72.5 million at December 31, 2022 compared to $230.1 million at December 31, 2021. Long-term receivables are primarily made up of financing loans for the sale of industrial access equipment which decreased by $20.2 million to $42.7 million, and receivables for government assistance which decreased by $8.2 million to $23.1 million. During Q2 2022, the Company purchased the remaining 50% interest in LLM Mills River.

CURRENT AND PROPOSED TRANSACTIONS

On April 1, 2022, the Company acquired the remaining 50% interest in the joint venture, LLM Mills River, from GF Casting Solutions, a division of Georg Fischer AG thereby assuming 100% ownership and operational control. The ownership change will help secure the Company's long-term growth plan in lightweight structural castings; a critical component in electrified vehicles. The preliminary purchase price is USD $73 million plus an earn out of up to a maximum of USD $24 million. The earn out contingent consideration has been estimated at $8.4 million for a total preliminary purchase price in CAD of $99.5 million.

On June 3, 2022, the Company acquired 100% of the issued and outstanding equity of the Salford Group of Companies. The ownership will expand the Company's agricultural portfolio into crop nutrition application and tillage products. The preliminary purchase price is CAD $245.2 million.

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

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

RISK MANAGEMENT

The following risk factors, as well as the other information contained in this MD&A, the Company's Annual Information Form for the year ended December 31, 2022 or otherwise incorporated herein by reference, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

Competition, Outsourcing and Insourcing

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

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

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

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

Sources and Availability of Raw Materials

The primary raw materials utilized by the Company's precision machining, access equipment and harvesting equipment operations are iron castings, aluminum castings, raw aluminum (ingot), forgings, raw steel, steel fabrications, powertrain assemblies, powder metal, bearings, seals and fasteners, which are readily obtained from a variety of suppliers globally that support the Company's operations. The Company is not substantially dependent on any one supplier. A disruption in the supply of components could cause the temporary shut-down and a prolonged supply disruption, including the inability to re-source or in-source production of a critical component, could have a material adverse effect on the Company's business.

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

Labour Markets and Dependence on Key Personnel

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

Dependence on Certain Customers

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

Company believes that it is currently the sole supplier being used by its customers worldwide for products that represent more than half of the Company's Mobility sales.

Typically, sales are similarly concentrated for the Industrial segment as product distribution is largely through major access equipment rental companies and agricultural dealerships. Through its Skyjack subsidiary, the Company engages in the production and sale of access equipment including scissor lifts, booms and telehandlers. Through its MacDon and Salford subsidiaries, the Company engages in the production and sale of harvesting equipment including draper headers and self-propelled windrowers, tillage and crop nutrition equipment. There is a relatively defined sales cycle in these industries, as it is closely related to, and affected by, the product life cycle of these construction and agricultural sectors. Therefore, the risks and fluctuations in the construction and agricultural industries in the countries that Skyjack, MacDon and Salford operate in also affect the Company's Industrial sales.

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

Technological Change and Product Launches

The automotive and non-automotive precision machining and assembly industry, as well as the access equipment and harvesting equipment industry, may encounter technological change, new product introductions, product abandonment, and evolving industry requirements and standards. Accordingly, the Company believes that its future success depends on its ability to launch new programs as well as enhance or develop current and future products at competitive prices and in a timely manner. The Company's inability, given technological or other reasons, to enhance, develop, or launch products in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on the Company's results of operations. In addition, there can be no assurance that products or technologies developed by other companies will not render the Company's products uncompetitive or obsolete.

Public Health Threats

In early 2020, COVID-19 quickly spread in multiple countries and was declared a pandemic by the World Health Organization in mid-March. As the COVID-19 pandemic and resulting economic contraction has significantly impacted the health and economic wellbeing of our employees, customers, suppliers, global and local communities, the Company took quick action with our COVID-19 Global Task Force and Action Response Plan.

Public and private sector regulations, policies, and other measures aimed at reducing the transmission of COVID-19 included the imposition of business closures, travel restrictions, the promotion of social distancing and the adoption of work-from-home and online continuity plans by companies and various institutions. Globally, various governments have provided assistance to those affected including individuals and businesses through a number of taxation deferral, subsidy, and other relief programs. These programs, to a large extent, have now been halted by most governments. The Company has reopened its manufacturing facilities, while ensuring back-to-work health and safety protocols that were implemented across all of our facilities, is maintained.

The full extent and impact of the ongoing COVID-19 pandemic, including current and potential future responses to it, are unknown. At this stage, despite the "re-opening" in countries around the world, it is very difficult, and in some cases impossible, to predict what will occur should the government take future actions to address any aspect of the pandemic. Potential future adverse impacts of the pandemic include, but are not limited to the risks of:

- governmental and other responses to the COVID-19 pandemic, such as regional business shut-downs, stay-at-home orders, business, border, travel and other restrictions;
- the health, availability for work and productivity of our workforce;
- material reduction in demand for our products due to significant reduction in volume from our automotive and industrial products customers;
- a delay in collection of accounts and long-term receivables which may lead to increased allowance provisions;
- suppliers and/or customers having financial difficulties up to and including entering restructuring proceedings, insolvency proceedings and/or ceasing operations;
- difficulties in delivering products to customers due to supply chain disruptions;
- resultant higher operating costs; and
- higher capital costs for servicing or paying debt as it comes due.

As at December 31, 2022, the Company is well within covenant compliance. Should the economic uncertainty extend out for significantly longer periods than is currently generally believed, the Company may have to re-negotiate terms with its existing lenders and/or seek additional financing. The availability and terms of any such amended or new financing would depend on, among other things, the economic conditions and outlook for the Company and the economy as a whole in existence at that time.

