Q2 2023 Another Stellar Quarter at Linamar with Exceptional Earnings Growth, Record Revenues and Continued Free Cash Flow

August 9, 2023, Guelph, Ontario, Canada (TSX: LNR)

- Normalized Earnings per Share[1] up 55.4%;
- Sales up 28.8% to $2.55 billion, a new record for a quarter;
- Diversified strategy validated with Industrial earnings tripling over prior year, anchoring solid overall performance;
- Normalized Operating Earnings[1] up 54.7%;
- New business wins take launch book to nearly $4.5 billion;
  - 58% of wins for electrified vehicles ("EV");
- Sales up 54.0% for Industrial due to strong markets in both agricultural and access equipment and solid market share growth notably in our core agricultural products;
- Sales up 20.2% for Mobility driven largely by launching programs;
- Acquisition of Dura Shiloh's battery enclosure business closed and will drive strong battery electric vehicle CPV growth;
- Linamar Structures Group created to drive rapidly growing propulsion agnostic business; and
- Propulsion agnostic and electrified vehicle sales nearly 60% of Mobility footprint inside of next 4 years.

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
(in millions of dollars, except per share figures)	$	$	$	$
Sales	2,552.8	1,981.6	4,845.5	3,759.7
Operating Earnings (Loss)				
Industrial	139.8	39.7	244.7	61.2
Mobility	74.3	104.1	146.3	216.7
Operating Earnings (Loss)	214.1	143.8	391.0	277.9
Net Earnings (Loss)	135.0	104.5	252.0	200.8
Net Earnings (Loss) per Share – Diluted	2.19	1.61	4.09	3.08
Operating Earnings (Loss) – Normalized[1]				
Industrial	151.6	49.4	249.1	62.8
Mobility	79.2	99.8	157.5	193.0
Operating Earnings (Loss) – Normalized	230.8	149.2	406.6	255.8
Net Earnings (Loss) – Normalized[1]	160.8	109.3	282.5	180.2
Net Earnings (Loss) per Share – Diluted – Normalized[1]	2.61	1.68	4.59	2.76

"Q2 was another exceptional quarter of excellent earnings growth, sales growth and market share growth. Our industrial business had another particularly strong quarter; evidence our diversified growth strategy is producing the consistent sustainable earnings we target," said Linamar Executive Chair and CEO Linda Hasenfratz, "Our recently announced acquisition of 3 battery enclosure facilities from Dura Shiloh is now closed and joins our growing Linamar Structures Group, focused on propulsion agnostic and EV business. Propulsion agnostic and electrified vehicle sales are now representing nearly 60% of booked business in 2027 and we continue to focus on growing that weighting. It is incredible how our Mobility business has been transformed in just a few years. 2023 is proving to be an exceptional year for us at Linamar, we are positioned for record double digit top line growth and double digit bottom line growth."

DIVIDENDS

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2023, of CDN$0.22 per share on the common shares of the company, payable on or after September 8, 2023, to shareholders of record on August 22, 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.

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

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. Please see the "Non-GAAP and Other Financial Measures" section of the Company's MD&A for further information.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	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 and Net Earnings (Loss) - Normalized	-	-	4.9	(22.1)

During Q1 2023, a normalizing item related to an "adjustment for contingent consideration on Mills River earn-out" impacted the Mobility segment by $4.9 million. Also, during Q1 2023 and Q2 2023 a normalizing item impacting the Company's income taxes related to withholding tax on repatriation of cash from China by $5.2 million and $13.4 million respectively.

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 June 30				Six Months Ended June 30			
	2023	2022	+/-	+/-	2023	2022	+/-	+/-
(in millions of dollars, except per share figures)	$	$	$	%	$	$	$	%
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	214.1	143.8	70.3	48.9%	391.0	277.9	113.1	40.7%
Foreign exchange (gain) loss	16.7	5.4	11.3		10.7	-	10.7	
Other items	-	-	-		4.9	(22.1)	27.0	
Operating Earnings (Loss) – Normalized	230.8	149.2	81.6	54.7%	406.6	255.8	150.8	59.0%
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	135.0	104.5	30.5	29.2%	252.0	200.8	51.2	25.5%
Foreign exchange (gain) loss	16.7	5.4	11.3		10.7	-	10.7	
Foreign exchange (gain) loss on debt and derivatives	(0.1)	0.9	(1.0)		0.2	0.5	(0.3)	
Other items	-	-	-		4.9	(22.1)	27.0	
Tax impact including Other Items	9.2	(1.5)	10.7		14.7	1.0	13.7	
Net Earnings (Loss) – Normalized	160.8	109.3	51.5	47.1%	282.5	180.2	102.3	56.8%
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	2.19	1.61	0.58	36.0%	4.09	3.08	1.01	32.8%
Foreign exchange (gain) loss	0.27	0.08	0.19		0.17	-	0.17	
Foreign exchange (gain) loss on debt and derivatives	-	0.01	(0.01)		-	0.01	(0.01)	
Other items	-	-	-		0.08	(0.34)	0.42	
Tax impact including Other Items	0.15	(0.02)	0.17		0.25	0.01	0.24	
Net Earnings (Loss) per Share – Diluted – Normalized	2.61	1.68	0.93	55.4%	4.59	2.76	1.83	66.3%

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

(in millions of dollars)	Three Months Ended June 30 2023 Industrial $	Mobility $	Linamar $	Six Months Ended June 30 2023 Industrial $	Mobility $	Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	139.8	74.3	214.1	244.7	146.3	391.0
Foreign exchange (gain) loss	11.8	4.9	16.7	4.4	6.3	10.7
Other items	-	-	-	-	4.9	4.9
Operating Earnings (Loss) – Normalized	151.6	79.2	230.8	249.1	157.5	406.6

(in millions of dollars)	Three Months Ended June 30 2022 Industrial $	Mobility $	Linamar $	Six Months Ended June 30 2022 Industrial $	Mobility $	Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	39.7	104.1	143.8	61.2	216.7	277.9
Foreign exchange (gain) loss	9.7	(4.3)	5.4	1.6	(1.6)	-
Other items	-	-	-	-	(22.1)	(22.1)
Operating Earnings (Loss) – Normalized	49.4	99.8	149.2	62.8	193.0	255.8

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

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/.

