Linamar Delivers a Stellar 2023 with Record Sales, over 40% Earnings Growth, Increases Dividend

March 6, 2024, Guelph, Ontario, Canada (TSX: LNR)

Strong financial performance

- Sales up 19.1% to $2.45 billion in Q4 2023, and up 23% for the year;
- Normalized Operating Earnings[1] up 36.2% in Q4 2023, and up 41.4% for the year; and
- Normalized Diluted Earnings per Share[1] up 23% in Q4 2023, and up 40.3% for the year.

Mobility Segment Performing

- Mobility segment finished the year on a very strong note with earnings and margins well up over Q3 2023; and
- Mobility segment earnings also up over Q4 2022 and margins up on a constant currency basis.

Diversified Strategy Success

- Diversified strategy validated with Industrial earnings up 145% over 2022, anchoring solid overall performance; and
- Acquisition of our chassis and suspension business closed and will drive strong propulsion-agnostic growth.

Returning Cash to Shareholders

- Linamar is once again increasing its dividend to shareholders to a record quarterly $0.25 per share.

Double-Digit Sales Growth in Both Segments

- Sales up 19.8% for Industrial for the quarter and 38.3% for the year, due to solid market share growth in both the agricultural and access equipment product families;
- Sales up 18.9% for Mobility in the quarter and 18% for the year, driven by both our Linamar Structures acquisitions as well as launching programs and increased volumes; and
- North American and European content per vehicle hit a new annual record reflective of continued market share growth.

	Three Months Ended December 31		Twelve Months Ended December 31	
	2023	2022	2023	2022
(in millions of dollars, except per share figures)	$	$	$	$
Sales	2,453.9	2,060.0	9,733.5	7,917.9
Operating Earnings (Loss)				
Industrial	85.8	55.7	460.9	201.6
Mobility	83.8	75.8	313.9	393.2
Operating Earnings (Loss)	169.6	131.5	774.8	594.8
Net Earnings (Loss)	104.4	92.2	503.1	426.2
Net Earnings (Loss) per Share – Diluted	1.69	1.49	8.17	6.67
Operating Earnings (Loss) – Normalized[1]				
Industrial	100.5	55.5	471.4	192.5
Mobility	91.4	85.4	327.5	372.6
Operating Earnings (Loss) – Normalized	191.9	140.9	798.9	565.1
Net Earnings (Loss) – Normalized[1]	122.2	99.5	541.1	400.5
Net Earnings (Loss) per Share – Diluted – Normalized[1]	1.98	1.61	8.78	6.26

"2023 was another incredible year for us at Linamar with excellent successes seen across all our businesses. We drove to record sales on the back of growing market share in every business, helped by acquisitions, we further diversified our business importantly in the propulsion agnostic arena, key to managing a changing landscape in the mobility business and delivered more than 40% growth in earnings", said Linamar Executive Chair and CEO Linda Hasenfratz, "We are looking forward to another solid year of double digit top and bottom line growth in 2024."

[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.

DIVIDENDS

The Board of Directors today declared an eligible dividend in respect to the quarter ended December 31, 2023, of CDN$0.25 per share on the common shares of the company, payable on or after April 15, 2024, to shareholders of record on March 28, 2024.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

These Non-GAAP and other financial measures do not have a standardized meaning prescribed by GAAP and therefore they are unlikely to be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with GAAP. Please see the "Non-GAAP and Other Financial Measures" section of the Company's MD&A for further information.

During Q1 2023, a normalizing item related to an "adjustment for contingent consideration on Mills River earn-out" impacted the Mobility segment by $4.9 million. Also, during Q1 2023 and Q2 2023 a normalizing item impacting the Company's income taxes related to withholding tax on repatriation of cash from China by $6.9 million and $13.4 million respectively.

During Q4 2022, a normalizing item related to a "net gain on the purchase of LLM Mills River" impacted the Mobility segment by $7.7 million. The Company's acquisition of the remaining 50% interest in the joint venture, LLM Mills River, resulted in a gain on bargain purchase of $29.4 million partially offset by a remeasurement of the original net investment of $21.7 million. During Q1 2022, a normalizing item related to a "gain on sale of unused land" impacted the Mobility segment by $22.1 million.

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

	Three Months Ended December 31				Twelve Months Ended December 31			
	2023	2022	+/-	+/-	2023	2022	+/-	+/-
(in millions of dollars, except per share figures)	$	$	$	%	$	$	$	%
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	169.6	131.5	38.1	29.0%	774.8	594.8	180.0	30.3%
Foreign exchange (gain) loss	22.3	17.1	5.2		19.2	0.1	19.1	
Other items	-	(7.7)	7.7		4.9	(29.8)	34.7	
Operating Earnings (Loss) – Normalized	191.9	140.9	51.0	36.2%	798.9	565.1	233.8	41.4%
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	104.4	92.2	12.2	13.2%	503.1	426.2	76.9	18.0%
Foreign exchange (gain) loss	22.3	17.1	5.2		19.2	0.1	19.1	
Foreign exchange (gain) loss on debt and derivatives	2.5	0.3	2.2		2.5	1.5	1.0	
Other items	-	(7.7)	7.7		4.9	(29.8)	34.7	
Tax impact including Other Items	(7.0)	(2.4)	(4.6)		11.4	2.5	8.9	
Net Earnings (Loss) – Normalized	122.2	99.5	22.7	22.8%	541.1	400.5	140.6	35.1%
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	1.69	1.49	0.20	13.4%	8.17	6.67	1.50	22.5%
Foreign exchange (gain) loss	0.36	0.27	0.09		0.31	-	0.31	
Foreign exchange (gain) loss on debt and derivatives	0.04	0.01	0.03		0.04	0.02	0.02	
Other items	-	(0.12)	0.12		0.08	(0.47)	0.55	
Tax impact including Other Items	(0.11)	(0.04)	(0.07)		0.18	0.04	0.14	
Net Earnings (Loss) per Share – Diluted – Normalized	1.98	1.61	0.37	23.0%	8.78	6.26	2.52	40.3%

