Earnings Nearly Double at Linamar in First Quarter 2023 on Recovering Markets, Supply Chains and Launching Business, New Giga Structural Facility Announced

May 10, 2023, Guelph, Ontario, Canada (TSX: LNR)

- Normalized Earnings per Share up 83.3%;
- Sales up 28.9% to $2.29 billion, a new record for a quarter;
- Diversified strategy validated with strong Industrial performance leading the way on strong earnings performance;
- Normalized Net Earnings up 71.7%;
- New Giga Structural Component Facility for electric vehicles announced for Ontario;
- New business wins take launch book to nearly $4.2 billion;
  - Nearly 80% of wins for propulsion agnostic/electrified vehicles;
- Sales up 58.9% for Industrial due to strong markets and solid market share growth notably in our agricultural products;
- Sales up 21.1% for Mobility driven largely by launching programs;
- Another new record in content per vehicle[1] ("CPV") achieved in North America; and
- Strong liquidity[1], measured as cash and cash equivalents and available credit as at March 31, 2023, of $1.3 billion.

	Three Months Ended March 31	
	2023	2022
(in millions of dollars, except per share figures)	$	$
Sales	**2,292.7**	**1,778.1**
Operating Earnings (Loss)		
Industrial	104.9	21.5
Mobility	72.0	112.6
Operating Earnings (Loss)	176.9	134.1
Net Earnings (Loss)	117.0	96.3
Net Earnings (Loss) per Share – Diluted	1.90	1.47
Earnings before interest, taxes and amortization ("EBITDA")[1]	298.0	238.7
Operating Earnings (Loss) – Normalized[1]		
Industrial	**97.5**	**13.4**
Mobility	**78.3**	**93.1**
Operating Earnings (Loss) – Normalized	**175.8**	**106.5**
Net Earnings (Loss) – Normalized[1]	**121.7**	**70.9**
Net Earnings (Loss) per Share – Diluted – Normalized[1]	**1.98**	**1.08**
EBITDA – Normalized[1]	**297.1**	**210.8**

GIGA STRUCTURAL COMPONENT FACILITY

Linamar is launching a new, state of the art, Giga casting facility which will be built in Welland, Ontario. The facility will be producing very large structural parts for electric vehicles and will start production in February of 2025. The equipment for the facility will be very large 6100 ton High Pressure Die Cast machines which are critical to efficiently lightweighting and simplifying complex assemblies for electrified vehicles. Linamar will be the first Tier 1 supplier outside of Asia to invest in this technology of the future.

"We are excited about the investment in Welland for this state-of-the-art facility critical to the future of electrified vehicles", said Linamar CEO Linda Hasenfratz, "As the first supplier to invest in this equipment in North America Linamar will naturally take a market leadership position in this technology."

Welland Mayor Frank Campion adds "We are thrilled to have attracted this significant new investment to Welland. Linamar's presence in our community signals the next wave of investment in our local economy and is a testament to the progressive steps Welland is taking. As a globally-recognized automotive supplier and proud Canadian employer, Linamar's Welland-based employees will supply advanced components for the zero emissions vehicles of the future from this new state-of-the-art facility. We are excited to welcome Linamar to Welland."

"Giga Castings are the next step in the evolution of our High Pressure Die Casting strategy," said Jim Jarrell, Linamar's President and COO. "The Welland Giga casting facility will have capabilities few companies in the world possess. There is an increasing trend of cast aluminum being used in vehicle architectures, particularly BEVs. Structural aluminum castings offer an alternative to traditional steel stamping and weldments, creating a less complex and more lightweight solution for OEMs."

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.

OPERATING HIGHLIGHTS

Sales for the first quarter of 2023 ("Q1 2023") were $2,292.7 million, up $514.6 million from $1,778.1 million in the first quarter of 2022 ("Q1 2022").

The Industrial segment ("Industrial") product sales increased 58.9%, or $216.8 million, to $585.0 million in Q1 2023 from Q1 2022. 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 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 Q1 2022.

Sales for the Mobility segment ("Mobility") increased by $297.8 million, or 21.1% in Q1 2023 compared with Q1 2022. The sales in Q1 2023 were impacted by:

- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- increased pricing related to cost recovery partially offsetting the associated labour, utilities, materials and freight;
- a favourable impact on sales from the changes in foreign exchange rates from Q1 2022; and
- increased sales related to the acquisition of the remaining 50% interest of GF Linamar LLC now known as Linamar Light Metals Mills River ("LLM Mills River"); partially offset by
- a sales decline in Asia primarily attributed to lower production as a result of additional COVID-19 outbreaks.

The Company's normalized operating earnings for Q1 2023 was $175.8 million. This compares to normalized operating earnings of $106.5 million in Q1 2022, an increase of $69.3 million.

Industrial segment normalized operating earnings in Q1 2023 increased $84.1 million from Q1 2022. 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;
- increased sales related to the acquisition of Salford; and
- a favourable impact from the changes in foreign exchange rates from Q1 2022; partially offset by
- an increase in selling, general and administrative ("SG&A") costs supporting growth.

Q1 2023 normalized operating earnings for Mobility were lower by $14.8 million, or 15.9%, compared to Q1 2022. 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;
- a favourable impact from the changes in foreign exchange rates from Q1 2022; offset by
- a sales decline in Asia primarily attributed to lower production as a result of additional COVID-19 outbreaks;
- reduction in earnings related to the acquisition of LLM Mills River;
- increased costs related to labour, utilities, materials and freight partially offset by customer cost recovered in sales; and
- an increase in SG&A costs supporting growth.