Q3 2023 Release Information

Linamar will hold a webcast call on November 8, 2023, at 5:00 p.m. ET to discuss its third quarter results. The event will be simulcast and can be accessed at the following URL https://www.linamar.com/event/q3-2023-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 20767152, 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 November 8, 2023, and at www.sedar.com by the start of business on November 9, 2023. The webcast replay will be available at https://www.linamar.com/event/q3-2023-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 November 8, 2023, for seven days. The number for the replay is (+1) (877) 674-7070 or (+1) (416) 764-8692, Passcode: 767152#. In addition, a recording of the call will be posted at https://www.linamar.com/event/q3-2023-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 focused on propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered vehicle markets, and is subdivided into three regional groups and one global product group: North America, Europe, Asia Pacific and the newly formed Structures Group. The Regional Mobility groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly. The Linamar Structures Group offers competitive lightweight innovations for safety-critical components and systems for the global mobility market. In addition, the eLIN Product Solutions Group focuses on Electrification and McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar's medical solutions group, Linamar MedTech, focuses on manufacturing solutions for medical devices and precision medical components. Linamar has over 31,000 employees in 69 manufacturing locations, 14 R&D centres and 28 sales offices in 19 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
August 9, 2023

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended June 30, 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 June 30, 2023. This MD&A has been prepared as at August 9, 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 focused on propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered vehicle markets, and is subdivided into three regional groups and one global product group: North America, Europe, Asia Pacific and the newly formed Structures Group. The Regional Mobility groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly. The Linamar Structures Group offers competitive lightweight innovations for safety-critical components and systems for the global mobility market. In addition, the eLIN Product Solutions Group focuses on Electrification and McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar's medical solutions group, Linamar MedTech, focuses on manufacturing solutions for medical devices and precision medical components. Linamar has over 31,000 employees in 69 manufacturing locations, 14 R&D centres and 28 sales offices in 19 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 second quarter of 2023 ("Q2 2023") and 2022 ("Q2 2022"):

	Three Months Ended June 30				Six Months Ended June 30			
(in millions of dollars, except per share figures)	2023 $	2022 $	+/- $	+/- %	2023 $	2022 $	+/- $	+/- %
Sales	2,552.8	1,981.6	571.2	28.8%	4,845.5	3,759.7	1,085.8	28.9%
Gross Margin	361.9	249.9	112.0	44.8%	662.4	448.1	214.3	47.8%
Operating Earnings (Loss)	214.1	143.8	70.3	48.9%	391.0	277.9	113.1	40.7%
Net Earnings (Loss)	135.0	104.5	30.5	29.2%	252.0	200.8	51.2	25.5%
Net Earnings (Loss) per Share - Diluted	2.19	1.61	0.58	36.0%	4.09	3.08	1.01	32.8%
Earnings before interest, taxes and amortization ("EBITDA")[1]	335.6	256.5	79.1	30.8%	633.5	495.2	138.3	27.9%
Operating Earnings (Loss) - Normalized[1]	230.8	149.2	81.6	54.7%	406.6	255.8	150.8	59.0%
Net Earnings (Loss) - Normalized[1]	160.8	109.3	51.5	47.1%	282.5	180.2	102.3	56.8%
Net Earnings (Loss) per Share - Diluted - Normalized[1]	2.61	1.68	0.93	55.4%	4.59	2.76	1.83	66.3%
EBITDA – Normalized[1]	352.2	262.9	89.3	34.0%	649.3	473.7	175.6	37.1%

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 June 30, 2023.

			Three Months Ended June 30 2023			Six Months Ended June 30 2023
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	777.3	1,775.5	2,552.8	1,362.3	3,483.2	4,845.5
Operating Earnings (Loss)	139.8	74.3	214.1	244.7	146.3	391.0
EBITDA	155.5	180.1	335.6	276.5	357.0	633.5
Operating Earnings (Loss) – Normalized	151.6	79.2	230.8	249.1	157.5	406.6
EBITDA – Normalized	167.3	184.9	352.2	281.1	368.2	649.3

			Three Months Ended June 30 2022			Six Months Ended June 30 2022
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	504.6	1,477.0	1,981.6	872.8	2,886.9	3,759.7
Operating Earnings (Loss)	39.7	104.1	143.8	61.2	216.7	277.9
EBITDA	52.9	203.6	256.5	87.2	408.0	495.2
Operating Earnings (Loss) – Normalized	49.4	99.8	149.2	62.8	193.0	255.8
EBITDA – Normalized	62.8	200.1	262.9	88.9	384.8	473.7

Industrial Highlights

				Three Months Ended June 30				Six Months Ended June 30
	2023	2022	+/-	+/-	2023	2022	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	777.3	504.6	272.7	54.0%	1,362.3	872.8	489.5	56.1%
Operating Earnings (Loss)	139.8	39.7	100.1	252.1%	244.7	61.2	183.5	299.8%
EBITDA	155.5	52.9	102.6	194.0%	276.5	87.2	189.3	217.1%
Operating Earnings (Loss) – Normalized	151.6	49.4	102.2	206.9%	249.1	62.8	186.3	296.7%
EBITDA – Normalized	167.3	62.8	104.5	166.4%	281.1	88.9	192.2	216.2%

The Industrial segment ("Industrial") product sales increased 54.0%, or $272.7 million, to $777.3 million in Q2 2023 from Q2 2022. The sales increase was due to:

- an increase in agricultural sales from market growth further improved by market share growth in core products;
- additional access equipment sales primarily due to increased market volumes in addition to market share growth for booms in Europe;
- increased sales related to the acquisition of the Salford Group of Companies ("Salford");
- increased pricing to help relieve increased supply chain costs; and
- a favourable impact on sales from the changes in foreign exchange rates from Q2 2022.

Year to date ("YTD") sales for Industrial increased by $489.5 million, or 56.1%, compared with YTD 2022. The factors that impacted Q2 2023 similarly impacted the YTD results.

Industrial segment normalized operating earnings in Q2 2023 increased $102.2 million, or 206.9%, from Q2 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;
- a favourable impact from the changes in foreign exchange rates from Q2 2022; and
- increased sales related to the acquisition of Salford; partially offset by
- an increase in selling, general and administrative ("SG&A") costs supporting growth.

The YTD normalized operating earnings increased by $186.3 million, or 296.7%, compared with YTD 2022. The factors that impacted Q2 2023 similarly impacted the YTD results.