Any future epidemic, pandemic, or other public health crisis that occurs in the future may pose similar risks to the Company.

Foreign Business Risk

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

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

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

Foreign Currency Risk

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

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

Long-term Contracts

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

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

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

Acquisition and Expansion Risk

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

Cyclicality and Seasonality

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

The quarterly results of the Company are impacted by the seasonality of certain operational units. Historically, earnings in the second quarter, for the Industrial segment, are positively impacted by the high selling season for both the access equipment and agricultural businesses. For the Mobility segment, vehicle production is typically at its lowest level during the third and fourth quarters due to lower OEM production schedules resulting from shutdowns related to summer and winter maintenance and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules.

Legal Proceedings and Insurance Coverage

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

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

Credit Risk

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

Weather

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

Emission Standards

Emissions and Corporate Average Fuel Economy (CAFÉ) regulations continue to be a major influence on technology within the auto industry. These regulations could potentially impact the sales of certain products the Company manufactures; in particular components for internal combustion engines could be negatively impacted by increased penetration of electric or fuel cell vehicles. In recent years, the Company has made strides however, in mitigating this risk by increasing its portfolio of Hybrid, Electric and Fuel Cell Electric Vehicle component and system offerings. The Company's strategy is to target content in each technology (or propulsion system) to ensure it is well prepared for whichever technology becomes the most dominant in the market.

Capital and Liquidity Risk

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

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

Tax Laws

The tax laws in Canada and abroad are continuously changing and no assurance can be given that Canadian federal or provincial tax laws or the tax laws in foreign jurisdictions will not be changed in a manner that adversely affects the Company. One example of changing legislation is certain jurisdictions are beginning to implement the OECD's BEPS 2.0 initiative, or Pillar Two Global Minimum tax of 15% anticipated to come into effect in 2024. There is no assurance that tax legislation or that tax rates will remain unchanged. The Company currently has tax losses and credits in a number of countries that, given unforeseen changes in tax laws, may not continue indefinitely. Also, the Company's expansion into emerging markets subjects the Company to new tax regimes that may change based on political or social conditions.

Securities Laws Compliance and Corporate Governance Standards

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

Environmental Matters

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

As of December 31, 2022, the Company's management evaluated the effectiveness of the Company's disclosure controls and procedures, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

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

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

Internal Control over Financial Reporting

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

As of December 31, 2022, the Company's management evaluated the effectiveness of the Company's internal control over financial reporting, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

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

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

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

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2022, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting, except as outlined below in the Limitation of Scope of Design section.

Limitation of Scope of Design

The Company has limited the scope of design of our internal controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of i) the LLM Mills River business, which the Company acquired the remaining 50% interest in the joint venture on April 1, 2022, and ii) the Salford business, which the Company acquired 100% of the then outstanding shares on June 3, 2022. The chart below presents the summary financial information of LLM Mills River and Salford:

	From the Date of Acquisition for the Period Ended December 31 2022	
(in millions of dollars)	LLM Mills River $	Salford $
Sales	146.7	107.5
Net Earnings (Loss) for the Period	(39.4)	8.4
Current Assets	102.5	63.9
Non-Current Assets	206.2	255.6
Current Liabilities	73.9	32.9
Non-Current Liabilities	4.7	32.1

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Impairment of Non-Financial Assets

The Company believes that the estimate of impairment for goodwill and non-financial assets is a "critical accounting estimate" because management is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to make significant forward-looking assumptions. In assessing whether there is an indication that an asset may be impaired, there are a number of external and internal sources of information which require a high degree of judgement. 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 supply chain constraints and escalated input costs.

Current Income Taxes

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

Deferred Income Tax Assets and Liabilities

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

Useful Lives of Depreciable Assets

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

Purchase Price Allocations

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

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

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

Normalized Non-GAAP Financial Measures and Ratios

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

Operating Earnings (Loss) – Normalized

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

Net Earnings (Loss) – Normalized

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

Net Earnings (Loss) per Share – Diluted – Normalized

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

EBITDA and EBITDA – Normalized

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

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

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
(in millions of dollars)	$	$	$	$
Gain on sale of unused land	-	-	(22.1)	-
Net gain on the purchase of LLM Mills River	(7.7)	-	(7.7)	-
Adjustment for CEWS	-	16.6	-	16.6
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) - Normalized	(7.7)	16.6	(29.8)	16.6
Gain on sale of unused land	-	-	(22.1)	-
Net gain on the purchase of LLM Mills River	(7.7)	-	(7.7)	-
Adjustment for CEWS	-	16.6	-	16.6
Other items	(7.7)	16.6	(29.8)	16.6
Asset impairment provision, net of reversals	(0.1)	0.7	-	2.4
Other items and asset impairments impacting EBITDA – Normalized	(7.8)	17.3	(29.8)	19.0

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by $0.1 million for Q4 2022 ($0.7 million loss for Q4 2021 and $2.4 million loss for the full year of 2021).

During Q4 2022, a normalizing item related to a "net gain on the purchase of LLM Mills River" impacted the Mobility segment by $7.7 million. The Company's acquisition of the remaining 50% interest in the joint venture, LLM Mills River, resulted in a gain on bargain purchase of $29.4 million partially offset by a remeasurement of the original net investment of $21.7 million.