"Q1 was an exceptional quarter of excellent earnings growth, sales growth and market share growth. Our industrial business had a particularly strong quarter on improving supply chains and continued strong market demand; evidence our diversified growth strategy is producing the consistent sustainable earnings we target," said Linamar Executive Chair and CEO Linda Hasenfratz, "Our newly announced Giga casting facility is the latest technology add to our portfolio of products for electrified vehicles which is rapidly changing the landscape of our mobility business. Booked propulsion agnostic/electrified sales are now representing the majority of booked business in 2027. With an eye to continued improvements in terms of supply chain and cost issues as we move through the year, we are looking forward to another year of growth in earnings in both the Mobility and Industrial segments and significant double digit growth overall for 2023."

DIVIDENDS

The Board of Directors today declared an eligible dividend in respect to the quarter ended March 31, 2023 of CDN$0.22 per share on the common shares of the company, payable on or after June 7, 2023 to shareholders of record on May 26, 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, interest expense, and other interest.

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

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

	Three Months Ended March 31	
	2023	2022
(in millions of dollars)	$	$
Gain on sale of unused land	-	(22.1)
Adjustment for contingent consideration of Mills River earn-out	4.9	-
Other items impacting Operating Earnings (loss) – Normalized	4.9	(22.1)
Gain on sale of unused land	-	(22.1)
Adjustment for contingent consideration of Mills River earn-out	4.9	-
Other items	4.9	(22.1)
Asset impairment provision, net of reversals	-	0.1
Other items and asset impairments impacting EBITDA – Normalized	4.9	(22.0)

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by $Nil for Q1 2023 ($0.1 million loss for Q1 2022).

During Q1 2023, a normalizing item related to an "adjustment for contingent consideration on Mills River earn-out" impacted the Mobility segment by $4.9 million. Also, during Q1 2023 a normalizing item impacting the Company's income taxes related to withholding tax on repatriation of cash from China by $5.2 million.

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

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

			Three Months Ended March 31	
	2023	2022	+/-	+/-
(in millions of dollars)	$	$	$	%
Operating Earnings (Loss) – Normalized				
Operating Earnings (Loss)	176.9	134.1	42.8	31.9%
Foreign exchange (gain) loss	(6.0)	(5.5)	(0.5)	
Other items	4.9	(22.1)	27.0	
Operating Earnings (Loss) – Normalized	175.8	106.5	69.3	65.1%
Net Earnings (Loss) – Normalized				
Net Earnings (Loss)	117.0	96.3	20.7	21.5%
Foreign exchange (gain) loss	(6.0)	(5.5)	(0.5)	
Foreign exchange (gain) loss on debt and derivatives	0.2	(0.4)	0.6	
Other items	4.9	(22.1)	27.0	
Tax impact including Other Items	5.6	2.6	3.0	
Net Earnings (Loss) – Normalized	121.7	70.9	50.8	71.7%
Net Earnings (Loss) per Share – Diluted – Normalized				
Net Earnings (Loss) per Share – Diluted	1.90	1.47	0.43	29.3%
Foreign exchange (gain) loss	(0.09)	(0.08)	(0.01)	
Foreign exchange (gain) loss on debt and derivatives	-	(0.01)	0.01	
Other items	0.08	(0.34)	0.42	
Tax impact including Other Items	0.09	0.04	0.05	
Net Earnings (Loss) per Share – Diluted – Normalized	1.98	1.08	0.90	83.3%
EBITDA and EBITDA – Normalized				
Net Earnings (Loss) before income taxes	163.7	127.5	36.2	28.4%
Amortization of property, plant and equipment	100.1	92.4	7.7	
Amortization of other intangible assets	15.9	13.9	2.0	
Interest expense	13.2	3.9	9.3	
Other interest	5.1	1.0	4.1	
EBITDA	298.0	238.7	59.3	24.8%
Foreign exchange (gain) loss	(6.0)	(5.5)	(0.5)	
Foreign exchange (gain) loss on debt and derivatives	0.2	(0.4)	0.6	
Asset impairment provision, net of reversals	-	0.1	(0.1)	
Other items	4.9	(22.1)	27.0	
EBITDA – Normalized	297.1	210.8	86.3	40.9%

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

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended March 31 2023 Linamar $
Operating Earnings (Loss) – Normalized			
Operating Earnings (Loss)	104.9	72.0	176.9
Foreign exchange (gain) loss	(7.4)	1.4	(6.0)
Other items	-	4.9	4.9
Operating Earnings (Loss) – Normalized	97.5	78.3	175.8
EBITDA – Normalized			
EBITDA	121.0	177.0	298.0
Foreign exchange (gain) loss	(7.4)	1.4	(6.0)
Foreign exchange (gain) loss on debt and derivatives	0.1	0.1	0.2
Asset impairment provision, net of reversals	-	-	-
Other items	-	4.9	4.9
EBITDA – Normalized	113.7	183.4	297.1

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended March 31 2022 Linamar $
Operating Earnings (Loss) – Normalized			
Operating Earnings (Loss)	21.5	112.6	134.1
Foreign exchange (gain) loss	(8.1)	2.6	(5.5)
Other items	-	(22.1)	(22.1)
Operating Earnings (Loss) – Normalized	13.4	93.1	106.5
EBITDA – Normalized			
EBITDA	34.3	204.4	238.7
Foreign exchange (gain) loss	(8.1)	2.6	(5.5)
Foreign exchange (gain) loss on debt and derivatives	(0.1)	(0.3)	(0.4)
Asset impairment provision, net of reversals	-	0.1	0.1
Other items	-	(22.1)	(22.1)
EBITDA – Normalized	26.1	184.7	210.8

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 March 31 2023 $	2022 $
Free Cash Flow		
Cash generated from (used in) operating activities	181.7	62.5
Payments for purchase of property, plant and equipment	(162.7)	(88.0)
Proceeds on disposal of property, plant and equipment	0.4	29.2
Free Cash Flow	19.4	3.7
Liquidity		
Cash	890.7	903.9
Available credit	425.0	957.6
Liquidity	1,315.7	1,861.5

Supplementary Financial Measures

Content per Vehicle

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

FORWARD LOOKING INFORMATION, 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

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/.