Mobility Highlights

(in millions of dollars)	2023 $	2022 $	+/- $	+/- %	2023 $	2022 $	+/- $	+/- %
	Three Months Ended June 30				Six Months Ended June 30			
Sales	1,775.5	1,477.0	298.5	20.2%	3,483.2	2,886.9	596.3	20.7%
Operating Earnings (Loss)	74.3	104.1	(29.8)	(28.6%)	146.3	216.7	(70.4)	(32.5%)
EBITDA	180.1	203.6	(23.5)	(11.5%)	357.0	408.0	(51.0)	(12.5%)
Operating Earnings (Loss) – Normalized	79.2	99.8	(20.6)	(20.6%)	157.5	193.0	(35.5)	(18.4%)
EBITDA – Normalized	184.9	200.1	(15.2)	(7.6%)	368.2	384.8	(16.6)	(4.3%)

Sales for the Mobility segment ("Mobility") increased by $298.5 million, or 20.2%, in Q2 2023 compared with Q2 2022. The sales in Q2 2023 were impacted by:

- increased sales related to launching programs;
- a favourable impact on sales from the changes in foreign exchange rates from Q2 2022; and
- increased pricing related to cost recovery partially offsetting the associated labour, materials, freight, and utilities.

YTD sales for Mobility increased by $596.3 million, or 20.7%, compared to YTD 2022. The factors that impacted Q2 2023 similarly impacted the YTD results.

Q2 2023 normalized operating earnings for Mobility were lower by $20.6 million, or 20.6%, compared to Q2 2022. The Mobility segment's earnings were impacted by the following:

- increased costs related to labour, materials, freight, and utilities, partially offset by customer cost recovered in sales; and
- an increase in SG&A costs supporting growth; largely offset by
- increased sales related to launching programs.

The YTD normalized operating earnings decreased by $35.5 million, or 18.4%, compared with YTD 2022. The factors that impacted Q2 2023 similarly impacted the YTD 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.

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 June 30 %	2023	2022	+/-	Six Months Ended June 30 %
Vehicle Production Units	4.24	3.68	0.56	15.2%	8.29	7.36	0.93	12.6%
Automotive Sales	$ 993.0	$ 870.2	$ 122.8	14.1%	$ 1,977.6	$ 1,637.1	$ 340.5	20.8%
Content Per Vehicle	$ 234.25	$ 236.14	$ (1.89)	(0.8%)	$ 238.67	$ 222.45	$ 16.22	7.3%
Europe								
Vehicle Production Units	4.54	3.97	0.57	14.4%	9.16	7.89	1.27	16.1%
Automotive Sales	$ 475.4	$ 396.3	$ 79.1	20.0%	$ 916.6	$ 784.6	$ 132.0	16.8%
Content Per Vehicle	$ 104.76	$ 99.78	$ 4.98	5.0%	$ 100.10	$ 99.49	$ 0.61	0.6%
Asia Pacific								
Vehicle Production Units	12.02	10.26	1.76	17.2%	23.66	21.56	2.10	9.7%
Automotive Sales	$ 139.6	$ 96.0	$ 43.6	45.4%	$ 257.1	$ 230.4	$ 26.7	11.6%
Content Per Vehicle	$ 11.62	$ 9.35	$ 2.27	24.3%	$ 10.86	$ 10.68	$ 0.18	1.7%

North American automotive sales for Q2 2023 increased 14.1% from Q2 2022 in a market that saw an increase of 15.2% in production volumes for the same period. As a result, content per vehicle in Q2 2023 decreased 0.8% from $236.14 to $234.25. North American content per vehicle did see significant increases from launching programs this quarter however this was offset by a reduction in volumes on certain platforms that the Company has significant business with, and a dilution resulting from OEMs that the Company has minimal content with growing more than the overall North American production levels.

European automotive sales for Q2 2023 increased 20.0% from Q2 2022 in a market that saw an increase of 14.4% in production volumes for the same period. As a result, content per vehicle in Q2 2023 increased 5.0% from $99.78 to $104.76. The increase in European content per vehicle was primarily a result of increased sales for launching programs.

Asia Pacific automotive sales for Q2 2023 increased 45.4% from Q2 2022 in a market that saw an increase of 17.2% in production volumes for the same period. As a result, content per vehicle in Q2 2023 increased 24.3% from $9.35 to $11.62. The increase in Asian content per vehicle was primarily a result of increased sales for launching programs.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended June 30 2023	2022	Six Months Ended June 30 2023	2022
Sales	$ 2,552.8	$ 1,981.6	$ 4,845.5	$ 3,759.7
Cost of Sales before amortization	2,074.3	1,621.7	3,951.1	3,096.0
Amortization	116.6	110.0	232.0	215.6
Cost of Sales	2,190.9	1,731.7	4,183.1	3,311.6
Gross Margin	$ 361.9	$ 249.9	$ 662.4	$ 448.1
Gross Margin percentage	14.2%	12.6%	13.7%	11.9%

Gross margin percentage increased in Q2 2023 to 14.2% compared to 12.6% in Q2 2022. Cost of sales before amortization as a percentage of sales decreased in Q2 2023 to 81.3% compared to 81.8% for the same quarter of last year. In dollar terms, gross margin increased $112.0 million in Q2 2023 compared with Q2 2022 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;
- a favourable impact from the changes in foreign exchange rates from Q2 2022;
- increased sales related to the acquisition of Salford; and
- increased sales related to launching Mobility programs; partially offset by
- increased costs related to labour, materials, freight, and utilities, partially offset by customer cost recovered in sales.

Amortization as a percentage of sales decreased to 4.6% of sales compared to 5.6% in Q2 2022. In dollar terms, Q2 2023 amortization increased as a result of:

- additional amortization from launching programs; and
- additional expenses from the acquisition of Salford in 2022.

YTD amortization was higher at $232.0 million compared to $215.6 million in YTD 2022. YTD amortization as a percentage of sales decreased to 4.8% of sales compared to 5.7% in YTD 2022.

YTD gross margin increased to 13.7% from 11.9% in the same period of 2022. The increase in the YTD gross margin was a result of the same factors that impacted Q2 2023.

Selling, General and Administration

(in millions of dollars)	Three Months Ended June 30 2023	2022	Six Months Ended June 30 2023	2022
Selling, general and administrative	$ 131.2	$ 100.7	$ 255.9	$ 192.4
SG&A percentage	5.1%	5.1%	5.3%	5.1%

Selling, general and administrative ("SG&A") costs increased in Q2 2023 to $131.2 million from $100.7 million, however remained flat as a percentage of sales at 5.1% in both Q2 2023 and Q2 2022. This increase, in dollar terms, is primarily due to:

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

On a YTD basis, SG&A costs reflected similar factors that impacted Q2 2023 and increased as a percentage of sales to 5.3% from 5.1% when compared to YTD 2022.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended June 30 2023 $	2022 $	Six Months Ended June 30 2023 $	2022 $
Operating Earnings (Loss)	214.1	143.8	391.0	277.9
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	-	-	-	(6.0)
Finance Income and (Expenses)	(15.4)	(4.9)	(28.6)	(5.4)
Provision for (Recovery of) Income Taxes	63.7	34.4	110.4	65.7
Net Earnings (Loss)	135.0	104.5	252.0	200.8

Finance Expenses

Finance expenses increased $10.5 million in Q2 2023 from $4.9 million in Q2 2022 to $15.4 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 the 2022 business acquisitions and the 2022 share repurchase program;
- the issuance of $550 million private placement notes in June 2023 ("2033 Notes"); partially offset by
- increased interest earned due to the elevated interest rates.