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

During Q4 2021, a normalizing item related to an adjustment for CEWS impacted the Mobility segment by $13.7 million and the Industrial segment by $2.9 million. The adjustment for CEWS is a provision recorded as a result of the subsidy program coming to an end. The Company is reviewing its claim filings to ensure the accuracy of the claims. CEWS was a subsidy program in Canada to assist companies in response to COVID-19 which came to an end in October 2021.

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

	Three Months Ended December 31				Twelve Months Ended December 31			
	2022	2021	+/-	+/-	2022	2021	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	131.5	70.1	61.4	87.6%	594.8	601.2	(6.4)	(1.1%)
Foreign exchange (gain) loss	17.1	(5.6)	22.7		0.1	(12.4)	12.5	
Other items	(7.7)	16.6	(24.3)		(29.8)	16.6	(46.4)	
Operating Earnings (Loss) – Normalized	140.9	81.1	59.8	73.7%	565.1	605.4	(40.3)	(6.7%)
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	92.2	50.2	42.0	83.7%	426.2	420.6	5.6	1.3%
Foreign exchange (gain) loss	17.1	(5.6)	22.7		0.1	(12.4)	12.5	
Foreign exchange (gain) loss on debt and derivatives	0.3	(0.1)	0.4		1.5	6.2	(4.7)	
Other items	(7.7)	16.6	(24.3)		(29.8)	16.6	(46.4)	
Tax impact	(2.4)	(2.1)	(0.3)		2.5	(2.6)	5.1	
Net Earnings (Loss) – Normalized	99.5	59.0	40.5	68.6%	400.5	428.4	(27.9)	(6.5%)

			Three Months Ended December 31				Twelve Months Ended December 31	
	2022	2021	+/-	+/-	2022	2021	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	1.49	0.77	0.72	93.5%	6.67	6.41	0.26	4.1%
Foreign exchange (gain) loss	0.27	(0.09)	0.36		-	(0.19)	0.19	
Foreign exchange (gain) loss on debt and derivatives	0.01	-	0.01		0.02	0.10	(0.08)	
Other items	(0.12)	0.25	(0.37)		(0.47)	0.25	(0.72)	
Tax impact	(0.04)	(0.03)	(0.01)		0.04	(0.04)	0.08	
Net Earnings (Loss) per Share – Diluted – Normalized	1.61	0.90	0.71	78.9%	6.26	6.53	(0.27)	(4.1%)
EBITDA and EBITDA – Normalized								
Net Earnings (Loss) before income taxes	120.1	62.5	57.6	92.2%	563.1	562.2	0.9	0.2%
Amortization of property, plant and equipment	97.6	96.0	1.6		382.8	397.1	(14.3)	
Amortization of other intangible assets	15.7	14.8	0.9		58.2	51.6	6.6	
Finance costs	10.9	3.9	7.0		28.3	18.4	9.9	
Other interest	3.9	0.8	3.1		9.8	3.3	6.5	
EBITDA	248.2	178.0	70.2	39.4%	1,042.2	1,032.6	9.6	0.9%
Foreign exchange (gain) loss	17.1	(5.6)	22.7		0.1	(12.4)	12.5	
Foreign exchange (gain) loss on debt and derivatives	0.3	(0.1)	0.4		1.5	6.2	(4.7)	
Asset impairment provision, net of reversals	(0.1)	0.7	(0.8)		-	2.4	(2.4)	
Other items	(7.7)	16.6	(24.3)		(29.8)	16.6	(46.4)	
EBITDA – Normalized	257.8	189.6	68.2	36.0%	1,014.0	1,045.4	(31.4)	(3.0%)

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

			Three Months Ended December 31 2022			Twelve Months Ended December 31 2022
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	55.7	75.8	131.5	201.6	393.2	594.8
Foreign exchange (gain) loss	(0.2)	17.3	17.1	(9.1)	9.2	0.1
Other items	-	(7.7)	(7.7)	-	(29.8)	(29.8)
Operating Earnings (Loss) – Normalized	55.5	85.4	140.9	192.5	372.6	565.1
EBITDA – Normalized						
EBITDA	70.5	177.7	248.2	258.0	784.2	1,042.2
Foreign exchange (gain) loss	(0.2)	17.3	17.1	(9.1)	9.2	0.1
Foreign exchange (gain) loss on debt and derivatives	(0.1)	0.4	0.3	0.2	1.3	1.5
Asset impairment provision, net of reversals	-	(0.1)	(0.1)	-	-	-
Other items	-	(7.7)	(7.7)	-	(29.8)	(29.8)
EBITDA – Normalized	70.2	187.6	257.8	249.1	764.9	1,014.0

	Three Months Ended December 31 2021			Twelve Months Ended December 31 2021		
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	(11.5)	81.6	70.1	167.9	433.3	601.2
Foreign exchange (gain) loss	4.4	(10.0)	(5.6)	10.1	(22.5)	(12.4)
Other items	2.9	13.7	16.6	2.9	13.7	16.6
Operating Earnings (Loss) – Normalized	(4.2)	85.3	81.1	180.9	424.5	605.4
EBITDA – Normalized						
EBITDA	1.2	176.8	178.0	222.3	810.3	1,032.6
Foreign exchange (gain) loss	4.4	(10.0)	(5.6)	10.1	(22.5)	(12.4)
Foreign exchange (gain) loss on debt and derivatives	(0.1)	-	(0.1)	1.2	5.0	6.2
Asset impairment provision, net of reversals	-	0.7	0.7	-	2.4	2.4
Other items	2.9	13.7	16.6	2.9	13.7	16.6
EBITDA – Normalized	8.4	181.2	189.6	236.5	808.9	1,045.4