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

			Three Months Ended December 31 2023			Twelve Months Ended December 31 2023
(in millions of dollars)	Industrial $	Mobility $	Linamar $	Industrial $	Mobility $	Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	85.8	83.8	169.6	460.9	313.9	774.8
Foreign exchange (gain) loss	14.7	7.6	22.3	10.5	8.7	19.2
Other items	-	-	-	-	4.9	4.9
Operating Earnings (Loss) – Normalized	100.5	91.4	191.9	471.4	327.5	798.9

			Three Months Ended December 31 2022			Twelve Months Ended December 31 2022
(in millions of dollars)	Industrial $	Mobility $	Linamar $	Industrial $	Mobility $	Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	55.7	75.8	131.5	201.6	393.2	594.8
Foreign exchange (gain) loss	(0.2)	17.3	17.1	(9.1)	9.2	0.1
Other items	-	(7.7)	(7.7)	-	(29.8)	(29.8)
Operating Earnings (Loss) – Normalized	55.5	85.4	140.9	192.5	372.6	565.1

FORWARD LOOKING INFORMATION, RISK AND UNCERTAINTIES

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

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

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

CONFERENCE CALL INFORMATION

Q4 2023 Release Information

Linamar will hold a webcast call on March 6, 2024, at 5:00 p.m. ET to discuss its fourth quarter results. The event will be simulcast and can be accessed at the following https://www.linamar.com/event/q4-2023-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) 888 259-6580 (North America) or (+1) 416 764-8624 (International) Conference ID 11859424, with a call-in required 15 minutes prior to the start of the webcast. The conference call will be chaired by Linda Hasenfratz, Linamar’s Executive Chair and Chief Executive Officer. A copy of the Company’s quarterly financial statements, including the Management’s Discussion & Analysis, will be available on the Company’s website after 4:00 p.m. ET on March 6, 2024, and at www.sedar.com by the start of business on March 7, 2024. The webcast replay will be available at https://www.linamar.com/event/q4-2023-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 March 6, 2024, for seven days. The number for the replay is (+1) (877) 674-7070 or (+1) (416) 764-8692, Passcode: 859424 #. In addition, a recording of the call will be posted at https://www.linamar.com/event/q4-2023-earnings-call/.

Q1 2024 Release Information

Linamar will hold a webcast call on May 8, 2024, at 5:00 p.m. ET to discuss its first quarter results. The event will be simulcast and can be accessed at the following https://www.linamar.com/event/q1-2024-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) 888 259-6580 (North America) or (+1) 416 764-8624 (International) Conference ID 90762585, 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 8, 2024, and at www.sedar.com by the start of business on May 9, 2024. The webcast replay will be available at https://www.linamar.com/event/q1-2024-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 8, 2024, for seven days. The number for the replay is (+1) (877) 674-7070 or (+1) (416) 764-8692, Passcode: 762585 #. In addition, a recording of the call will be posted at https://www.linamar.com/event/q1-2024-earnings-call/.

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and the newly formed Linamar Agriculture operating group which consists of the MacDon, Salford and Bourgault brands. Skyjack manufactures scissors, boom and telehandler lifts for the aerial work platform industry. Within the Agriculture portfolio MacDon manufactures combine draper headers and self-propelled windrowers for harvesting, Salford supplies farm tillage and crop fertilizer application equipment while Bourgault is a leader in air seeding technology. The Mobility segment is focused on propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered vehicle markets. Operationally, Mobility is organized into three regional groups North America, Europe, Asia Pacific and the new Linamar Structures product group. The Regional Mobility groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly. The Linamar Structures Group offers competitive lightweight innovations for safety-critical components and systems for the global mobility market. Design, development, and testing services for the Mobility segment are provided both by McLaren Engineering and for electrified solutions, the eLIN Product Solutions Group. Linamar's medical solutions group, Linamar MedTech, focuses on manufacturing solutions for medical devices and precision medical components. Linamar has over 32,000 employees in 75 manufacturing locations, 17 R&D centres and 31 sales offices in 19 countries in North and South America, Europe and Asia, which generated sales of more than $9.7 billion in 2023. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on our social media channels.

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

Guelph, Ontario
March 6, 2024

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended December 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 and year ended December 31, 2023. This MD&A has been prepared as at March 6, 2024. The financial information presented herein has been prepared on the basis of IFRS® Accounting Standards. References to the term generally accepted accounting principles ("GAAP") refer to information contained herein being prepared under IFRS Accounting Standards as adopted. All amounts in this MD&A are in millions of Canadian dollars, unless otherwise noted.

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

OVERALL CORPORATE PERFORMANCE

Overview of the Business

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and the newly formed Linamar Agriculture operating group which consists of the MacDon, Salford and Bourgault brands. Skyjack manufactures scissors, boom and telehandler lifts for the aerial work platform industry. Within the Agriculture portfolio MacDon manufactures combine draper headers and self-propelled windrowers for harvesting, Salford supplies farm tillage and crop fertilizer application equipment while Bourgault is a leader in air seeding technology. The Mobility segment is focused on propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered vehicle markets. Operationally, Mobility is organized into three regional groups North America, Europe, Asia Pacific and the new Linamar Structures product group. The Regional Mobility groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly. The Linamar Structures Group offers competitive lightweight innovations for safety-critical components and systems for the global mobility market. Design, development, and testing services for the Mobility segment are provided both by McLaren Engineering and for electrified solutions, the eLIN Product Solutions Group. Linamar's medical solutions group, Linamar MedTech, focuses on manufacturing solutions for medical devices and precision medical components. Linamar has over 32,000 employees in 75 manufacturing locations, 17 R&D centres and 31 sales offices in 19 countries in North and South America, Europe and Asia, which generated sales of more than $9.7 billion in 2023. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on our social media channels.