YTD finance expenses increased $23.2 million from $5.4 million in YTD 2022 to $28.6 million primarily due to the same factors that impacted the quarter.

The consolidated effective interest rate for Q2 2023 increased to 4.3% compared to 2.1% in Q2 2022. The consolidated effective interest rate for YTD 2023 increased to 4.1% compared to 2.0% in YTD 2022. The changes in the effective interest rate for both Q2 2023 and YTD were driven by increases in the Bank of Canada overnight rate and United States Federal Funds rate.

Income Taxes

The effective tax rate for Q2 2023 was 32.1%, an increase from the 24.8% rate in the second quarter of 2022. The increase in the effective tax rate in Q2 2023 was primarily due to non-recurring increases in non-deductible expenses and withholding tax on the repatriation of cash from China. If the withholding tax impact is excluded, then the effective tax rate for Q2 2023 would have been 25.3%.

The YTD 2023 effective tax rate was 30.5%, an increase from the 24.7% rate for YTD 2022. The YTD 2023 effective tax rate was impacted by similar factors that impacted the Q2 2023 effective tax rate. If the withholding tax impact is excluded, then the effective tax rate for YTD 2023 would have been 24.9% and flat to YTD 2022.

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 August 9, 2023. The Company's common shares constitute its only class of voting securities. As of August 9, 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 September 30, 2021 through June 30, 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)	Jun 30 2023 $	Mar 31 2023 $	Dec 31 2022 $	Sep 30 2022 $	Jun 30 2022 $	Mar 31 2022 $	Dec 31 2021 $	Sep 30 2021 $
Sales	2,552.8	2,292.7	2,060.0	2,098.1	1,981.6	1,778.1	1,534.4	1,645.0
Net Earnings (Loss)	135.0	117.0	92.2	133.2	104.5	96.3	50.2	108.8
Net Earnings (Loss) per Share								
Basic	2.19	1.90	1.49	2.10	1.61	1.47	0.77	1.66
Diluted	2.19	1.90	1.49	2.10	1.61	1.47	0.77	1.66

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 June 30		Six Months Ended June 30	
(in millions of dollars)	2023 $	2022 $	2023 $	2022 $
Cash generated from (used in):				
Operating Activities	260.9	66.4	442.6	128.8
Financing Activities	462.0	323.3	472.0	300.5
Investing Activities	(212.7)	(412.7)	(379.6)	(473.4)
Effect of translation adjustment on cash	(25.1)	(3.4)	(19.7)	(6.8)
Increase (decrease) in cash and cash equivalents	485.1	(26.4)	515.3	(50.9)
Cash and cash equivalents – Beginning of Period	890.7	903.9	860.5	928.4
Cash and cash equivalents – End of Period	1,375.8	877.5	1,375.8	877.5
Comprised of:				
Cash in bank	1,142.6	475.5	1,142.6	475.5
Short-term deposits	237.2	409.1	237.2	409.1
Unpresented cheques	(4.0)	(7.1)	(4.0)	(7.1)
	1,375.8	877.5	1,375.8	877.5

The Company's cash and cash equivalents (net of unpresented cheques) at June 30, 2023 were $1,375.8 million, an increase of $498.3 million, or 56.8%, compared to June 30, 2022.

Cash generated from operating activities was $260.9 million, an increase of $194.5 million from Q2 2022, due to increased earnings for the period and a decreased use of cash in operating assets and liabilities. YTD cash generated from operating activities was $442.6 million, $313.8 million more than was provided in YTD 2022, due primarily to factors as described above.

Financing activities generated $462.0 million of cash compared to $323.3 million generated in Q2 2022. The increased generation of cash for Q2 2023 was primarily due to the proceeds from the issuance of the Company's new 2033 Notes in June 2023 compared to Q2 2022 proceeds related to the borrowings provided for the Company's 2022 business acquisitions. For YTD 2023, cash generated from financing activities was due to similar factors as described above. For YTD 2022, cash generated from financing activities was used for these business acquisitions as well as $83.2 million used for the repurchase of shares under the Company's 2022 normal course issuer bid ("NCIB") program.

Investing activities used $212.7 million in Q2 2023 compared to $412.7 million used in Q2 2022 and YTD 2023 investing activities used $379.6 million compared to $473.4 million in YTD 2022. The use of cash was primarily for the purchases of property, plant, and equipment and for the 2022 business acquisitions.

Operating Activities

(in millions of dollars)	Three Months Ended June 30 2023 $	2022 $	Six Months Ended June 30 2023 $	2022 $
Net Earnings (Loss) for the period	135.0	104.5	252.0	200.8
Adjustments to earnings	127.9	99.6	245.1	187.8
	262.9	204.1	497.1	388.6
Changes in operating assets and liabilities	(2.0)	(137.7)	(54.5)	(259.8)
Cash generated from (used in) operating activities	260.9	66.4	442.6	128.8

Cash generated by operations before the effect of changes in operating assets and liabilities increased $58.8 million, or 28.8%, in Q2 2023 to $262.9 million, compared to $204.1 million in Q2 2022 primarily due to higher net earnings. YTD cash generated from operations before the effect of changes in operating assets and liabilities increased $108.5 million in 2023 to $497.1 million, compared to $388.6 million YTD 2022.

Changes in operating assets and liabilities for Q2 2023 used cash of $2.0 million primarily due to increases in accounts receivables partially offset by an increase in accounts payable required to support sales growth in the quarter. Changes in operating assets and liabilities YTD used cash of $54.5 million primarily due to increased accounts receivables and inventories partially offset by increased accounts payables.

Financing Activities

(in millions of dollars)	Three Months Ended June 30 2023 $	2022 $	Six Months Ended June 30 2023 $	2022 $
Proceeds from (repayments of) long-term debt	(48.6)	423.5	(24.3)	413.4
Proceeds from private placement notes	550.0	-	550.0	-
Repurchase of shares	-	(73.2)	-	(83.2)
Dividends	(27.1)	(26.1)	(27.1)	(26.1)
Finance income received (expenses paid)	(12.3)	(0.9)	(26.6)	(3.6)
Cash generated from (used in) financing activities	462.0	323.3	472.0	300.5

Financing activities for Q2 2023 provided $462.0 million of cash compared to $323.3 million provided in Q2 2022 and YTD financing activities generated $472.0 million of cash compared to $300.5 million generated in YTD 2022 primarily driven by the issuance of the Company's new 2033 Notes compared to the Company's proceeds from borrowings related to its business acquisitions in Q2 2022. In YTD 2022, the Company used $83.2 million for the repurchase of shares under its 2022 NCIB program.