Other Non-GAAP Financial Measures

Free Cash Flow

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

Liquidity

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

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
(in millions of dollars)	$	$	$	$
Free Cash Flow				
Cash generated from (used in) operating activities	221.0	217.6	468.1	908.8
Payments for purchase of property, plant and equipment	(154.3)	(74.1)	(410.6)	(243.1)
Proceeds on disposal of property, plant and equipment	1.4	1.2	36.2	6.9
Free Cash Flow	68.1	144.7	93.7	672.6
Liquidity				
Cash	860.5	928.4	860.5	928.4
Available credit	462.5	957.5	462.5	957.5
Liquidity	1,323.0	1,885.9	1,323.0	1,885.9

Supplementary Financial Measures

Content per Vehicle

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

Summary of Content per Vehicle by Quarter

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

Estimates as of December 31, 2022	Three Months Ended				Year to Date			
	Mar 31 2022	Jun 30 2022	Sep 30 2022	Dec 31 2022	Mar 31 2022	Jun 30 2022	Sep 30 2022	Dec 31 2022
North America								
Vehicle Production Units	3.67	3.68	3.80	3.69	3.67	7.36	11.16	14.84
Automotive Sales	$ 767.0	$ 870.2	$ 912.6	$ 876.0	$ 767.0	$ 1,637.1	$ 2,549.7	$ 3,425.7
Content Per Vehicle	$ 208.73	$ 236.14	$ 240.24	$ 237.63	$ 208.73	$ 222.45	$ 228.51	$ 230.77
Europe								
Vehicle Production Units	3.91	3.97	3.63	4.29	3.91	7.89	11.51	15.81
Automotive Sales	$ 388.2	$ 396.3	$ 381.0	$ 389.5	$ 388.2	$ 784.6	$ 1,165.5	$ 1,555.0
Content Per Vehicle	$ 99.20	$ 99.78	$ 105.08	$ 90.70	$ 99.20	$ 99.49	$ 101.25	$ 98.39
Asia Pacific								
Vehicle Production Units	11.30	10.26	12.78	12.85	11.30	21.56	34.35	47.19
Automotive Sales	$ 134.4	$ 96.0	$ 149.5	$ 150.8	$ 134.4	$ 230.4	$ 379.9	$ 530.7
Content Per Vehicle	$ 11.89	$ 9.35	$ 11.69	$ 11.74	$ 11.89	$ 10.68	$ 11.06	$ 11.24

Estimates as of September 30, 2022	Three Months Ended			Year to Date		
	Mar 31 2022	Jun 30 2022	Sep 30 2022	Mar 31 2022	Jun 30 2022	Sep 30 2022
North America						
Vehicle Production Units	3.68	3.70	3.81	3.68	7.39	11.20
Automotive Sales	$ 765.0	$ 870.6	$ 918.9	$ 765.0	$ 1,635.6	$ 2,554.5
Content Per Vehicle	$ 207.61	$ 235.03	$ 241.01	$ 207.61	$ 221.36	$ 228.04
Europe						
Vehicle Production Units	3.91	3.98	3.58	3.91	7.89	11.47
Automotive Sales	$ 390.4	$ 396.0	$ 372.6	$ 390.4	$ 786.5	$ 1,159.1
Content Per Vehicle	$ 99.83	$ 99.53	$ 103.95	$ 99.83	$ 99.68	$ 101.01
Asia Pacific						
Vehicle Production Units	11.31	10.28	12.46	11.31	21.60	34.05
Automotive Sales	$ 135.2	$ 97.7	$ 149.6	$ 135.2	$ 232.9	$ 382.5
Content Per Vehicle	$ 11.95	$ 9.50	$ 12.01	$ 11.95	$ 10.79	$ 11.23

Change in Estimates from Prior Quarter	Three Months Ended			Year to Date		
	Mar 31 2022 +/-	Jun 30 2022 +/-	Sep 30 2022 +/-	Mar 31 2022 +/-	Jun 30 2022 +/-	Sep 30 2022 +/-
North America						
Vehicle Production Units	(0.01)	(0.02)	(0.01)	(0.01)	(0.03)	(0.04)
Automotive Sales	$ 2.0	$ (0.4)	$ (6.3)	$ 2.0	$ 1.5	$ (4.8)
Content Per Vehicle	$ 1.12	$ 1.11	$ (0.77)	$ 1.12	$ 1.09	$ 0.47
Europe						
Vehicle Production Units	-	(0.01)	0.05	-	-	0.04
Automotive Sales	$ (2.2)	$ 0.3	$ 8.4	$ (2.2)	$ (1.9)	$ 6.4
Content Per Vehicle	$ (0.63)	$ 0.25	$ 1.13	$ (0.63)	$ (0.19)	$ 0.24
Asia Pacific						
Vehicle Production Units	(0.01)	(0.02)	0.32	(0.01)	(0.04)	0.30
Automotive Sales	$ (0.8)	$ (1.7)	$ (0.1)	$ (0.8)	$ (2.5)	$ (2.6)
Content Per Vehicle	$ (0.06)	$ (0.15)	$ (0.32)	$ (0.06)	$ (0.11)	$ (0.17)

FORWARD LOOKING INFORMATION

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

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some of the factors and risks and uncertainties that cause results to differ from current expectations include, but are not limited to, changes in the competitive environment in which Linamar operates, OEM outsourcing and insourcing; sources and availability of raw materials; labour markets and dependence on key personnel; dependence on certain customers and product programs; technological change in the sectors in which the Company operates and by