Q2 2023 Release Information

Linamar will hold a webcast call on August 9, 2023, at 5:00 p.m. ET to discuss its second quarter results. The event will be simulcast and can be accessed at the following URL https://www.linamar.com/event/q2-2023-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 73928638, 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 August 9, 2023, and at www.sedar.com by the start of business on August 10, 2023. The webcast replay will be available at https://www.linamar.com/event/q2-2023-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 August 9, 2023, for seven days. The number for the replay is (+1) (877) 674-7070 or (+1) (416) 764-8692, Passcode: 928638#. In addition, a recording of the call will be posted at https://www.linamar.com/event/q2-2023-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
May 10, 2023

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended March 31, 2023

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated financial statements for the quarter ended March 31, 2023. This MD&A has been prepared as at May 10, 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 first quarter of 2023 ("Q1 2023") and 2022 ("Q1 2022"):

			Three Months Ended March 31	
(in millions of dollars, except per share figures)	2023 $	2022 $	+/- $	+/- %
Sales	2,292.7	1,778.1	514.6	28.9%
Gross Margin	300.5	198.2	102.3	51.6%
Operating Earnings (Loss)	176.9	134.1	42.8	31.9%
Net Earnings (Loss)	117.0	96.3	20.7	21.5%
Net Earnings (Loss) per Share - Diluted	1.90	1.47	0.43	29.3%
Earnings before interest, taxes and amortization ("EBITDA")[1]	298.0	238.7	59.3	24.8%
Operating Earnings (Loss) - Normalized[1]	175.8	106.5	69.3	65.1%
Net Earnings (Loss) - Normalized[1]	121.7	70.9	50.8	71.7%
Net Earnings (Loss) per Share - Diluted - Normalized[1]	1.98	1.08	0.90	83.3%
EBITDA – Normalized[1]	297.1	210.8	86.3	40.9%

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 March 31, 2023.

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

			Three Months Ended March 31 2022
(in millions of dollars)	Industrial $	Mobility $	Linamar $
Sales	368.2	1,409.9	1,778.1
Operating Earnings (Loss)	21.5	112.6	134.1
EBITDA	34.3	204.4	238.7
Operating Earnings (Loss) – Normalized	13.4	93.1	106.5
EBITDA – Normalized	26.1	184.7	210.8

Industrial Highlights

				Three Months Ended March 31
(in millions of dollars)	2023 $	2022 $	+/- $	+/- %
Sales	585.0	368.2	216.8	58.9%
Operating Earnings (Loss)	104.9	21.5	83.4	387.9%
EBITDA	121.0	34.3	86.7	252.8%
Operating Earnings (Loss) – Normalized	97.5	13.4	84.1	627.6%
EBITDA – Normalized	113.7	26.1	87.6	335.6%

The Industrial segment ("Industrial") product sales increased 58.9%, or $216.8 million, to $585.0 million in Q1 2023 from Q1 2022. 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 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 Q1 2022.

Industrial segment normalized operating earnings in Q1 2023 increased $84.1 million from Q1 2022. 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;
- increased sales related to the acquisition of Salford; and
- a favourable impact from the changes in foreign exchange rates from Q1 2022; partially offset by
- an increase in selling, general and administrative ("SG&A") costs supporting growth.

Mobility Highlights

(in millions of dollars)	2023 $	2022 $	Three Months Ended +/- $	March 31 +/- %
Sales	1,707.7	1,409.9	297.8	21.1%
Operating Earnings (Loss)	72.0	112.6	(40.6)	(36.1%)
EBITDA	177.0	204.4	(27.4)	(13.4%)
Operating Earnings (Loss) – Normalized	78.3	93.1	(14.8)	(15.9%)
EBITDA – Normalized	183.4	184.7	(1.3)	(0.7%)

Sales for the Mobility segment ("Mobility") increased by $297.8 million, or 21.1% in Q1 2023 compared with Q1 2022. The sales in Q1 2023 were impacted by:

- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- increased pricing related to cost recovery partially offsetting the associated labour, utilities, materials and freight;
- a favourable impact on sales from the changes in foreign exchange rates from Q1 2022; and
- increased sales related to the acquisition of the remaining 50% interest of GF Linamar LLC now known as Linamar Light Metals Mills River ("LLM Mills River"); partially offset by
- a sales decline in Asia primarily attributed to lower production as a result of additional COVID-19 outbreaks.

Q1 2023 normalized operating earnings for Mobility were lower by $14.8 million, or 15.9%, compared to Q1 2022. 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;
- a favourable impact from the changes in foreign exchange rates from Q1 2022; offset by
- a sales decline in Asia primarily attributed to lower production as a result of additional COVID-19 outbreaks;
- reduction in earnings related to the acquisition of LLM Mills River;
- increased costs related to labour, utilities, materials and freight partially offset by customer cost recovered in sales; and
- an increase in SG&A costs supporting growth.

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.