Investing Activities

(in millions of dollars)	Three Months Ended June 30 2023 $	2022 $	Six Months Ended June 30 2023 $	2022 $
Payments for purchase of property, plant and equipment	(205.4)	(84.9)	(368.2)	(172.8)
Proceeds on disposal of property, plant and equipment	0.6	3.8	1.1	33.0
Payments for purchase of intangible assets	(7.6)	(2.3)	(12.1)	(4.3)
Business acquisitions, net of cash acquired	-	(328.4)	-	(328.4)
Other	(0.3)	(0.9)	(0.4)	(0.9)
Cash generated from (used in) investing activities	(212.7)	(412.7)	(379.6)	(473.4)

Cash used for investing activities for Q2 2023 was $212.7 million compared to Q2 2022 at $412.7 million. YTD cash used on investing activities was $379.6 million compared to YTD 2022 at $473.4 million. In addition to the Company's ongoing purchase of property, plant and equipment, the primary use of cash in Q2 2022 were for the 2022 acquisitions.

Liquidity and Capital Resources

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

At June 30, 2023, cash and cash equivalents, including short-term deposits was $1.4 billion and the Company's credit facilities had available credit of $465.8 million. Combined, the Company believes this liquidity[1] of $1.8 billion at June 30, 2023 is sufficient to meet cash flow needs. Free cash flow[1] was $56.1 million for Q2 2023 primarily due to cash generated from operating activities from the increase in sales.

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

In June 2023, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of CAD $550.0 million aggregate principal amount, issued at an annual rate of 5.96%, coming due June 2033 and paying interest semi-annually. The new private placement notes have similar terms and conditions as the notes issued in 2021. The funds will be used for general corporate purposes including the battery enclosures business acquisition in the third quarter of 2023.

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the quarter ended June 30, 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 May 30, 2023, the Company announced a definitive agreement with Dura-Shiloh, a Middleground Capital portfolio company, to acquire its battery enclosures business for a total estimated USD $325.0 million consideration. The acquisition closed August 3, 2023. The acquisition will increase the Company's electrified product portfolio with increased future battery electric vehicle content.

There are no other current and proposed transactions for the quarter ended June 30, 2023.

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 June 30, 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 June 30, 2023, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS 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.

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

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 and the consolidated interim financial statements for the quarter ended June 30, 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 June 30		Six Months Ended June 30	
	2023	2022	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 and Net 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	-	0.1
Other items and asset impairments impacting EBITDA – Normalized	-	0.1	4.9	(22.0)

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by $Nil for Q2 2023 and YTD 2023 ($0.1 million loss for Q2 2022 and YTD 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 and Q2 2023 a normalizing item impacting the Company’s income taxes related to withholding tax on repatriation of cash from China by $5.2 million and $13.4 million respectively.

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 June 30				Six Months Ended June 30			
	2023	2022	+/-	+/-	2023	2022	+/-	+/-
(in millions of dollars, except per share figures)	$	$	$	%	$	$	$	%
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	214.1	143.8	70.3	48.9%	391.0	277.9	113.1	40.7%
Foreign exchange (gain) loss	16.7	5.4	11.3		10.7	-	10.7	
Other items	-	-	-		4.9	(22.1)	27.0	
Operating Earnings (Loss) – Normalized	230.8	149.2	81.6	54.7%	406.6	255.8	150.8	59.0%
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	135.0	104.5	30.5	29.2%	252.0	200.8	51.2	25.5%
Foreign exchange (gain) loss	16.7	5.4	11.3		10.7	-	10.7	
Foreign exchange (gain) loss on debt and derivatives	(0.1)	0.9	(1.0)		0.2	0.5	(0.3)	
Other items	-	-	-		4.9	(22.1)	27.0	
Tax impact including Other Items	9.2	(1.5)	10.7		14.7	1.0	13.7	
Net Earnings (Loss) – Normalized	160.8	109.3	51.5	47.1%	282.5	180.2	102.3	56.8%

(in millions of dollars, except per share figures)	Three Months Ended June 30 2023 $	2022 $	+/- $	+/- %	Six Months Ended June 30 2023 $	2022 $	+/- $	+/- %
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	2.19	1.61	0.58	36.0%	4.09	3.08	1.01	32.8%
Foreign exchange (gain) loss	0.27	0.08	0.19		0.17	-	0.17	
Foreign exchange (gain) loss on debt and derivatives	-	0.01	(0.01)		-	0.01	(0.01)	
Other items	-	-	-		0.08	(0.34)	0.42	
Tax impact including Other Items	0.15	(0.02)	0.17		0.25	0.01	0.24	
Net Earnings (Loss) per Share – Diluted – Normalized	2.61	1.68	0.93	55.4%	4.59	2.76	1.83	66.3%
EBITDA and EBITDA – Normalized								
Net Earnings (Loss) before income taxes	198.7	138.9	59.8	43.1%	362.4	266.5	95.9	36.0%
Amortization of property, plant and equipment	101.7	97.2	4.5		201.8	189.5	12.3	
Amortization of other intangible assets	15.4	13.6	1.8		31.3	27.5	3.8	
Interest expense	14.8	5.0	9.8		27.9	8.9	19.0	
Other interest	5.0	1.8	3.2		10.1	2.8	7.3	
EBITDA	335.6	256.5	79.1	30.8%	633.5	495.2	138.3	27.9%
Foreign exchange (gain) loss	16.7	5.4	11.3		10.7	-	10.7	
Foreign exchange (gain) loss on debt and derivatives	(0.1)	0.9	(1.0)		0.2	0.5	(0.3)	
Asset impairment provision, net of reversals	-	0.1	(0.1)		-	0.1	(0.1)	
Other items	-	-	-		4.9	(22.1)	27.0	
EBITDA – Normalized	352.2	262.9	89.3	34.0%	649.3	473.7	175.6	37.1%