Overall Corporate Results

The following table sets out certain highlights of the Company's performance in the fourth quarter of 2023 ("Q4 2023") and 2022 ("Q4 2022"):

	Three Months Ended December 31				Twelve Months Ended December 31			
(in millions of dollars, except per share figures)	2023 $	2022 $	+/- $	+/- %	2023 $	2022 $	+/- $	+/- %
Sales	2,453.9	2,060.0	393.9	19.1%	9,733.5	7,917.9	1,815.6	22.9%
Gross Margin	320.2	248.8	71.4	28.7%	1,322.8	974.8	348.0	35.7%
Operating Earnings (Loss)	169.6	131.5	38.1	29.0%	774.8	594.8	180.0	30.3%
Net Earnings (Loss)	104.4	92.2	12.2	13.2%	503.1	426.2	76.9	18.0%
Net Earnings (Loss) per Share - Diluted	1.69	1.49	0.20	13.4%	8.17	6.67	1.50	22.5%
Earnings before interest, taxes and amortization ("EBITDA")[1]	307.5	248.2	59.3	23.9%	1,285.4	1,042.2	243.2	23.3%
Operating Earnings (Loss) - Normalized[1]	191.9	140.9	51.0	36.2%	798.9	565.1	233.8	41.4%
Net Earnings (Loss) - Normalized[1]	122.2	99.5	22.7	22.8%	541.1	400.5	140.6	35.1%
Net Earnings (Loss) per Share - Diluted - Normalized[1]	1.98	1.61	0.37	23.0%	8.78	6.26	2.52	40.3%
EBITDA – Normalized[1]	332.6	257.8	74.8	29.0%	1,312.3	1,014.0	298.3	29.4%

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

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

BUSINESS SEGMENT REVIEW

The Company reports its results of operations in two business segments: Industrial and Mobility. The segments are differentiated by the products that each produces and reflects how the chief operating decision makers of the Company manage the business. The following should be read in conjunction with the Company's consolidated financial statements for the quarter ended December 31, 2023.

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

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

Industrial Highlights

				Three Months Ended December 31				Twelve Months Ended December 31
(in millions of dollars)	2023 $	2022 $	+/- $	+/- %	2023 $	2022 $	+/- $	+/- %
Sales	607.4	507.1	100.3	19.8%	2,646.3	1,913.3	733.0	38.3%
Operating Earnings (Loss)	85.8	55.7	30.1	54.0%	460.9	201.6	259.3	128.6%
EBITDA	101.9	70.5	31.4	44.5%	526.1	258.0	268.1	103.9%
Operating Earnings (Loss) – Normalized	100.5	55.5	45.0	81.1%	471.4	192.5	278.9	144.9%
EBITDA – Normalized	117.2	70.2	47.0	67.0%	537.2	249.1	288.1	115.7%

The Industrial segment ("Industrial") product sales increased 19.8%, or $100.3 million, to $607.4 million in Q4 2023 from Q4 2022. The sales increase was due to:

- a significant increase in agricultural sales primarily due to exceptional global market share growth for combine drapers, our largest agricultural product family;
- a strong increase in access equipment sales primarily due to increased global market share growth for scissors, our largest access equipment product family; and
- a favourable impact on sales from the changes in foreign exchange rates from Q4 2022.

The 2023 sales for Industrial increased by $733.0 million, or 38.3%, compared with 2022. The factors that impacted Q4 2023 similarly impacted the 2023 results.

Industrial segment normalized operating earnings in Q4 2023 increased $45.0 million, or 81.1%, from Q4 2022. The Industrial normalized operating earnings results were predominantly driven by:

- a significant increase in agricultural sales; and
- a strong increase in access equipment sales; partially offset by
- an increase in selling, general and administrative ("SG&A") costs supporting growth.

The 2023 normalized operating earnings increased by $278.9 million, or 144.9%, compared with 2022. The factors that impacted Q4 2023 similarly impacted the 2023 results.

Mobility Highlights

(in millions of dollars)	Three Months Ended December 31 2023 $	2022 $	+/- $	+/- %	Twelve Months Ended December 31 2023 $	2022 $	+/- $	+/- %
Sales	1,846.5	1,552.9	293.6	18.9%	7,087.2	6,004.6	1,082.6	18.0%
Operating Earnings (Loss)	83.8	75.8	8.0	10.6%	313.9	393.2	(79.3)	(20.2%)
EBITDA	205.6	177.7	27.9	15.7%	759.3	784.2	(24.9)	(3.2%)
Operating Earnings (Loss) – Normalized	91.4	85.4	6.0	7.0%	327.5	372.6	(45.1)	(12.1%)
EBITDA – Normalized	215.4	187.6	27.8	14.8%	775.1	764.9	10.2	1.3%

Sales for the Mobility segment ("Mobility") increased by $293.6 million, or 18.9%, in Q4 2023 compared with Q4 2022. The sales in Q4 2023 were impacted by:

- increased sales related to the Battery Enclosures Business and the Chassis and Suspension Business ("Linamar Structures acquisitions") in 2023;
- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- a favourable impact on sales from the changes in foreign exchange rates from Q4 2022; and
- increased pricing related to cost recovery offsetting the associated labour, materials, and freight; partially offset by
- a sales decline primarily attributed to lower production for certain ending programs.

The 2023 sales for Mobility increased by $1,082.6 million, or 18.0%, compared to 2022. The factors that impacted Q4 2023 similarly impacted the 2023 results.

Q4 2023 normalized operating earnings for Mobility were higher by $6.0 million, or 7.0%, compared to Q4 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; and
- increased sales related to the Linamar Structures acquisitions in 2023; partially offset by
- a sales decline primarily attributed to lower production for certain ending programs;
- an increase in SG&A costs supporting growth; and
- an unfavourable impact from the changes in foreign exchange rates from Q4 2022.

The 2023 normalized operating earnings decreased by $45.1 million, or 12.1%, compared with 2022. The factors that impacted Q4 2023 similarly impacted the 2023 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	+/-	%	2023	2022	+/-	%
			Three Months Ended December 31				Twelve Months Ended December 31	
Vehicle Production Units	3.87	3.69	0.18	4.9%	16.25	14.84	1.41	9.5%
Automotive Sales	$ 1,064.7	$ 876.0	$ 188.7	21.5%	$ 4,071.5	$ 3,425.7	$ 645.8	18.9%
Content Per Vehicle	$ 275.28	$ 237.63	$ 37.65	15.8%	$ 250.55	$ 230.77	$ 19.78	8.6%
Europe								
Vehicle Production Units	4.60	4.29	0.31	7.2%	17.81	15.81	2.00	12.7%
Automotive Sales	$ 456.5	$ 389.5	$ 67.0	17.2%	$ 1,830.2	$ 1,555.0	$ 275.2	17.7%
Content Per Vehicle	$ 99.25	$ 90.70	$ 8.55	9.4%	$ 102.79	$ 98.39	$ 4.40	4.5%
Asia Pacific								
Vehicle Production Units	14.37	12.85	1.52	11.8%	51.41	47.19	4.22	8.9%
Automotive Sales	$ 152.1	$ 150.8	$ 1.3	0.9%	$ 527.0	$ 530.7	$ (3.7)	(0.7%)
Content Per Vehicle	$ 10.59	$ 11.74	$ (1.15)	(9.8%)	$ 10.25	$ 11.24	$ (0.99)	(8.8%)

North American automotive sales for Q4 2023 increased 21.5% from Q4 2022 in a market that saw an increase of 4.9% in production volumes for the same period. As a result, content per vehicle in Q4 2023 increased 15.8% from $237.63 to $275.28. The increase in North American content per vehicle was mainly driven by increased sales related to the Linamar Structures acquisitions in 2023, and launching programs, partially offset by lower production for certain ending programs.