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	2023	2022	+/-	Three Months Ended March 31 %
Vehicle Production Units	4.03	3.67	0.36	9.8%
Automotive Sales	$ 985.6	$ 767.0	$ 218.6	28.5%
Content Per Vehicle	$ 244.44	$ 208.73	$ 35.71	17.1%
Europe				
Vehicle Production Units	4.59	3.91	0.68	17.4%
Automotive Sales	$ 429.1	$ 388.2	$ 40.9	10.5%
Content Per Vehicle	$ 93.53	$ 99.20	$ (5.67)	(5.7%)
Asia Pacific				
Vehicle Production Units	11.37	11.30	0.07	0.6%
Automotive Sales	$ 124.5	$ 134.4	$ (9.9)	(7.4%)
Content Per Vehicle	$ 10.95	$ 11.89	$ (0.94)	(7.9%)

North American automotive sales for Q1 2023 increased 28.5% from Q1 2022 in a market that saw an increase of 9.8% in production volumes for the same period. As a result, content per vehicle in Q1 2023 increased 17.1% from $208.73 to $244.44. 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 Q1 2023 increased 10.5% from Q1 2022 in a market that saw an increase of 17.4% in production volumes for the same period. As a result, content per vehicle in Q1 2023 decreased 5.7% from $99.20 to $93.53. The decrease in European content per vehicle was a result of decreased volumes for certain programs that the company has significant business with, partially offset by increased sales for launching programs and hardship cost recovery from key customers.

Asia Pacific automotive sales for Q1 2023 decreased 7.4% from Q1 2022 in a market that saw an increase of 0.6% in production volumes for the same period. As a result, content per vehicle in Q1 2023 decreased 7.9% from $11.89 to $10.95. The decrease in Asian content per vehicle was attributed to lower production for certain customers that the company has significant business with as a result of additional COVID-19 outbreaks, partially offset by increased sales for launching programs.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended March 31 2023	2022
Sales	$ 2,292.7	$ 1,778.1
Cost of Sales before amortization	1,876.8	1,474.3
Amortization	115.4	105.6
Cost of Sales	1,992.2	1,579.9
Gross Margin	$ 300.5	$ 198.2
Gross Margin percentage	13.1%	11.1%

Gross margin percentage increased in Q1 2023 to 13.1% compared to 11.1% in Q1 2022. Cost of sales before amortization as a percentage of sales decreased in Q1 2023 to 81.9% compared to 82.9% for the same quarter of last year. In dollar terms, gross margin increased $102.3 million in Q1 2023 compared with Q1 2022 as a result of the items discussed earlier in this analysis such as:

- an increase in agricultural sales;
- an increase in access equipment sales;
- increased sales related to the acquisition of Salford;
- a favourable impact from the changes in foreign exchange rates from Q1 2022; and
- additional sales for launching Mobility programs and increased volumes for certain programs that the Company has significant business with; partially offset by
- a sales decline in Asia primarily attributed to lower production as a result of additional COVID-19 outbreaks;
- increased costs related to labour, utilities, materials and freight partially offset by customer cost recovered in sales; and
- reduction in earnings related to the acquisition of LLM Mills River.

Amortization as a percentage of sales decreased to 5.0% of sales compared to 5.9% in Q1 2022. In dollar terms, Q1 2023 amortization increased as a result of:

- additional expenses from the acquisition of LLM Mills River and Salford; and
- additional amortization from launching programs.

Selling, General and Administration

(in millions of dollars)	Three Months Ended March 31 2023	2022
Selling, general and administrative	$ 124.7	$ 91.7
SG&A percentage	5.4%	5.2%

Selling, general and administrative ("SG&A") costs increased in Q1 2023 to $124.7 million from $91.7 million and increased as a percentage of sales to 5.4% from 5.2% when compared to Q1 2022. This increase, in dollar terms, is primarily due to:

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

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended March 31 2023 $	2022 $
Operating Earnings (Loss)	176.9	134.1
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	-	(6.1)
Finance Income and (Expenses)	(13.2)	(0.5)
Provision for (Recovery of) Income Taxes	46.7	31.2
Net Earnings (Loss)	117.0	96.3

Finance Expenses

Finance expenses increased $12.7 million in Q1 2023 from $0.5 million in Q1 2022 to $13.2 million due to:

- increase in interest costs due to change in the Bank of Canada overnight rate and United States Federal Funds rate; and
- increased borrowings to fund business acquisitions and to fund the Company's 2022 share repurchase program.

The consolidated effective interest rate for Q1 2023 increased to 3.9% compared to 2.0% in Q1 2022. The changes in the effective interest rate were driven by increases in the Bank of Canada overnight rate and United States Federal Funds rate.

Income Taxes

The effective tax rate for Q1 2023 was 28.5%, an increase from the 24.5% rate in the first quarter of 2022. The increase in the effective tax rate in Q1 2023 was primarily due to non-recurring increases in non-deductible expenses, withholding tax on the repatriation of cash from China, and less favourable mix of foreign tax rates, partially offset by the impact of the accounting change resulting from acquiring the remaining 50% interest in LLM Mills River in 2022. If the withholding tax impact is excluded, then the effective tax rate for Q1 2023 would have been 24.3%.

TOTAL EQUITY AND OUTSTANDING SHARE DATA

During the quarter no options expired unexercised, no options were forfeited, no option were exercised, and no 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 May 10, 2023. The Company's common shares constitute its only class of voting securities. As of May 10, 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.