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

(in millions of dollars)	Three Months Ended June 30 2023 Industrial $	Mobility $	Linamar $	Six Months Ended June 30 2023 Industrial $	Mobility $	Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	139.8	74.3	214.1	244.7	146.3	391.0
Foreign exchange (gain) loss	11.8	4.9	16.7	4.4	6.3	10.7
Other items	-	-	-	-	4.9	4.9
Operating Earnings (Loss) – Normalized	151.6	79.2	230.8	249.1	157.5	406.6
EBITDA – Normalized						
EBITDA	155.5	180.1	335.6	276.5	357.0	633.5
Foreign exchange (gain) loss	11.8	4.9	16.7	4.4	6.3	10.7
Foreign exchange (gain) loss on debt and derivatives	-	(0.1)	(0.1)	0.2	-	0.2
Asset impairment provision, net of reversals	-	-	-	-	-	-
Other items	-	-	-	-	4.9	4.9
EBITDA – Normalized	167.3	184.9	352.2	281.1	368.2	649.3

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended June 30 2022 Linamar $	Industrial $	Mobility $	Six Months Ended June 30 2022 Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	39.7	104.1	143.8	61.2	216.7	277.9
Foreign exchange (gain) loss	9.7	(4.3)	5.4	1.6	(1.6)	-
Other items	-	-	-	-	(22.1)	(22.1)
Operating Earnings (Loss) – Normalized	49.4	99.8	149.2	62.8	193.0	255.8
EBITDA – Normalized						
EBITDA	52.9	203.6	256.5	87.2	408.0	495.2
Foreign exchange (gain) loss	9.7	(4.3)	5.4	1.6	(1.6)	-
Foreign exchange (gain) loss on debt and derivatives	0.2	0.7	0.9	0.1	0.4	0.5
Asset impairment provision, net of reversals	-	0.1	0.1	-	0.1	0.1
Other items	-	-	-	-	(22.1)	(22.1)
EBITDA – Normalized	62.8	200.1	262.9	88.9	384.8	473.7

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 June 30		Six Months Ended June 30
(in millions of dollars)	2023 $	2022 $	2023 $	2022 $
Free Cash Flow				
Cash generated from (used in) operating activities	260.9	66.4	442.6	128.8
Payments for purchase of property, plant and equipment	(205.4)	(84.9)	(368.2)	(172.8)
Proceeds on disposal of property, plant and equipment	0.6	3.8	1.1	33.0
Free Cash Flow	56.1	(14.7)	75.5	(11.0)
Liquidity				
Cash	1,375.8	877.5	1,375.8	877.5
Available credit	465.8	527.0	465.8	527.0
Liquidity	1,841.6	1,404.5	1,841.6	1,404.5

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.

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 June 30, 2023	Three Months Ended		Year to Date	
	Mar 31	Jun 30	Mar 31	Jun 30
North America	2023	2023	2023	2023
Vehicle Production Units	4.05	4.24	4.05	8.29
Automotive Sales	$ 984.6	$ 993.0	$ 984.6	$ 1,977.6
Content Per Vehicle	$ 243.31	$ 234.25	$ 243.31	$ 238.67
Europe				
Vehicle Production Units	4.62	4.54	4.62	9.16
Automotive Sales	$ 441.2	$ 475.4	$ 441.2	$ 916.6
Content Per Vehicle	$ 95.52	$ 104.76	$ 95.52	$ 100.10
Asia Pacific				
Vehicle Production Units	11.65	12.02	11.65	23.66
Automotive Sales	$ 117.5	$ 139.6	$ 117.5	$ 257.1
Content Per Vehicle	$ 10.09	$ 11.62	$ 10.09	$ 10.86

Estimates as of March 31, 2023	Three Months Ended	Year to Date
	Mar 31	Mar 31
North America	2023	2023
Vehicle Production Units	4.03	4.03
Automotive Sales	$ 985.6	$ 985.6
Content Per Vehicle	$ 244.44	$ 244.44
Europe		
Vehicle Production Units	4.59	4.59
Automotive Sales	$ 429.1	$ 429.1
Content Per Vehicle	$ 93.53	$ 93.53
Asia Pacific		
Vehicle Production Units	11.37	11.37
Automotive Sales	$ 124.5	$ 124.5
Content Per Vehicle	$ 10.95	$ 10.95

Change in Estimates from Prior Quarter	Three Months Ended	Year to Date
	Mar 31	Mar 31
	2023	2023
North America	+/-	+/-
Vehicle Production Units	0.02	0.02
Automotive Sales	$ (1.0)	$ (1.0)
Content Per Vehicle	$ (1.13)	$ (1.13)
Europe		
Vehicle Production Units	0.03	0.03
Automotive Sales	$ 12.1	$ 12.1
Content Per Vehicle	$ 1.99	$ 1.99
Asia Pacific		
Vehicle Production Units	0.28	0.28
Automotive Sales	$ (7.0)	$ (7.0)
Content Per Vehicle	$ (0.86)	$ (0.86)

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 June 30, 2023 with comparatives as at December 31, 2022 (Unaudited)
(in thousands of Canadian dollars)

	June 30 2023 $	December 31 2022 $
ASSETS		
Cash and cash equivalents	1,375,759	860,515
Accounts and other receivables	1,390,599	1,160,509
Inventories	1,601,901	1,509,302
Income taxes recoverable	57,267	76,733
Current portion of long-term receivables (Note 6)	19,614	24,754
Current portion of derivative financial instruments (Note 6)	36,324	14,160
Prepaid expenses and other current assets	40,485	47,313
Current Assets	4,521,949	3,693,286
Long-term receivables (Note 6)	49,995	47,630
Derivative financial instruments (Note 6)	5,955	2,247
Property, plant and equipment	3,015,336	2,793,091
Investments	17,665	18,185
Deferred tax assets	145,346	170,115
Intangible assets	882,244	902,918
Goodwill	947,933	948,919
Assets	9,586,423	8,576,391
LIABILITIES		
Accounts payable and accrued liabilities	2,237,263	2,011,694
Provisions	39,882	35,599
Income taxes payable	73,915	50,425
Current portion of long-term debt (Notes 6, 7)	29,160	26,733
Current portion of derivative financial instruments (Note 6)	12,706	31,974
Current Liabilities	2,392,926	2,156,425
Long-term debt (Notes 6, 7)	1,839,500	1,281,641
Derivative financial instruments (Note 6)	666	3,677
Deferred tax liabilities	279,573	322,937
Liabilities	4,512,665	3,764,680
EQUITY		
Capital stock	138,925	138,925
Retained earnings	4,822,429	4,597,513
Contributed surplus	33,343	31,359
Accumulated other comprehensive earnings (loss)	79,061	43,914
Equity	5,073,758	4,811,711
Liabilities and Equity	9,586,423	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 six months ended June 30, 2023 and June 30, 2022 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended June 30		Six Months Ended June 30	
	2023 $	2022 $	2023 $	2022 $
Sales	2,552,834	1,981,640	4,845,496	3,759,729
Cost of sales	2,190,981	1,731,772	4,183,120	3,311,671
Gross Margin	361,853	249,868	662,376	448,058
Selling, general and administrative	131,172	100,649	255,824	192,352
Other income and (expenses) (Note 8)	(16,612)	(5,427)	(15,544)	22,227
Operating Earnings (Loss)	214,069	143,792	391,008	277,933
Share of net earnings (loss) of investments accounted for using the equity method	-	-	-	(6,086)
Finance income and (expenses) (Note 9)	(15,343)	(4,858)	(28,569)	(5,395)
Net Earnings (Loss) before Income Taxes	198,726	138,934	362,439	266,452
Provision for (recovery of) income taxes	63,735	34,465	110,451	65,692
Net Earnings (Loss) for the Period	134,991	104,469	251,988	200,760
Net Earnings (Loss) per Share:				
Basic	2.19	1.61	4.10	3.08
Diluted	2.19	1.61	4.09	3.08