European automotive sales for Q4 2023 increased 17.2% from Q4 2022 in a market that saw an increase of 7.2% in production volumes for the same period. As a result, content per vehicle in Q4 2023 increased 9.4% from $90.70 to $99.25. The increase in European content per vehicle was a result of increased sales related to the Linamar Structures acquisitions in 2023, higher volumes on programs we have significant business with and launching programs.

Asia Pacific automotive sales for Q4 2023 increased 0.9% from Q4 2022 in a market that saw an increase of 11.8% in production volumes for the same period. As a result, content per vehicle in Q4 2023 decreased 9.8% from $11.74 to $10.59. The decrease in Asian content per vehicle was mainly driven by production growth in regions we are not significantly supplying (Japan and Korea), key customers underperforming in the Asia market, lower production for certain ending programs, partially offset by increased sales for launching programs.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended December 31 2023	2022	Twelve Months Ended December 31 2023	2022
Sales	2,453.9	$ 2,060.0	9,733.5	$ 7,917.9
Cost of Sales before amortization	1,997.9	1,698.5	7,921.6	6,504.8
Amortization	135.8	112.7	489.1	438.3
Cost of Sales	2,133.7	1,811.2	8,410.7	6,943.1
Gross Margin	320.2	$ 248.8	1,322.8	$ 974.8
Gross Margin percentage	13.0%	12.1%	13.6%	12.3%

Gross margin percentage increased in Q4 2023 to 13.0% compared to 12.1% in Q4 2022. Cost of sales before amortization as a percentage of sales decreased in Q4 2023 to 81.4% compared to 82.5% for the same quarter as last year. In dollar terms, gross margin increased $71.4 million in Q4 2023 compared with Q4 2022 as a result of the items discussed earlier in this analysis such as:

- a significant increase in agricultural sales;
- increased sales related to launching Mobility programs and increased volumes for certain programs that the Company has significant business with;
- increased sales related to the Linamar Structures acquisitions in 2023; and
- a strong increase in access equipment sales; partially offset by
- a sales decline primarily attributed to lower production for certain ending Mobility programs; and
- an unfavourable impact from the changes in foreign exchange rates from Q4 2022.

Amortization as a percentage of sales was flat at 5.5% of sales compared to Q4 2022. In dollar terms, Q4 2023 amortization increased as a result of:

- additional amortization related to the Linamar Structures acquisitions in 2023; and
- additional amortization from launching programs.

For 2023 amortization was higher at $489.1 million compared to $438.3 million in 2022 reflecting similar factors that impacted Q4 2023. 2023 amortization as a percentage of sales decreased to 5.0% of sales compared to 5.5% in 2022.

For 2023 gross margin increased to 13.6% from 12.3% in the same period of 2022. The factors that impacted Q4 2023 similarly impacted the 2023 results with the exception of the impact from the changes in foreign exchange rates which was a positive impact on a full year basis.

Selling, General and Administration

(in millions of dollars)	Three Months Ended December 31 2023	Three Months Ended December 31 2022	Twelve Months Ended December 31 2023	Twelve Months Ended December 31 2022
Selling, general and administrative	$ 131.5	$ 110.1	$ 526.6	$ 411.2
SG&A percentage	5.4%	5.3%	5.4%	5.2%

Selling, general and administrative ("SG&A") costs increased in Q4 2023 to $131.5 million from $110.1 million, or 5.4% as a percentage of sales in Q4 2023. This increase, in dollar terms, is primarily due to:

- an increase in management and sales costs supporting growth; and
- additional expenses related to the Linamar Structures acquisitions in 2023.

For 2023, SG&A costs reflected similar factors that impacted Q4 2023 and increased as a percentage of sales to 5.4% from 5.2% when compared to 2022.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended December 31 2023 $	Three Months Ended December 31 2022 $	Twelve Months Ended December 31 2023 $	Twelve Months Ended December 31 2022 $
Operating Earnings (Loss)	169.6	131.5	774.8	594.8
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	-	-	-	(6.1)
Finance Income and (Expenses)	(24.7)	(11.4)	(71.0)	(25.6)
Provision for (Recovery of) Income Taxes	40.5	27.9	200.7	136.9
Net Earnings (Loss)	104.4	92.2	503.1	426.2

Finance Expenses

Finance expenses increased $13.3 million in Q4 2023 from $11.4 million in Q4 2022 to $24.7 million due to:

- the issuance of $550 million private placement notes in June 2023 ("2033 Notes") used to fund the 2023 acquisition;
- an increase in interest costs due to change in the Bank of Canada overnight rate and United States Federal Funds rate; partially offset by
- decrease in average bank borrowings in Q4 2023 compared to Q4 2022.

The 2023 finance expenses increased $45.4 million from $25.6 million in 2022 to $71.0 million primarily due to the same factors that impacted the quarter with the exception that for 2023 average bank borrowings increased due to the full year affect of the 2022 acquisitions and partially offset by increase in interest earned.

The consolidated effective interest rate for Q4 2023 increased to 4.6% compared to 3.2% in Q4 2022. The consolidated effective interest rate for 2023 increased to 4.6% compared to 2.5% in 2022. The changes in the effective interest rate for both Q4 2023 and full year were driven by increases in the Bank of Canada overnight rate and United States Federal Funds rate, and issuance of the 2033 Notes.