SELECTED FINANCIAL INFORMATION

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended June 30, 2021 through March 31, 2023. 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)	Mar 31 2023 $	Dec 31 2022 $	Sep 30 2022 $	Jun 30 2022 $	Mar 31 2022 $	Dec 31 2021 $	Sep 30 2021 $	Jun 30 2021 $
Sales	2,292.7	2,060.0	2,098.1	1,981.6	1,778.1	1,534.4	1,645.0	1,575.3
Net Earnings (Loss)	117.0	92.2	133.2	104.5	96.3	50.2	108.8	108.0
Net Earnings (Loss) per Share								
Basic	1.90	1.49	2.10	1.61	1.47	0.77	1.66	1.65
Diluted	1.90	1.49	2.10	1.61	1.47	0.77	1.66	1.65

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	March 31
(in millions of dollars)	2023 $	2022 $
Cash generated from (used in):		
Operating Activities	181.7	62.5
Financing Activities	10.1	(22.8)
Investing Activities	(166.9)	(60.8)
Effect of translation adjustment on cash	5.3	(3.4)
Increase (decrease) in cash and cash equivalents	30.2	(24.5)
Cash and cash equivalents – Beginning of Period	860.5	928.4
Cash and cash equivalents – End of Period	890.7	903.9
Comprised of:		
Cash in bank	494.2	449.5
Short-term deposits	400.6	456.5
Unpresented cheques	(4.1)	(2.1)
	890.7	903.9

The Company's cash and cash equivalents (net of unpresented cheques) at March 31, 2023 were $890.7 million, a slight decrease of $13.2 million, or 1.5%, compared to March 31, 2022.

Cash generated from operating activities was $181.7 million, an increase of $119.2 million from Q1 2022, due to increased earnings for the period and a decreased use of cash in operating assets and liabilities.

Financing activities generated $10.1 million of cash compared to $22.8 million used in Q1 2022. The increased generation of cash for Q1 2023 was primarily due to the proceeds from borrowings on long-term debt.

Investing activities used $166.9 million in Q1 2023 compared to $60.8 million used in Q1 2022. The use of cash was primarily for the purchases of property, plant and equipment.

Operating Activities

	Three Months Ended	March 31
(in millions of dollars)	2023 $	2022 $
Net Earnings (Loss) for the period	117.0	96.3
Adjustments to earnings	117.2	88.2
	234.2	184.5
Changes in operating assets and liabilities	(52.5)	(122.0)
Cash generated from (used in) operating activities	181.7	62.5

Cash generated by operations before the effect of changes in operating assets and liabilities increased $49.7 million, or 26.9%, in Q1 2023 to $234.2 million, compared to $184.5 million in Q1 2022 primarily due to higher net earnings.

Changes in operating assets and liabilities for Q1 2023 used cash of $52.5 million primarily due to increases in accounts receivables and inventories partially offset by an increase in accounts payable required to support sales growth in the quarter.

Financing Activities

(in millions of dollars)	Three Months Ended March 31 2023 $	2022 $
Proceeds from (repayments of) long-term debt	24.4	(10.1)
Repurchase of shares	-	(10.0)
Finance income received (expenses paid)	(14.3)	(2.7)
Cash generated from (used in) financing activities	10.1	(22.8)

Financing activities for Q1 2023 provided $10.1 million of cash compared to $22.8 million used in Q1 2022 primarily driven by the Company's proceeds from borrowings on long-term debt. The Company used $10.0 million in Q1 2022 for the repurchase of shares under its 2022 normal course issuer bid program.

Investing Activities

(in millions of dollars)	Three Months Ended March 31 2023 $	2022 $
Payments for purchase of property, plant and equipment	(162.7)	(88.0)
Proceeds on disposal of property, plant and equipment	0.4	29.2
Payments for purchase of intangible assets	(4.5)	(2.0)
Other	(0.1)	-
Cash generated from (used in) investing activities	(166.9)	(60.8)

Cash used for investing activities for Q1 2023 was $166.9 million compared to Q1 2022 at $60.8 million. The purchase of property, plant and equipment in Q1 2022 was partially offset by the disposal of property, plant and equipment mostly comprised of the sale of unused land.

Liquidity and Capital Resources

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

At March 31, 2023, cash and cash equivalents, including short-term deposits was $890.7 million and the Company's credit facilities had available credit of $425.0 million. Combined, the Company believes this liquidity[1] of $1.3 billion at March 31, 2023 is sufficient to meet cash flow needs. Free cash flow[1] was $19.4 million for Q1 2023 primarily due to cash generated from operating activities.

Commitments and Contingencies

Please see the Company's December 31, 2022 annual MD&A for a table summarizing the contractual obligations by category. Also, certain guarantees and legal claims are described in the notes to the Company's consolidated financial statements for the year ended December 31, 2022.

Financial Instruments

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the quarter ended March 31, 2023. For more information, please see the Company's December 31, 2022 annual MD&A and the Company's consolidated financial statements for the year ended December 31, 2022.

CURRENT AND PROPOSED TRANSACTIONS

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 the Salford transaction, the determination of the fair value of consideration, including assets acquired and liabilities assumed, is subject to further adjustments.

There are no other current and proposed transactions for the quarter ended March 31, 2023.

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

RISK MANAGEMENT

The Company is exposed to a number of risks in the normal course of business that have the potential to affect its operating results. These include, but are not limited to Competition, Outsourcing and Insourcing; Sources and Availability of Raw Materials; Labour Markets and Dependence on Key Personnel; Dependence on Certain Customers; Technological Change and Product Launches; Public Health Threats; Foreign Business Risk; Foreign Currency Risk; Long-term Contracts; Acquisition and Expansion Risk; 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; and Environmental Matters. These risk factors remain substantially unchanged during the quarter ended March 31, 2023. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2022 annual MD&A, and the Company's December 31, 2022 Annual Information Form, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2023, 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 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 Salford:

(in millions of dollars)	Salford $
From the date of acquisition for the period ended December 31, 2022:	
Sales	107.5
Net Earnings (Loss) for the Period	8.4
As at March 31, 2023:	
Current Assets	85.2
Non-Current Assets	253.7
Current Liabilities	35.5
Non-Current Liabilities	31.7

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set out in the Company's consolidated financial statements for the year ended December 31, 2022.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2023 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2022 and the consolidated interim financial statements for the quarter ended 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, interest expense, and other interest.