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

LINAMAR CORPORATION

Consolidated Interim Statements of Comprehensive Earnings

For the six months ended June 30, 2023 and June 30, 2022 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended June 30 2023 $	Three Months Ended June 30 2022 $	Six Months Ended June 30 2023 $	Six Months Ended June 30 2022 $
Net Earnings (Loss) for the Period	134,991	104,469	251,988	200,760
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	(64,076)	(47,008)	4,087	(119,216)
Change in unrealized gains (losses) on net investment hedges	7,424	10,336	960	28,352
Change in unrealized gains (losses) on cash flow hedges	23,437	(19,101)	34,026	(1,720)
Change in cost of hedging	(1,193)	1,501	(3,260)	3,070
Reclassification to earnings of gains (losses) on cash flow hedges	3,420	4,457	8,540	3,106
Tax impact of above	(6,590)	3,797	(10,033)	(366)
Other Comprehensive Earnings (Loss)	(37,578)	(46,018)	34,320	(86,774)
Comprehensive Earnings (Loss) for the Period	97,413	58,451	286,308	113,986

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

LINAMAR CORPORATION

Consolidated Interim Statements of Changes in Equity

For the six months ended June 30, 2023 and June 30, 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)	-	251,988	-	-	-	251,988
Other comprehensive earnings (loss)	-	-	-	5,047	29,273	34,320
Comprehensive Earnings (Loss)	-	251,988	-	5,047	29,273	286,308
Hedging transferred to the carrying value of inventory	-	-	-	-	827	827
Share-based compensation	-	-	1,984	-	-	1,984
Dividends	-	(27,072)	-	-	-	(27,072)
Balance at June 30, 2023	138,925	4,822,429	33,343	64,811	14,250	5,073,758

	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)	-	200,760	-	-	-	200,760
Other comprehensive earnings (loss)	-	-	-	(90,863)	4,089	(86,774)
Comprehensive Earnings (Loss)	-	200,760	-	(90,863)	4,089	113,986
Hedging transferred to the carrying value of inventory	-	-	-	-	(2,991)	(2,991)
Share-based compensation	-	-	1,529	-	-	1,529
Common shares repurchased and cancelled	(3,376)	(79,794)	-	-	-	(83,170)
Dividends	-	(26,058)	-	-	-	(26,058)
Balance at June 30, 2022	142,828	4,544,551	30,345	(112,147)	(3,485)	4,602,092

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

LINAMAR CORPORATION
Consolidated Interim Statements of Cash Flows
For the six months ended June 30, 2023 and June 30, 2022 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended	June 30	Six Months Ended	June 30
	2023	2022	2023	2022
	$	$	$	$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period	134,991	104,469	251,988	200,760
Adjustments for:				
Amortization of property, plant and equipment	101,687	97,153	201,752	189,514
Amortization of other intangible assets	15,419	13,645	31,331	27,541
Deferred income taxes	(4,346)	(17,839)	(18,489)	(18,214)
Asset impairment provision, net of reversals	5	64	28	139
Share-based compensation	784	765	1,984	1,529
Equity investment (earnings) loss	-	-	-	6,086
Finance (income) and expenses	15,343	4,858	28,569	5,395
Other	(990)	1,000	(106)	(24,115)
	262,893	204,115	497,057	388,635
Changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	(111,499)	(89,780)	(230,576)	(225,243)
(Increase) decrease in inventories	5,316	(76,623)	(89,010)	(217,916)
(Increase) decrease in prepaid expenses and other current assets	3,720	4,733	7,482	6,543
(Increase) decrease in long-term receivables	(504)	7,685	3,411	10,665
Increase (decrease) in income taxes	20,375	6,291	33,643	(40,961)
Increase (decrease) in accounts payable and accrued liabilities	76,898	10,323	216,184	209,250
Increase (decrease) in provisions	3,665	(393)	4,380	(2,125)
	(2,029)	(137,764)	(54,486)	(259,787)
Cash generated from (used in) operating activities	260,864	66,351	442,571	128,848
Financing Activities				
Proceeds from (repayments of) long-term debt	(48,586)	423,453	(24,260)	413,333
Proceeds from private placement notes	550,000	-	550,000	-
Repurchase of shares	-	(73,183)	-	(83,170)
Dividends	(27,072)	(26,058)	(27,072)	(26,058)
Finance income received (expenses paid)	(12,377)	(932)	(26,648)	(3,626)
Cash generated from (used in) financing activities	461,965	323,280	472,020	300,479
Investing Activities				
Payments for purchase of property, plant and equipment	(205,419)	(84,840)	(368,167)	(172,850)
Proceeds on disposal of property, plant and equipment	669	3,801	1,067	32,988
Payments for purchase of intangible assets	(7,690)	(2,361)	(12,092)	(4,311)
Business acquisitions, net of cash acquired (Note 13)	-	(328,352)	-	(328,352)
Other	(299)	(903)	(425)	(903)
Cash generated from (used in) investing activities	(212,739)	(412,655)	(379,617)	(473,428)
	510,090	(23,024)	534,974	(44,101)
Effect of translation adjustment on cash	(25,020)	(3,435)	(19,730)	(6,844)
Increase (decrease) in cash and cash equivalents	485,070	(26,459)	515,244	(50,945)
Cash and cash equivalents - Beginning of Period	890,689	903,942	860,515	928,428
Cash and cash equivalents - End of Period	1,375,759	877,483	1,375,759	877,483
Comprised of:				
Cash in bank	1,142,636	475,528	1,142,636	475,528
Short-term deposits	237,162	409,061	237,162	409,061
Unpresented cheques	(4,039)	(7,106)	(4,039)	(7,106)
	1,375,759	877,483	1,375,759	877,483

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 June 30, 2023 were authorized for issue in accordance with a resolution of the Company's Board of Directors on August 9, 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. The impact from the adoption of these new standards and amendments are discussed below.