Income Taxes

The effective tax rate for Q4 2023 was 28.0%, an increase from the 23.3% rate in the same quarter of 2022. The increase in the effective tax rate in Q4 2023 was primarily due to

- reduction in the utilization of previously unrecorded deferred tax assets in Q4 2023 compared to Q4 2022;
- less favourable mix of foreign tax rates; partially offset by
- decrease in non-deductible expenses incurred in Q4 2023 compared to Q4 2022.

The effective tax rate for 2023 was 28.5%, an increase from the 24.3% rate in 2022. The 2023 effective tax rate increased due to withholding tax on the repatriation of cash from China during the first half of 2023, a reduction in the utilization of previously unrecorded deferred tax assets, and an increase in non-deductible expenses and unrecognized benefit of losses. If the withholding tax impact is excluded, then the effective tax rate for 2023 would have been 25.6% which was in line with the expected tax rate for 2023.

TOTAL EQUITY AND OUTSTANDING SHARE DATA

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

The Company is authorized to issue an unlimited number of common shares, of which 61,578,157 common shares were outstanding as of March 6, 2024. The Company's common shares constitute its only class of voting securities. As of March 6, 2024, there were 1,250,000 options to acquire common shares outstanding and 3,300,000 options still available to be granted under the Company's share option plan.

SELECTED FINANCIAL INFORMATION

Annual Results

The following table sets out selected financial data relating to the Company's years ended December 31, 2023, 2022 and 2021. This financial data should be read in conjunction with the Company's consolidated financial statements for these years:

(in millions of dollars, except per share figures)	2023 $	2022 $	2021 $
Sales	9,733.5	7,917.9	6,536.6
Net Earnings (Loss)	503.1	426.2	420.6
Normalizing Items	38.0	(25.7)	7.8
Net Earnings (Loss) - Normalized	541.1	400.5	428.4
Total Assets	9,850.5	8,576.4	7,390.4
Total Long-term Liabilities	2,009.5	1,608.3	1,046.5
Cash Dividends declared per share	0.88	0.80	0.68
Net Earnings (Loss) per Share			
Basic	8.18	6.67	6.43
Diluted	8.17	6.67	6.41
Diluted - Normalized	8.78	6.26	6.53

For 2023, 2022 and 2021 normalizing items please see the "Non-GAAP and Additional GAAP Measures" section of this MD&A.

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended March 31, 2022 through December 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)	Dec 31 2023 $	Sep 30 2023 $	Jun 30 2023 $	Mar 31 2023 $	Dec 31 2022 $	Sep 30 2022 $	Jun 30 2022 $	Mar 31 2022 $
Sales	2,453.9	2,434.2	2,552.8	2,292.7	2,060.0	2,098.1	1,981.6	1,778.1
Net Earnings (Loss)	104.4	146.7	135.0	117.0	92.2	133.2	104.5	96.3
Net Earnings (Loss) per Share								
Basic	1.70	2.38	2.19	1.90	1.49	2.10	1.61	1.47
Diluted	1.69	2.38	2.19	1.90	1.49	2.10	1.61	1.47

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, supply chain disruptions and cost pressures, indirectly by the lingering economic impacts of COVID-19, had adverse impacts on 2022.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

(in millions of dollars)	Three Months Ended December 31 2023 $	2022 $	Twelve Months Ended December 31 2023 $	2022 $
Cash generated from (used in):				
Operating Activities	276.4	221.0	793.6	468.1
Financing Activities	(22.2)	(67.7)	207.4	156.4
Investing Activities	(291.7)	(154.4)	(1,194.0)	(715.7)
Effect of translation adjustment on cash	(3.8)	5.6	(14.2)	23.3
Increase (decrease) in cash and cash equivalents	(41.3)	4.5	(207.2)	(67.9)
Cash and cash equivalents – Beginning of Period	694.6	856.0	860.5	928.4
Cash and cash equivalents – End of Period	653.3	860.5	653.3	860.5
Comprised of:				
Cash in bank	392.6	396.1	392.6	396.1
Short-term deposits	266.2	467.3	266.2	467.3
Unpresented cheques	(5.5)	(2.9)	(5.5)	(2.9)
	653.3	860.5	653.3	860.5

The Company's cash and cash equivalents (net of unpresented cheques) at December 31, 2023 were $653.3 million, a decrease of $207.2 million, or 24.1%, compared to December 31, 2022.

Cash generated from operating activities was $276.4 million, an increase of $55.4 million from Q4 2022, due to increased earnings and decreased use of cash in operating assets and liabilities. Cash generated from operating activities in 2023 was $793.6 million, $325.5 million more than was provided in 2022, due primarily to increased earnings and a decreased use of cash in operating assets and liabilities.

Financing activities used $22.2 million of cash compared to $67.7 million used in Q4 2022. The decreased use of cash in Q4 2023 was primarily due to no repurchase of shares in 2023 compared to $42.4 million repurchased in Q4 2022. Cash generated from financing activities in 2023 was due to the Company's new 2033 Notes issued in June 2023, partially offset by the repayment of long-term debt. For 2022, cash generated from financing activities was used for the 2022 business acquisitions as well as $236.1 million used for the repurchase of shares under the Company's 2022 normal course issuer bid ("NCIB") program.

Investing activities used $291.7 million in Q4 2023 compared to $154.4 million used in Q4 2022 and 2023 used $1,194.0 million compared to $715.7 million in 2022. The use of cash was primarily for the purchases of property, plant, and equipment and for the 2023 and 2022 business acquisitions.

Operating Activities

(in millions of dollars)	Three Months Ended December 31 2023 $	2022 $	Twelve Months Ended December 31 2023 $	2022 $
Net Earnings (Loss) for the period	104.4	92.2	503.1	426.2
Adjustments to earnings	144.9	134.3	499.0	439.1
	249.3	226.5	1,002.1	865.3
Changes in operating assets and liabilities	27.1	(5.5)	(208.5)	(397.2)
Cash generated from (used in) operating activities	276.4	221.0	793.6	468.1

Cash generated by operations before the effect of changes in operating assets and liabilities increased $22.8 million, or 10.1%, in Q4 2023 to $249.3 million, compared to $226.5 million in Q4 2022 primarily due to higher net earnings. Similarly higher net earnings drove 2023 cash generation from operations before the effect of changes in operating assets and liabilities which increased by $136.8 million in 2023 to $1,002.1 million.