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

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

	Three Months Ended March 31	
	2023	2022
(in millions of dollars)	$	$
Gain on sale of unused land	-	(22.1)
Adjustment for contingent consideration of Mills River earn-out	4.9	-
Other items impacting Operating Earnings (loss) – Normalized	4.9	(22.1)
Gain on sale of unused land	-	(22.1)
Adjustment for contingent consideration of Mills River earn-out	4.9	-
Other items	4.9	(22.1)
Asset impairment provision, net of reversals	-	0.1
Other items and asset impairments impacting EBITDA – Normalized	4.9	(22.0)

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by $Nil for Q1 2023 ($0.1 million loss for Q1 2022).

During Q1 2023, a normalizing item related to an "adjustment for contingent consideration on Mills River earn-out" impacted the Mobility segment by $4.9 million. Also, during Q1 2023 a normalizing item impacting the Company's income taxes related to withholding tax on repatriation of cash from China by $5.2 million.

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

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

			Three Months Ended March 31	
	2023	2022	+/-	+/-
(in millions of dollars)	$	$	$	%
Operating Earnings (Loss) – Normalized				
Operating Earnings (Loss)	176.9	134.1	42.8	31.9%
Foreign exchange (gain) loss	(6.0)	(5.5)	(0.5)	
Other items	4.9	(22.1)	27.0	
Operating Earnings (Loss) – Normalized	175.8	106.5	69.3	65.1%
Net Earnings (Loss) – Normalized				
Net Earnings (Loss)	117.0	96.3	20.7	21.5%
Foreign exchange (gain) loss	(6.0)	(5.5)	(0.5)	
Foreign exchange (gain) loss on debt and derivatives	0.2	(0.4)	0.6	
Other items	4.9	(22.1)	27.0	
Tax impact including Other Items	5.6	2.6	3.0	
Net Earnings (Loss) – Normalized	121.7	70.9	50.8	71.7%
Net Earnings (Loss) per Share – Diluted – Normalized				
Net Earnings (Loss) per Share – Diluted	1.90	1.47	0.43	29.3%
Foreign exchange (gain) loss	(0.09)	(0.08)	(0.01)	
Foreign exchange (gain) loss on debt and derivatives	-	(0.01)	0.01	
Other items	0.08	(0.34)	0.42	
Tax impact including Other Items	0.09	0.04	0.05	
Net Earnings (Loss) per Share – Diluted – Normalized	1.98	1.08	0.90	83.3%
EBITDA and EBITDA – Normalized				
Net Earnings (Loss) before income taxes	163.7	127.5	36.2	28.4%
Amortization of property, plant and equipment	100.1	92.4	7.7	
Amortization of other intangible assets	15.9	13.9	2.0	
Interest expense	13.2	3.9	9.3	
Other interest	5.1	1.0	4.1	
EBITDA	298.0	238.7	59.3	24.8%
Foreign exchange (gain) loss	(6.0)	(5.5)	(0.5)	
Foreign exchange (gain) loss on debt and derivatives	0.2	(0.4)	0.6	
Asset impairment provision, net of reversals	-	0.1	(0.1)	
Other items	4.9	(22.1)	27.0	
EBITDA – Normalized	297.1	210.8	86.3	40.9%

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

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended March 31 2023 Linamar $
Operating Earnings (Loss) – Normalized			
Operating Earnings (Loss)	104.9	72.0	176.9
Foreign exchange (gain) loss	(7.4)	1.4	(6.0)
Other items	-	4.9	4.9
Operating Earnings (Loss) – Normalized	97.5	78.3	175.8
EBITDA – Normalized			
EBITDA	121.0	177.0	298.0
Foreign exchange (gain) loss	(7.4)	1.4	(6.0)
Foreign exchange (gain) loss on debt and derivatives	0.1	0.1	0.2
Asset impairment provision, net of reversals	-	-	-
Other items	-	4.9	4.9
EBITDA – Normalized	113.7	183.4	297.1

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended March 31 2022 Linamar $
Operating Earnings (Loss) – Normalized			
Operating Earnings (Loss)	21.5	112.6	134.1
Foreign exchange (gain) loss	(8.1)	2.6	(5.5)
Other items	-	(22.1)	(22.1)
Operating Earnings (Loss) – Normalized	13.4	93.1	106.5
EBITDA – Normalized			
EBITDA	34.3	204.4	238.7
Foreign exchange (gain) loss	(8.1)	2.6	(5.5)
Foreign exchange (gain) loss on debt and derivatives	(0.1)	(0.3)	(0.4)
Asset impairment provision, net of reversals	-	0.1	0.1
Other items	-	(22.1)	(22.1)
EBITDA – Normalized	26.1	184.7	210.8

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 March 31	
	2023	2022
(in millions of dollars)	$	$
Free Cash Flow		
Cash generated from (used in) operating activities	181.7	62.5
Payments for purchase of property, plant and equipment	(162.7)	(88.0)
Proceeds on disposal of property, plant and equipment	0.4	29.2
Free Cash Flow	19.4	3.7
Liquidity		
Cash	890.7	903.9
Available credit	425.0	957.6
Liquidity	1,315.7	1,861.5

Supplementary Financial Measures

Content per Vehicle

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

FORWARD LOOKING INFORMATION

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

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some of the factors and risks and uncertainties that cause results to differ from current expectations include, but are not limited to, changes in the competitive environment in which Linamar operates, OEM outsourcing and insourcing; sources and availability of raw materials; labour markets and dependence on key personnel; dependence on certain customers and product programs; technological change in the sectors in which the Company operates and by Linamar’s competitors; delays in or operational issues with product launches; foreign currency risk; long-term contracts that are not guaranteed; acquisition and expansion risk; foreign business risk; public health threats; 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 March 31, 2023 with comparatives as at December 31, 2022 (Unaudited)
(in thousands of Canadian dollars)