Linamar’s competitors; delays in or operational issues with product launches; foreign currency risk; long-term contracts that are not guaranteed; acquisition and expansion risk; foreign business risk; public health threats; cyclicality 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 December 31, 2022 with comparatives as at December 31, 2021 (Unaudited)
(in thousands of Canadian dollars)

	December 31 2022 $	December 31 2021 $
ASSETS		
Cash and cash equivalents	860,515	928,428
Accounts and other receivables	1,160,509	870,551
Inventories	1,509,302	1,066,456
Income taxes recoverable	76,733	23,188
Current portion of long-term receivables (Note 6)	24,754	43,883
Current portion of derivative financial instruments (Note 6)	14,160	9,099
Prepaid expenses and other current assets	47,313	40,588
Current Assets	3,693,286	2,982,193
Long-term receivables (Note 6)	47,630	186,186
Derivative financial instruments (Note 6)	2,247	1,031
Property, plant and equipment	2,793,091	2,415,916
Investments	18,185	14,375
Deferred tax assets	170,115	130,925
Intangible assets	902,918	806,476
Goodwill	948,919	853,288
Assets	8,576,391	7,390,390
LIABILITIES		
Accounts payable and accrued liabilities	2,011,694	1,603,466
Provisions	35,599	35,910
Income taxes payable	50,425	77,390
Current portion of long-term debt (Notes 6, 7)	26,733	21,055
Current portion of derivative financial instruments (Note 6)	31,974	7,299
Current Liabilities	2,156,425	1,745,120
Long-term debt (Notes 6, 7)	1,281,641	770,490
Derivative financial instruments (Note 6)	3,677	1,044
Deferred tax liabilities	322,937	274,940
Liabilities	3,764,680	2,791,594
EQUITY		
Capital stock	138,925	146,204
Retained earnings	4,597,513	4,449,643
Contributed surplus	31,359	28,816
Accumulated other comprehensive earnings (loss)	43,914	(25,867)
Equity	4,811,711	4,598,796
Liabilities and Equity	8,576,391	7,390,390

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

On behalf of the Board of Directors:

(Signed) "Linda Hasenfratz"

Linda Hasenfratz
Director

(Signed) "Jim Jarrell"

Jim Jarrell
Director

LINAMAR CORPORATION
Consolidated Interim Statements of Earnings

For the twelve months ended December 31, 2022 and December 31, 2021 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
	$	$	$	$
Sales	2,060,039	1,534,442	7,917,911	6,536,574
Cost of sales	1,811,194	1,373,545	6,943,101	5,598,922
Gross Margin	248,845	160,897	974,810	937,652
Selling, general and administrative	110,117	96,095	411,176	349,649
Other income and (expenses) (Note 9)	(7,235)	5,306	31,197	13,230
Operating Earnings (Loss)	131,493	70,108	594,831	601,233
Share of net earnings (loss) of investments accounted for using the equity method	-	(7,138)	(6,086)	(28,345)
Finance income and (expenses) (Note 10)	(11,362)	(460)	(25,657)	(10,722)
Net Earnings (Loss) before Income Taxes	120,131	62,510	563,088	562,166
Provision for (recovery of) income taxes	27,935	12,280	136,894	141,608
Net Earnings (Loss) for the Period	92,196	50,230	426,194	420,558
Net Earnings (Loss) per Share:				
Basic	1.49	0.77	6.67	6.43
Diluted	1.49	0.77	6.67	6.41

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

LINAMAR CORPORATION

Consolidated Interim Statements of Comprehensive Earnings

For the twelve months ended December 31, 2022 and December 31, 2021 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
	$	$	$	$
Net Earnings (Loss) for the Period	92,196	50,230	426,194	420,558
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	141,545	(29,192)	84,120	(155,212)
Change in unrealized gains (losses) on net investment hedges	(30,016)	8,896	(3,072)	45,558
Change in unrealized gains (losses) on cash flow hedges	16,546	864	(33,798)	(9,336)
Change in cost of hedging	(2,778)	(404)	4,441	(2,962)
Reclassification to earnings of gains (losses) on cash flow hedges	9,815	(1,031)	21,750	(15,641)
Tax impact of above	(5,542)	224	3,756	3,841
Other Comprehensive Earnings (Loss)	129,570	(20,643)	77,197	(133,752)
Comprehensive Earnings (Loss) for the Period	221,766	29,587	503,391	286,806

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

LINAMAR CORPORATION

Consolidated Interim Statements of Changes in Equity

For the twelve months ended December 31, 2022 and December 31, 2021 (Unaudited)
(in thousands of Canadian dollars)

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at January 1, 2022	146,204	4,449,643	28,816	(21,284)	(4,583)	4,598,796
Net Earnings (Loss)	-	426,194	-	-	-	426,194
Other comprehensive earnings (loss)	-	-	-	81,048	(3,851)	77,197
Comprehensive Earnings (Loss)	-	426,194	-	81,048	(3,851)	503,391
Hedging transferred to the carrying value of inventory	-	-	-	-	(7,416)	(7,416)
Share-based compensation	-	-	3,059	-	-	3,059
Shares issued on exercise of options	1,595	-	(516)	-	-	1,079
Common shares repurchased and cancelled (Note 8)	(8,874)	(227,203)	-	-	-	(236,077)
Dividends	-	(51,121)	-	-	-	(51,121)
Balance at December 31, 2022	138,925	4,597,513	31,359	59,764	(15,850)	4,811,711