Changes in operating assets and liabilities for Q4 2023 increased cash by $27.1 million primarily due to decreases in accounts receivables required to support sales, partially offset by an increase in inventories. For the full year changes in operating assets and liabilities used cash of $208.5 million due to the increased investment in operating assets and liabilities because of the strong sales growth in the quarter.

Financing Activities

(in millions of dollars)	Three Months Ended December 31 2023 $	2022 $	Twelve Months Ended December 31 2023 $	2022 $
Proceeds from (repayments of) long-term debt	(0.3)	(6.7)	(242.3)	462.9
Proceeds from private placement notes	-	-	550.0	-
Proceeds from exercise of stock options	2.1	1.1	2.1	1.1
Repurchase of shares	-	(42.4)	-	(236.1)
Dividends	(13.5)	(12.3)	(54.1)	(51.1)
Finance income received (expenses paid)	(10.5)	(7.4)	(48.3)	(20.4)
Cash generated from (used in) financing activities	(22.2)	(67.7)	207.4	156.4

Cash used for financing activities for Q4 2023 was $22.2 million compared to $67.7 million used in Q4 2022 and 2023 financing activities generated $207.4 million of cash compared to $156.4 million generated in 2022. Financing activities in Q4 2023 were primarily driven by dividends issued to shareholders and finance expenses paid compared to Q4 2022 with the additional funds used for the Company's repurchase of shares under its 2022 NCIB program. In 2023 the increase in cash generated was driven by the issuance of the Company's new 2033 Notes partially offset by its repayment of long-term debt. In 2022, the Company's generation of cash was driven primarily by proceeds from borrowings related to the 2022 acquisitions partially offset by the use of $236.1 million for the repurchase of shares under its 2022 NCIB program.

Investing Activities

(in millions of dollars)	Three Months Ended December 31 2023 $	2022 $	Twelve Months Ended December 31 2023 $	2022 $
Payments for purchase of property, plant and equipment	(194.7)	(154.3)	(762.7)	(410.6)
Proceeds on disposal of property, plant and equipment	1.4	1.4	3.7	36.2
Payments for purchase of intangible assets	(9.7)	(3.9)	(27.5)	(12.6)
Business acquisitions, net of cash acquired	(88.7)	2.8	(407.1)	(325.5)
Other	-	(0.4)	(0.4)	(3.2)
Cash generated from (used in) investing activities	(291.7)	(154.4)	(1,194.0)	(715.7)

Cash used for investing activities for Q4 2023 was $291.7 million compared to Q4 2022 at $154.4 million. For 2023 cash used on investing activities was $1,194.0 million compared to 2022 at $715.7 million. In addition to the Company's ongoing purchase of property, plant and equipment, the primary use of cash in Q4 2023 was for the acquisition of the Chassis and Suspension Business and in Q2 2022 were for the acquisitions of LLM Mills River and Salford.

Liquidity and Capital Resources

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

At December 31, 2023, cash and cash equivalents, including short-term deposits was $653.3 million and the Company's credit facilities had available credit of $668.4 million. Combined, the Company believes this liquidity[1] of $1.3 billion at December 31, 2023 is sufficient to meet cash flow needs. Free cash flow[1] was $83.1 million for Q4 2023 primarily due to cash generated from operating activities, partially offset by payments for the purchase of property, plant and equipment.

Commitments and Contingencies

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

(in millions of dollars)	Total $	1 year $	Later than 1 year and not later than 5 years $	Later than 5 years $
Long-Term Debt Principal, excluding Lease Liabilities	1,573.7	5.1	521.1	1,047.5
Lease Liabilities[2]	240.8	42.7	129.7	68.4
Purchase Commitments	420.0	420.0	-	-
Total Contractual Obligations	2,234.5	467.8	650.8	1,115.9

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

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

The Company occasionally provides guarantees to third parties who, in turn, provide financing to certain Linamar customers for industrial products. In addition, the Company has provided limited guarantees within the purchase agreements of derecognized receivables as discussed in the notes to the Company's consolidated financial statements for the year ended December 31, 2023.

From time to time, the Company may be contingently liable for litigation, legal and/or regulatory actions and proceedings and other claims. These claims, and other details surrounding its financial liabilities, off-balance sheet obligations, or other contractual obligations as applicable, are described in the notes to Company's consolidated financial statements for the year ended December 31, 2023.

Financial Instruments

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

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

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

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

Subsequent to year end, effective in February 2024, the Company received funding of $700.0 million through a new term credit agreement. The Company applied the proceeds of this funding to the acquisition of Bourgault Industries Ltd. and general corporate purposes. The term credit agreement has similar terms and conditions as Linamar's existing credit facility. The term credit agreement will mature in three years to closely align to the maturing of Linamar's existing revolving credit facility.

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

For more information, please see the notes to the Company's consolidated financial statements for the year ended December 31, 2023.

CURRENT AND PROPOSED TRANSACTIONS

On August 3, 2023, the Company acquired three battery enclosure facilities from Dura-Shiloh ("Battery Enclosures Business") through the acquisition of certain assets and shares. The acquisition will increase the Company's electrified product portfolio with increased future battery electric vehicle content. The preliminary purchase price is $318.9 million.

On October 31, 2023, the Company acquired a substantial portion of the US-based assets from Mobex Fourth and 1, LLC ("Chassis and Suspension Business") and certain of its affiliates. The acquisition will increase the Company's propulsion-agnostic solutions that can be supplied to BEV, hybrid, and internal combustion-powered vehicle applications. The preliminary purchase price is $88.7 million.

Subsequent to year end, on February 1, 2024, the Company closed the acquisition of 100% of the equity interest of Bourgault Industries Ltd. ("Bourgault") for a preliminary purchase price of $640.0 million. Headquartered in St. Brieux, Saskatchewan, Canada, Bourgault is a market and technology leader in broad acre seeding.

Due to the timing of the close and complexities associated with these transactions, 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 December 31, 2023.

RISK MANAGEMENT

The following risk factors, as well as the other information contained in this MD&A, the Company's Annual Information Form for the year ended December 31, 2023 or otherwise incorporated herein by reference, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

Competition, Outsourcing and Insourcing

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

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

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

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

Sources and Availability of Raw Materials

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

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

Labour Markets and Dependence on Key Personnel

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

Dependence on Certain Customers

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

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

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

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

Technological Change and Product Launches

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

Public Health Threats

In early 2020, COVID-19 quickly spread in multiple countries and was declared a pandemic by the World Health Organization. The pandemic and resulting economic contraction significantly impacted the health and economic wellbeing of our employees, customers, suppliers, global and local communities.