	March 31 2023 $	December 31 2022 $
ASSETS		
Cash and cash equivalents	890,689	860,515
Accounts and other receivables	1,296,203	1,160,509
Inventories	1,620,393	1,509,302
Income taxes recoverable	55,278	76,733
Current portion of long-term receivables (Note 6)	20,684	24,754
Current portion of derivative financial instruments (Note 6)	23,055	14,160
Prepaid expenses and other current assets	44,297	47,313
Current Assets	3,950,599	3,693,286
Long-term receivables (Note 6)	48,463	47,630
Derivative financial instruments (Note 6)	3,182	2,247
Property, plant and equipment	2,928,126	2,793,091
Investments	18,026	18,185
Deferred tax assets	158,953	170,115
Intangible assets	893,521	902,918
Goodwill	955,266	948,919
Assets	8,956,136	8,576,391
LIABILITIES		
Accounts payable and accrued liabilities	2,180,384	2,011,694
Provisions	36,463	35,599
Income taxes payable	50,363	50,425
Current portion of long-term debt (Notes 6, 7)	27,866	26,733
Current portion of derivative financial instruments (Note 6)	27,165	31,974
Current Liabilities	2,322,241	2,156,425
Long-term debt (Notes 6, 7)	1,338,284	1,281,641
Derivative financial instruments (Note 6)	1,829	3,677
Deferred tax liabilities	291,846	322,937
Liabilities	3,954,200	3,764,680
EQUITY		
Capital stock	138,925	138,925
Retained earnings	4,714,510	4,597,513
Contributed surplus	32,559	31,359
Accumulated other comprehensive earnings (loss)	115,942	43,914
Equity	5,001,936	4,811,711
Liabilities and Equity	8,956,136	8,576,391

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 three months ended March 31, 2023 and March 31, 2022 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended March 31 2023 $	2022 $
Sales	2,292,662	1,778,089
Cost of sales	1,992,139	1,579,899
Gross Margin	300,523	198,190
Selling, general and administrative	124,652	91,703
Other income and (expenses) (Note 8)	1,068	27,654
Operating Earnings (Loss)	176,939	134,141
Share of net earnings (loss) of investments accounted for using the equity method	-	(6,086)
Finance income and (expenses) (Note 9)	(13,226)	(537)
Net Earnings (Loss) before Income Taxes	163,713	127,518
Provision for (recovery of) income taxes	46,716	31,227
Net Earnings (Loss) for the Period	116,997	96,291
Net Earnings (Loss) per Share:		
Basic	1.90	1.47
Diluted	1.90	1.47

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

LINAMAR CORPORATION
Consolidated Interim Statements of Comprehensive Earnings
For the three months ended March 31, 2023 and March 31, 2022 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended March 31 2023 $	2022 $
Net Earnings (Loss) for the Period	116,997	96,291
Items that may be reclassified subsequently to net income		
Unrealized gains (losses) on translating financial statements of foreign operations	68,163	(72,208)
Change in unrealized gains (losses) on net investment hedges	(6,464)	18,016
Change in unrealized gains (losses) on cash flow hedges	10,589	17,381
Change in cost of hedging	(2,067)	1,569
Reclassification to earnings of gains (losses) on cash flow hedges	5,120	(1,351)
Tax impact of above	(3,443)	(4,163)
Other Comprehensive Earnings (Loss)	71,898	(40,756)
Comprehensive Earnings (Loss) for the Period	188,895	55,535

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

LINAMAR CORPORATION
Consolidated Interim Statements of Changes in Equity
For the three months ended March 31, 2023 and March 31, 2022 (Unaudited)
(in thousands of Canadian dollars)

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at January 1, 2023	138,925	4,597,513	31,359	59,764	(15,850)	4,811,711
Net Earnings (Loss)	-	116,997	-	-	-	116,997
Other comprehensive earnings (loss)	-	-	-	61,699	10,199	71,898
Comprehensive Earnings (Loss)	-	116,997	-	61,699	10,199	188,895
Hedging transferred to the carrying value of inventory	-	-	-	-	130	130
Share-based compensation	-	-	1,200	-	-	1,200
Balance at March 31, 2023	138,925	4,714,510	32,559	121,463	(5,521)	5,001,936

	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)	-	96,291	-	-	-	96,291
Other comprehensive earnings (loss)	-	-	-	(54,192)	13,436	(40,756)
Comprehensive Earnings (Loss)	-	96,291	-	(54,192)	13,436	55,535
Hedging transferred to the carrying value of inventory	-	-	-	-	(946)	(946)
Share-based compensation	-	-	764	-	-	764
Common shares repurchased and cancelled	(401)	(9,586)	-	-	-	(9,987)
Balance at March 31, 2022	145,803	4,536,348	29,580	(75,476)	7,907	4,644,162