	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)	-	420,558	-	-	-	420,558
Other comprehensive earnings (loss)	-	-	-	(112,882)	(20,870)	(133,752)
Comprehensive Earnings (Loss)	-	420,558	-	(112,882)	(20,870)	286,806
Hedging transferred to the carrying value of inventory	-	-	-	-	(272)	(272)
Share-based compensation	-	-	3,270	-	-	3,270
Dividends	-	(44,506)	-	-	-	(44,506)
Balance at December 31, 2021	146,204	4,449,643	28,816	(21,284)	(4,583)	4,598,796

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

LINAMAR CORPORATION
Consolidated Interim Statements of Cash Flows
For the twelve months ended December 31, 2022 and December 31, 2021 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022 $	2021 $	2022 $	2021 $
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period	92,196	50,230	426,194	420,558
Adjustments for:				
Amortization of property, plant and equipment	97,557	95,985	382,755	397,142
Amortization of other intangible assets	15,680	14,847	58,217	51,612
Deferred income taxes	10,524	(14,221)	(14,809)	(26,244)
Asset impairment provision, net of reversals	(71)	685	68	2,434
Share-based compensation	765	1,152	3,059	3,270
Equity investment (earnings) loss	-	7,138	6,086	28,345
Finance (income) and expenses	11,362	460	25,657	10,722
Gain on bargain purchase (Note 14)	(29,440)	-	(29,440)	-
Remeasurement of net investment in joint venture (Note 14)	21,773	-	21,773	-
Other	6,114	7,548	(14,283)	(25,460)
	226,460	163,824	865,277	862,379
Changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	174,153	104,397	(215,353)	24,815
(Increase) decrease in inventories	(55,947)	(95,382)	(351,132)	(227,446)
(Increase) decrease in prepaid expenses and other current assets	6,639	2,196	(4,777)	(6,853)
(Increase) decrease in long-term receivables	4,647	(11,057)	19,230	110,758
Increase (decrease) in income taxes	(50,586)	(14,266)	(82,870)	(19,360)
Increase (decrease) in accounts payable and accrued liabilities	(83,589)	66,822	239,287	166,240
Increase (decrease) in provisions	(755)	1,101	(1,531)	(1,769)
	(5,438)	53,811	(397,146)	46,385
Cash generated from (used in) operating activities	221,022	217,635	468,131	908,764
Financing Activities				
Proceeds from (repayments of) long-term debt	(6,659)	(5,081)	462,924	(981,747)
Proceeds from senior unsecured notes	-	-	-	493,952
Proceeds from exercise of stock options	1,079	-	1,079	-
Repurchase of shares (Note 8)	(42,382)	-	(236,077)	-
Dividends	(12,345)	(13,090)	(51,121)	(44,506)
Finance income received (expenses paid)	(7,381)	1,066	(20,417)	692
Settlement of derivative contracts	-	-	-	(40,470)
Cash generated from (used in) financing activities	(67,688)	(17,105)	156,388	(572,079)
Investing Activities				
Payments for purchase of property, plant and equipment	(154,370)	(74,075)	(410,650)	(243,058)
Proceeds on disposal of property, plant and equipment	1,405	1,175	36,170	6,883
Payments for purchase of intangible assets	(3,850)	(3,221)	(12,604)	(11,483)
Business acquisitions, net of cash acquired (Note 14)	2,819	-	(325,533)	-
Other	(381)	(6,193)	(3,125)	(19,661)
Cash generated from (used in) investing activities	(154,377)	(82,314)	(715,742)	(267,319)
	(1,043)	118,216	(91,223)	69,366
Effect of translation adjustment on cash	5,525	4,216	23,310	(2,038)
Increase (decrease) in cash and cash equivalents	4,482	122,432	(67,913)	67,328
Cash and cash equivalents - Beginning of Period	856,033	805,996	928,428	861,100
Cash and cash equivalents - End of Period	860,515	928,428	860,515	928,428
Comprised of:				
Cash in bank	396,162	511,904	396,162	511,904
Short-term deposits	467,266	429,145	467,266	429,145
Unpresented cheques	(2,913)	(12,621)	(2,913)	(12,621)
	860,515	928,428	860,515	928,428

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

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 December 31, 2022 were authorized for issue in accordance with a resolution of the Company's Board of Directors on March 8, 2023.

2 Basis of Preparation 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, 2022. 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, 2022. 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 period; however the adoption of these new standards and amendments did not significantly impact the Company's net earnings or financial position.

New Standards and Interpretations Not Yet Adopted

All pronouncements will be adopted in the Company's accounting policies after the effective date of the pronouncement. At the date of authorization of these interim financial statements, there were no new standards, amendments and interpretations to existing standards that were relevant nor would significantly impact the Company's net earnings or financial position.

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. 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.

Purchase Price Allocations

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

Please refer to the "Critical Accounting Estimates and Judgements" section of the Company's December 31, 2022 consolidated annual financial statements for additional information.

(in thousands of Canadian dollars, except where otherwise noted)

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.