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

Foreign Business Risk

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

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

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

Foreign Currency Risk

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

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

Long-term Contracts

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

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

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

Acquisition and Expansion Risk

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

Cyclicality and Seasonality

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

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

Legal Proceedings and Insurance Coverage

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

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

Credit Risk

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

Weather

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

Emission Standards

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

Capital and Liquidity Risk

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

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

Tax Laws

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

Securities Laws Compliance and Corporate Governance Standards

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

Environmental Matters

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

As of December 31, 2023, the Company's management evaluated the effectiveness of the Company's disclosure controls and procedures, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

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

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

Internal Control over Financial Reporting

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

As of December 31, 2023, the Company's management evaluated the effectiveness of the Company's internal control over financial reporting, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

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

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

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

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 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 i) the Battery Enclosures Business, which the Company acquired on August 3, 2023, and ii) the Chassis and Suspension Business, which the Company acquired on October 31, 2023. The chart below presents the summary financial information of the Battery Enclosures Business and the Chassis and Suspension Business:

	From the Date of Acquisition for the Period Ended December 31 2023	
(in millions of dollars)	Battery Enclosures Business $	Chassis and Suspension Business $
Sales	135.7	94.7
Net Earnings (Loss) for the Period	6.3	2.6
Current Assets	102.3	92.4
Non-Current Assets	404.7	160.1
Current Liabilities	50.0	138.2
Non-Current Liabilities	54.3	47.5

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

Impairment of Non-Financial Assets

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

Current Income Taxes

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

Deferred Income Tax Assets and Liabilities

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

Useful Lives of Depreciable Assets

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

Purchase Price Allocations

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

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2023 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 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 December 31		Twelve Months Ended December 31	
	2023	2022	2023	2022
(in millions of dollars)	$	$	$	$
Gain on sale of unused land	-	-	-	(22.1)
Net gain on the purchase of LLM Mills River	-	(7.7)	-	(7.7)
Adjustment for contingent consideration of Mills River earn-out	-	-	4.9	-
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) - Normalized	-	(7.7)	4.9	(29.8)
Gain on sale of unused land	-	-	-	(22.1)
Net gain on the purchase of LLM Mills River	-	(7.7)	-	(7.7)
Adjustment for contingent consideration of Mills River earn-out	-	-	4.9	-
Other items	-	(7.7)	4.9	(29.8)
Asset impairment provision, net of reversals	0.3	(0.1)	0.3	-
Other items and asset impairments impacting EBITDA – Normalized	0.3	(7.8)	5.2	(29.8)

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by $0.3 million for Q4 2023 and $0.3 million for full year 2023 ($0.1 million gain for Q4 2022 and $Nil full year 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 $6.9 million and $13.4 million respectively.

During Q4 2022, a normalizing item related to a “net gain on the purchase of LLM Mills River” impacted the Mobility segment by $7.7 million. The Company’s acquisition of the remaining 50% interest in the joint venture, LLM Mills River, resulted in a gain on bargain purchase of $29.4 million partially offset by a remeasurement of the original net investment of $21.7 million. During Q1 2022, a normalizing item related to a “gain on sale of unused land” impacted the Mobility segment by $22.1 million.

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

	Three Months Ended December 31				Twelve Months Ended December 31			
	2023	2022	+/-	+/-	2023	2022	+/-	+/-
(in millions of dollars, except per share figures)	$	$	$	%	$	$	$	%
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	169.6	131.5	38.1	29.0%	774.8	594.8	180.0	30.3%
Foreign exchange (gain) loss	22.3	17.1	5.2		19.2	0.1	19.1	
Other items	-	(7.7)	7.7		4.9	(29.8)	34.7	
Operating Earnings (Loss) – Normalized	191.9	140.9	51.0	36.2%	798.9	565.1	233.8	41.4%
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	104.4	92.2	12.2	13.2%	503.1	426.2	76.9	18.0%
Foreign exchange (gain) loss	22.3	17.1	5.2		19.2	0.1	19.1	
Foreign exchange (gain) loss on debt and derivatives	2.5	0.3	2.2		2.5	1.5	1.0	
Other items	-	(7.7)	7.7		4.9	(29.8)	34.7	
Tax impact including Other Items	(7.0)	(2.4)	(4.6)		11.4	2.5	8.9	
Net Earnings (Loss) – Normalized	122.2	99.5	22.7	22.8%	541.1	400.5	140.6	35.1%

(in millions of dollars, except per share figures)	2023 $	2022 $	Three Months Ended December 31 +/- $	+/- %	2023 $	2022 $	Twelve Months Ended December 31 +/- $	+/- %
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	1.69	1.49	0.20	13.4%	8.17	6.67	1.50	22.5%
Foreign exchange (gain) loss	0.36	0.27	0.09		0.31	-	0.31	
Foreign exchange (gain) loss on debt and derivatives	0.04	0.01	0.03		0.04	0.02	0.02	
Other items	-	(0.12)	0.12		0.08	(0.47)	0.55	
Tax impact including Other Items	(0.11)	(0.04)	(0.07)		0.18	0.04	0.14	
Net Earnings (Loss) per Share – Diluted – Normalized	1.98	1.61	0.37	23.0%	8.78	6.26	2.52	40.3%
EBITDA and EBITDA – Normalized								
Net Earnings (Loss) before income taxes	144.9	120.1	24.8	20.6%	703.8	563.1	140.7	25.0%
Amortization of property, plant and equipment	119.2	97.6	21.6		427.4	382.8	44.6	
Amortization of other intangible assets	17.3	15.7	1.6		64.1	58.2	5.9	
Interest expense	20.8	10.9	9.9		69.4	28.3	41.1	
Other interest	5.3	3.9	1.4		20.7	9.8	10.9	
EBITDA	307.5	248.2	59.3	23.9%	1,285.4	1,042.2	243.2	23.3%
Foreign exchange (gain) loss	22.3	17.1	5.2		19.2	0.1	19.1	
Foreign exchange (gain) loss on debt and derivatives	2.5	0.3	2.2		2.5	1.5	1.0	
Asset impairment provision, net of reversals	0.3	(0.1)	0.4		0.3	-	0.3	
Other items	-	(7.7)	7.7		4.9	(29.8)	34.7	
EBITDA – Normalized	332.6	257.8	74.8	29.0%	1,312.3	1,014.0	298.3	29.4%