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

LINAMAR CORPORATION
Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2023 and March 31, 2022 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended March 31 2023 $	2022 $
Cash generated from (used in)		
Operating Activities		
Net Earnings (Loss) for the Period	116,997	96,291
Adjustments for:		
Amortization of property, plant and equipment	100,065	92,361
Amortization of other intangible assets	15,912	13,896
Deferred income taxes	(14,143)	(375)
Asset impairment provision, net of reversals	23	75
Share-based compensation	1,200	764
Equity investment (earnings) loss	-	6,086
Finance (income) and expenses	13,226	537
Other	884	(25,115)
	234,164	184,520
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and other receivables	(119,077)	(135,463)
(Increase) decrease in inventories	(94,326)	(141,293)
(Increase) decrease in prepaid expenses and other current assets	3,762	1,810
(Increase) decrease in long-term receivables	3,915	2,980
Increase (decrease) in income taxes	13,268	(47,252)
Increase (decrease) in accounts payable and accrued liabilities	139,286	198,927
Increase (decrease) in provisions	715	(1,732)
	(52,457)	(122,023)
Cash generated from (used in) operating activities	181,707	62,497
Financing Activities		
Proceeds from (repayments of) long-term debt	24,326	(10,120)
Repurchase of shares	-	(9,987)
Finance income received (expenses paid)	(14,271)	(2,694)
Cash generated from (used in) financing activities	10,055	(22,801)
Investing Activities		
Payments for purchase of property, plant and equipment	(162,748)	(88,010)
Proceeds on disposal of property, plant and equipment	398	29,187
Payments for purchase of intangible assets	(4,402)	(1,950)
Other	(126)	-
Cash generated from (used in) investing activities	(166,878)	(60,773)
	24,884	(21,077)
Effect of translation adjustment on cash	5,290	(3,409)
Increase (decrease) in cash and cash equivalents	30,174	(24,486)
Cash and cash equivalents - Beginning of Period	860,515	928,428
Cash and cash equivalents - End of Period	890,689	903,942
Comprised of:		
Cash in bank	494,167	449,544
Short-term deposits	400,591	456,522
Unpresented cheques	(4,069)	(2,124)
	890,689	903,942

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 March 31, 2023 were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 10, 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. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set out in the Company's annual financial statements for the year ended December 31, 2022.

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.

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

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:

		March 31, 2023		December 31, 2022	
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	69,147	67,833	72,384	71,305
Derivative financial instruments (hedge relationships)					
USD sales forwards – CAD functional entities	Fair value (Level 2)	(23,092)	(23,092)	(30,651)	(30,651)
USD sales forwards – MXN functional entities	Fair value (Level 2)	22,950	22,950	11,414	11,414
USD sales forwards – CNY functional entities	Fair value (Level 2)	526	526	392	392
CAD purchase forwards – GBP functional entities	Fair value (Level 2)	(3,141)	(3,141)	(399)	(399)
Investment designated at fair value through other comprehensive income	Fair value (Level 3)	8,083	8,083	7,952	7,952
Long-term debt, excluding lease liabilities	Amortized cost (Level 2)	(1,265,972)	(1,218,267)	(1,228,848)	(1,156,636)

7 Long-Term Debt

	March 31 2023 $	December 31 2022 $
Senior unsecured notes	468,293	461,782
Bank borrowings	729,325	694,940
Lease liabilities	100,178	79,526
Government borrowings	68,354	72,126
	1,366,150	1,308,374
Less: current portion	27,866	26,733
	1,338,284	1,281,641

As of March 31, 2023, $424,953 was available under the revolving credit facility.

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

8 Other Income and (Expenses)

	Three Months Ended	March 31
	2023	2022
	$	$
Foreign exchange gain (loss)	6,028	5,472
Gain on sale of unused land	-	22,157
Other income (expense)	(4,960)	25
	1,068	27,654

9 Finance Income and (Expenses)

	Three Months Ended	March 31
	2023	2022
	$	$
Interest expense	(13,221)	(3,866)
Foreign exchange gain (loss) on debt and derivatives	(200)	342
Interest earned	6,170	5,056
Other	(5,975)	(2,069)
	(13,226)	(537)

10 Commitments

As at March 31, 2023, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $345,003 (March 31, 2022 - $248,750). Of this amount $306,030 (March 31, 2022 - $233,159) relates to the purchase of manufacturing equipment and $38,973 (March 31, 2022 - $15,591) relates to general contracting and construction costs in respect of plant construction. Of the commitments for plant construction, $788 (March 31, 2022 - $13,922) 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.

11 Related Party Transactions

Related party transactions include long-term receivables due from an investee accounted for using the equity method at March 31, 2023 of $Nil (March 31, 2022 - $136,052). Interest earned on the receivable included in finance income was $Nil for the three months ended March 31, 2023 ($1,470 for the three months ended March 31, 2022). Included in the cost of sales are material purchases from the same related party of $Nil for the three months ended March 31, 2023 ($7,458 for the three months ended March 31, 2022), with amounts payable at March 31, 2023 of $Nil (March 31, 2022 of $9,165). Please see the business acquisition note regarding the acquisition of the remaining 50% interest in the joint venture, GF Linamar LLC, on April 1, 2022 (Note 13).

Building additions made by a related party, a company owned by the spouse of an officer and director, were $3,239 for the three months ended March 31, 2023 ($5,322 for the three months ended March 31, 2022).

12 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.

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.

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

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 March 31, 2023		
	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $
Mobility	1,707,681	13,472	72,049
Industrial	584,981	2,840	104,890
Total	2,292,662	16,312	176,939

	Three Months Ended March 31, 2022		
	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $
Mobility	1,409,934	9,511	112,626
Industrial	368,155	2,538	21,515
Total	1,778,089	12,049	134,141

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 March 31	
	2023 $	2022 $
Canada	1,265,309	892,604
Rest of North America	315,579	223,776
Asia Pacific	121,678	148,947
Europe	590,096	512,762
Total	2,292,662	1,778,089

13 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”). As at March 31, 2023 the determination of the fair value of the purchase price, including the earn-out, assets acquired and liabilities assumed, has been completed and is unchanged from December 31, 2022.

(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 preliminary purchase price is CAD $245,174. Due to the timing of the close and complexities associated with this transaction, 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. As at March 31, 2023, all details remain unchanged from December 31, 2022.