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:

		December 31, 2022		December 31, 2021	
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	72,384	71,305	230,069	240,456
Derivative financial instruments (hedge relationships)					
USD sales forwards – CAD functional entities	Fair value (Level 2)	(30,651)	(30,651)	(3,880)	(3,880)
USD sales forwards – MXN functional entities	Fair value (Level 2)	11,414	11,414	3,323	3,323
USD sales forwards – CNY functional entities	Fair value (Level 2)	392	392	1,045	1,045
CAD purchase forwards – GBP functional entities	Fair value (Level 2)	(399)	(399)	1,299	1,299
Investment designated at fair value through other comprehensive income	Fair value (Level 3)	7,952	7,952	6,794	6,794
Long-term debt, excluding lease liabilities	Amortized cost (Level 2)	(1,228,848)	(1,156,636)	(732,249)	(700,197)

During 2022, the Company entered into foreign exchange derivative contracts as part of its risk management program to mitigate variability associated with foreign exchange on foreign denominated borrowings. The derivatives are not designated in a hedge accounting relationship and the net impact was a loss included in finance income of $31,865 for the three months ended December 31, 2022 and a net $Nil impact for the twelve months ended December 31, 2022. The loss on the derivatives mitigated the gains associated with foreign exchange on foreign denominated borrowings also included in finance income of $33,261 for the three months ended December 31, 2022 and a net $Nil impact for the twelve months ended December 31, 2022.

7 Long-Term Debt

	December 31 2022 $	December 31 2021 $
Senior unsecured notes	461,782	458,521
Bank borrowings	694,940	198,007
Lease liabilities	79,526	59,296
Government borrowings	72,126	75,721
	1,308,374	791,545
Less: current portion	26,733	21,055
	1,281,641	770,490

As of December 31, 2022, $462,483 was available under the revolving credit facility.

8 Capital Stock

In November 2021, the Company announced TSX approval to commence a new normal course issuer bid. This bid permitted the Company to acquire for cancellation up to 4,421,507 common shares between November 30, 2021 and November 29, 2022. This bid was subject to daily limits and blackout periods. For the twelve months ended December 31, 2022, the Company repurchased and cancelled 3,972,540 common shares under its bid for a total amount of $236,077.

(in thousands of Canadian dollars, except where otherwise noted)

9 Other Income and (Expenses)

	Three Months Ended	December 31	Twelve Months Ended	December 31
	2022	2021	2022	2021
	$	$	$	$
Foreign exchange gain (loss)	(17,044)	5,608	(70)	12,426
Gain on sale of unused land	-	-	22,157	-
Gain on bargain purchase (Note 14)	29,440	-	29,440	-
Remeasurement of net investment in joint venture (Note 14)	(21,773)	-	(21,773)	-
Other income (expense)	2,142	(302)	1,443	804
	(7,235)	5,306	31,197	13,230

10 Finance Income and (Expenses)

	Three Months Ended	December 31	Twelve Months Ended	December 31
	2022	2021	2022	2021
	$	$	$	$
Interest expense	(10,888)	(3,861)	(28,337)	(18,436)
Foreign exchange gain (loss) on debt and derivatives	(381)	87	(1,647)	(6,237)
Interest earned	5,361	5,213	18,916	21,505
Other	(5,454)	(1,899)	(14,589)	(7,554)
	(11,362)	(460)	(25,657)	(10,722)

11 Commitments

As at December 31, 2022, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $400,953 (December 31, 2021 - $209,096). Of this amount $346,701 (December 31, 2021 - $193,034) relates to the purchase of manufacturing equipment and $54,252 (December 31, 2021 - $16,062) relates to general contracting and construction costs in respect of plant construction. Of the commitments for plant construction, $2,467 (December 31, 2021 - $13,699) were commitments to a related party, a company owned by the spouse of an officer and director. The majority of these commitments are due within the next twelve months.

12 Related Party Transactions

Related party transactions include long-term receivables due from an investee accounted for using the equity method at December 31, 2022 of $Nil (December 31, 2021 - $133,184). Interest earned on the receivable included in finance income was $Nil for the three months ended December 31, 2022 and $1,470 for the twelve months ended December 31, 2022 ($1,398 for the three months ended December 31, 2021 and $5,049 for the twelve months ended December 31, 2021). Included in the cost of sales are material purchases from the same related party of $Nil for the three months ended December 31, 2022 and $7,458 for the twelve months ended December 31, 2022 ($7,019 for the three months ended December 31, 2021 and $27,474 for the twelve months ended December 31, 2021), with amounts payable at December 31, 2022 of $Nil (December 31, 2021 of $10,110). Please see Note 14 regarding the business acquisition of the remaining 50% interest in the joint venture, GF Linamar LLC, on April 1, 2022.

Building additions made by a related party, a company owned by the spouse of an officer and director, were $1,508 for the three months ended December 31, 2022 and $13,121 for the twelve months ended December 31, 2022 ($5,252 for the three months ended December 31, 2021 and $6,546 for the twelve months ended December 31, 2021).

13 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 from the collaborative design, development and manufacture of both systems and components for new energy powertrains, body and chassis, driveline, engine, and transmission systems for both the global electrified and traditionally powered on and off highway 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.

(in thousands of Canadian dollars, except where otherwise noted)

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, net 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 December 31, 2022			Twelve Months Ended December 31, 2022		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	$	$	$	$	$	$
Mobility	1,552,977	8,981	75,806	6,004,629	36,446	393,237
Industrial	507,062	2,852	55,687	1,913,282	10,643	201,594
Total	2,060,039	11,833	131,493	7,917,911	47,089	594,831

	Three Months Ended December 31, 2021			Twelve Months Ended December 31, 2021		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	$	$	$	$	$	$
Mobility	1,241,457	7,718	81,569	5,067,849	29,564	433,302
Industrial	292,985	2,409	(11,461)	1,468,725	9,319	167,931
Total	1,534,442	10,127	70,108	6,536,574	38,883	601,233