IAS 12 Income Taxes

The Company has adopted amendments to IAS 12 Income Taxes as issued in May 2023 in regards to Pillar Two model rules. The Pillar Two model was published in December 2021 by the Organization for Economic Cooperation and Development (OECD) and it ensures that large multinational companies are subject to a minimum tax rate. The Pillar Two model rules are anticipated to be substantively enacted into tax law in Canada in 2024. Other jurisdictions within which the Company operates are being reviewed to understand which have enacted or substantively enacted Pillar Two rules already or when they plan to. Therefore, the IAS 12 amendments for a temporary exception to the accounting and disclosures for deferred taxes related to Pillar Two income taxes will be applied as applicable. The application of this exception will be disclosed in the audited consolidated annual financial statements for the year ended December 31, 2023. Until the Pillar Two rules are effective, the amendment also includes disclosures for known or reasonably estimable information regarding the Company's exposure to Pillar Two income taxes. Management is currently assessing the impact that these amendments will have on disclosures for the audited consolidated annual financial statements for the year ended December 31, 2023 (interim disclosures are not required in 2023).

New Standards and Interpretations Not Yet Adopted

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

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

Effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2024, the IASB issued disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on the Company's liabilities, cash flows and exposure to liquidity risk. Management is currently assessing the impact that these amendments will have on disclosures.

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

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.

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:

		June 30, 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)	69,609	67,290	72,384	71,305
Derivative financial instruments (hedge relationships)					
USD sales forwards – CAD functional entities	Fair value (Level 2)	5,187	5,187	(30,651)	(30,651)
USD sales forwards – MXN functional entities	Fair value (Level 2)	28,789	28,789	11,414	11,414
USD sales forwards – CNY functional entities	Fair value (Level 2)	(2,042)	(2,042)	392	392
CAD purchase forwards – GBP functional entities	Fair value (Level 2)	(3,027)	(3,027)	(399)	(399)
Investment designated at fair value through other comprehensive income	Fair value (Level 3)	8,206	8,206	7,952	7,952
Long-term debt, excluding lease liabilities	Amortized cost (Level 2)	(1,766,335)	(1,695,170)	(1,228,848)	(1,156,636)

7 Long-Term Debt

	June 30 2023 $	December 31 2022 $
Private placement notes	1,009,799	461,782
Bank borrowings	687,858	694,940
Lease liabilities	102,325	79,526
Government borrowings	68,678	72,126
	1,868,660	1,308,374
Less: current portion	29,160	26,733
	1,839,500	1,281,641

In June 2023, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of CAD $550,000 aggregate principal amount, issued at an annual rate of 5.96%, coming due June 2033 and paying interest semi-annually. The new private placement notes have similar terms and conditions as the notes issued in 2021. The funds will be used for general corporate purposes including the battery enclosures business acquisition in the third quarter of 2023 (Note 13).

As of June 30, 2023, $465,798 was available under the revolving credit facility.

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

8 Other Income and (Expenses)

	Three Months Ended		Six Months Ended	
		June 30		June 30
	2023	2022	2023	2022
	$	$	$	$
Foreign exchange gain (loss)	(16,762)	(5,455)	(10,734)	17
Gain on sale of unused land	-	-	-	22,157
Other income (expense)	150	28	(4,810)	53
	(16,612)	(5,427)	(15,544)	22,227

9 Finance Income and (Expenses)

	Three Months Ended		Six Months Ended	
		June 30		June 30
	2023	2022	2023	2022
	$	$	$	$
Interest expense	(14,716)	(4,969)	(27,937)	(8,835)
Foreign exchange gain (loss) on debt and derivatives	113	(909)	(87)	(567)
Interest earned	5,410	3,862	11,580	8,918
Other	(6,150)	(2,842)	(12,125)	(4,911)
	(15,343)	(4,858)	(28,569)	(5,395)

10 Commitments

As at June 30, 2023, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $435,185 (June 30, 2022 - $324,572). Of this amount $398,944 (June 30, 2022 - $306,318) relates to the purchase of manufacturing equipment and $36,241 (June 30, 2022 - $18,254) relates to general contracting and construction costs in respect of plant construction. Of the commitments for plant construction, $398 (June 30, 2022 - $5,792) 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

Interest earned on a long-term receivable due from an investee accounted for using the equity method included in finance income was $Nil for the three and six months ended June 30, 2023 ($Nil for the three months ended June 30, 2022 and $1,470 for the six months ended June 30, 2022). Included in the cost of sales are material purchases from the same related party of $Nil for the three and six months ended June 30, 2023 ($Nil for the three months ended June 30, 2022 and $7,458 for the six months ended June 30, 2022). 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 $15,597 for the three months ended June 30, 2023 and $18,836 for the six months ended June 30, 2023 ($4,606 for the three months ended June 30, 2022 and $9,928 for the six months ended June 30, 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.

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

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 June 30, 2023			Six Months Ended June 30, 2023		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	$	$	$	$	$	$
Mobility	1,775,509	13,617	74,304	3,483,190	27,089	146,353
Industrial	777,325	2,850	139,765	1,362,306	5,690	244,655
Total	2,552,834	16,467	214,069	4,845,496	32,779	391,008

	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	$	$	$	$	$	$
Mobility	1,477,031	9,352	104,100	2,886,965	18,863	216,726
Industrial	504,609	2,700	39,692	872,764	5,238	61,207
Total	1,981,640	12,052	143,792	3,759,729	24,101	277,933

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 June 30		Six Months Ended June 30	
	2023	2022	2023	2022
	$	$	$	$
Canada	1,426,486	1,036,796	2,691,795	1,929,400
Rest of North America	316,924	273,313	632,503	497,089
Asia Pacific	162,444	128,315	284,122	277,262
Europe	646,980	543,216	1,237,076	1,055,978
Total	2,552,834	1,981,640	4,845,496	3,759,729

13 Business Acquisitions

(i) Battery Enclosures Business

On May 30, 2023, the Company announced a definitive agreement with Dura-Shiloh, a Middleground Capital portfolio company, to acquire its battery enclosures business for a total estimated USD $325,000 consideration. The acquisition closed August 3, 2023. The acquisition will increase the Company's electrified product portfolio with increased future battery electric vehicle content.

(ii) GF Linamar LLC and Salford Group of Companies

The determination of the fair value of the purchase prices for the 2022 acquisitions have been completed and are unchanged from December 31, 2022.