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 December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
	$	$	$	$
Canada	1,076,606	757,757	4,130,497	3,284,579
Rest of North America	280,525	184,585	1,065,102	776,362
Asia Pacific	187,234	189,884	643,157	646,324
Europe	515,674	402,216	2,079,155	1,829,309
Total	2,060,039	1,534,442	7,917,911	6,536,574

14 Business Acquisitions

(i) GF Linamar LLC

On April 1, 2022, the Company acquired the remaining 50% interest in the joint venture, GF Linamar LLC ("GFL"), from GF Casting Solutions, a division of Georg Fischer AG thereby assuming 100% ownership and operational control. GFL will continue operations as LLM Mills River ("Mills River"). The ownership change will help secure the Company's long-term growth plan in lightweight structural castings; a critical component in electrified vehicles. The preliminary purchase price was USD $73,000 plus an earn-out of up to a maximum of USD $24,000. The earn-out contingent consideration has been estimated at $8,424 for a total preliminary purchase price in CAD of $99,513. The earn-out was calculated based on cash flow projections covering a five-year period. Key assumptions used for the cash flow projections included operating costs and capital expenditures based on internal management forecasts, forecast growth rates based on the Company's expectations for future performance and an appropriate discount rate reflecting specific risks related to Mills River.

Due to the timing of the close and complexities associated with these transactions, the determination of the fair value of the purchase price, including the earn-out, assets acquired and liabilities assumed, is not yet complete and are subject to further adjustments. The Company will disclose the finalized purchase price allocation when the determination of the fair value is complete. The acquisition of Mills River has been accounted for as a step business combination. The original net investment in the joint venture was remeasured for fair value. Using the cash flow projections to calculate the fair value, the carrying value of the original 50% interest in the joint venture of $120,817 was remeasured by a decrease of $21,773. The following table summarizes the consideration paid or payable for the remaining 50% interest for Mills River's acquired net assets, recognized at the acquisition date. The gain recognized for the bargain purchase was the result of the preliminary purchase price being below the fair value of the preliminary net identifiable assets acquired. This gain, along with the remeasurement for fair value on the original 50% interest in the joint venture, were included in other income and expenses (Note 9).

(in thousands of Canadian dollars, except where otherwise noted)

Preliminary summary of identifiable assets acquired and liabilities assumed after step acquisition completed on April 1, 2022:

	$
Cash consideration	91,089
Earn-out contingent consideration	8,424
Preliminary purchase price	99,513
Cash and cash equivalents	8,132
Accounts and other receivable	37,551
Inventories	38,610
Prepaids expenses and other current assets	844
Property, plant and equipment	197,243
Total assets acquired	282,380
Accounts payable and accrued liabilities	48,431
Long-term debt	5,952
Total liabilities assumed	54,383
Preliminary net identifiable assets acquired	227,997
Less: fair value of net investment and preliminary purchase price	
Net investment of original 50% equity investment in joint venture	120,817
Remeasurement of net investment in joint venture	(21,773)
Preliminary purchase price	99,513
Gain on bargain purchase	29,440
Gain on bargain purchase	29,440
Remeasurement of net investment in joint venture	(21,773)
Net impact to other income and expenses (Note 9)	7,667

The sales included in the consolidated statements of earnings from April 1, 2022 to December 31, 2022 contributed by Mills River were $146,651, which does not include sales to another Linamar facility of $35,172. Mills River also contributed net losses of $39,369 over the same period. Mills River is included in the Mobility segment.

(ii) Salford Group of Companies

On June 3, 2022, the Company acquired 100% of the issued and outstanding equity of the Salford Group of Companies ("Salford"). The ownership will expand the Company's agricultural portfolio into crop nutrition application and tillage products. The preliminary purchase price is CAD $245,174.

Due to the timing of the close and complexities associated with these transactions, the determination of the fair value of the purchase price, assets acquired and liabilities assumed, is not yet complete and are subject to further adjustments. The Company has recorded a provisional amount of $92,572 to goodwill as the current unallocated portion of the purchase price. The Company will update this balance and disclose the finalized purchase price allocation when the determination of the fair value is complete. The following table summarizes the consideration paid for Salford's acquired net assets, recognized at the acquisition date, which has been accounted for as a business combination. During the current quarter, there was an adjustment for deferred tax liabilities that increased the provisional amount of goodwill.

(in thousands of Canadian dollars, except where otherwise noted)

Preliminary summary of identifiable assets acquired and liabilities assumed after acquisition completed on June 3, 2022:

	$
Cash and cash equivalents	2,598
Accounts and other receivables	14,593
Inventories	39,586
Prepaid expenses and other current assets	717
Property, plant and equipment	27,497
Intangible assets	138,560
Goodwill	92,572
Total assets acquired	316,123
Accounts payable and accrued liabilities	37,024
Provisions	1,036
Income taxes payable	1,350
Deferred tax liabilities	31,539
Total liabilities assumed	70,949
Preliminary net identifiable assets acquired	245,174

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

The sales included in the consolidated statements of earnings from June 3, 2022 to December 31, 2022 contributed by Salford were $107,505. Salford also contributed net earnings of $8,362 over the same period. Salford is included in the Industrial segment.

(iii) Consolidated Pro-forma Sales and Earnings

If both acquisitions had occurred on January 1, 2022, the Company's consolidated pro-forma sales and net earnings for the period ended December 31, 2022 would have been $8,046,009 and $430,324, respectively. These amounts have been calculated using Mills River and Salford's results adjusted for the additional depreciation and amortization that would have been charged assuming the preliminary fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2022, together with the consequential tax effects.