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

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

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

Other Non-GAAP Financial Measures

Free Cash Flow

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

Liquidity

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

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

(in millions of dollars)	Three Months Ended December 31 2023 $	2022 $	Twelve Months Ended December 31 2023 $	2022 $
Free Cash Flow				
Cash generated from (used in) operating activities	276.4	221.0	793.6	468.1
Payments for purchase of property, plant and equipment	(194.7)	(154.3)	(762.7)	(410.6)
Proceeds on disposal of property, plant and equipment	1.4	1.4	3.7	36.2
Free Cash Flow	83.1	68.1	34.6	93.7
Liquidity				
Cash and cash equivalents	653.3	860.5	653.3	860.5
Available credit	668.4	462.5	668.4	462.5
Liquidity	1,321.7	1,323.0	1,321.7	1,323.0

Supplementary Financial Measures

Content per Vehicle

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

Summary of Content per Vehicle by Quarter

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

Estimates as of December 31, 2023			Three Months Ended					Year to Date
	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
North America	2023	2023	2023	2023	2023	2023	2023	2023
Vehicle Production Units	4.04	4.24	4.10	3.87	4.04	8.29	12.38	16.25
Automotive Sales	$ 983.5	$ 1,011.9	$ 1,011.4	$ 1,064.7	$ 983.5	$ 1,995.4	$ 3,006.9	$ 4,071.5
Content Per Vehicle	$ 243.26	$ 238.43	$ 246.94	$ 275.28	$ 243.26	$ 240.79	$ 242.82	$ 250.55
Europe								
Vehicle Production Units	4.63	4.65	3.92	4.60	4.63	9.29	13.21	17.81
Automotive Sales	$ 449.4	$ 465.9	$ 458.5	$ 456.5	$ 449.4	$ 915.2	$ 1,373.7	$ 1,830.2
Content Per Vehicle	$ 96.99	$ 100.10	$ 116.98	$ 99.25	$ 96.99	$ 98.55	$ 104.02	$ 102.79
Asia Pacific								
Vehicle Production Units	11.66	12.13	13.26	14.37	11.66	23.79	37.04	51.41
Automotive Sales	$ 110.8	$ 125.3	$ 138.7	$ 152.1	$ 110.8	$ 236.2	$ 374.9	$ 527.0
Content Per Vehicle	$ 9.51	$ 10.33	$ 10.46	$ 10.59	$ 9.51	$ 9.93	$ 10.12	$ 10.25

Estimates as of September 30, 2023		Three Months Ended			Year to Date
	Mar 31	Jun 30	Sep 30	Mar 31	Jun 30	Sep 30
North America	2023	2023	2023	2023	2023	2023
Vehicle Production Units	4.04	4.24	4.14	4.04	8.28	12.42
Automotive Sales	$ 983.3	$ 1,011.5	$ 1,011.2	$ 983.3	$ 1,994.8	$ 3,006.0
Content Per Vehicle	$ 243.22	$ 238.47	$ 244.54	$ 243.22	$ 240.79	$ 242.04
Europe						
Vehicle Production Units	4.62	4.65	3.86	4.62	9.27	13.13
Automotive Sales	$ 449.7	$ 466.4	$ 458.8	$ 449.7	$ 916.0	$ 1,374.9
Content Per Vehicle	$ 97.29	$ 100.30	$ 119.01	$ 97.29	$ 98.80	$ 104.73
Asia Pacific						
Vehicle Production Units	11.66	12.15	12.99	11.66	23.80	36.79
Automotive Sales	$ 110.8	$ 125.2	$ 138.7	$ 110.8	$ 236.10	$ 374.8
Content Per Vehicle	$ 9.51	$ 10.31	$ 10.68	$ 9.51	$ 9.92	$ 10.19

Change in Estimates from Prior Quarter		Three Months Ended			Year to Date
	Mar 31	Jun 30	Sep 30	Mar 31	Jun 30	Sep 30
	2023	2023	2023	2023	2023	2023
North America	+/-	+/-	+/-	+/-	+/-	+/-
Vehicle Production Units	-	-	(0.04)	-	0.01	(0.04)
Automotive Sales	$ 0.2	$ 0.4	$ 0.2	$ 0.2	$ 0.6	$ 0.9
Content Per Vehicle	$ 0.04	$ (0.04)	$ 2.40	$ 0.04	$ -	$ 0.78
Europe						
Vehicle Production Units	0.01	-	0.06	0.01	0.02	0.08
Automotive Sales	$ (0.3)	$ (0.5)	$ (0.3)	$ (0.3)	$ (0.8)	$ (1.2)
Content Per Vehicle	$ (0.30)	$ (0.20)	$ (2.03)	$ (0.30)	$ (0.25)	$ (0.71)
Asia Pacific						
Vehicle Production Units	-	(0.02)	0.27	-	(0.01)	0.25
Automotive Sales	$ -	$ 0.1	$ -	$ -	$ 0.1	$ 0.1
Content Per Vehicle	$ -	$ 0.02	$ (0.22)	$ -	$ 0.01	$ (0.07)

FORWARD LOOKING INFORMATION

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

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

Linamar's competitors; delays in or operational issues with product launches; foreign currency risk; long-term contracts that are not guaranteed; acquisition and expansion risk; foreign business risk; public health threats; cyclicality and seasonality; legal proceedings and insurance coverage; credit risk; weather; emission standards; capital and liquidity risk; tax laws; securities laws compliance and corporate governance standards; fluctuations in interest rates; environmental emissions and safety regulations; trade and labour disruptions; world political events; pricing concessions to customers; and governmental, environmental and regulatory policies.

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

LINAMAR CORPORATION

Consolidated Interim Statements of Financial Position

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

	December 31 2023 $	December 31 2022 $
ASSETS		
Cash and cash equivalents	653,327	860,515
Accounts and other receivables	1,343,322	1,160,509
Inventories	1,836,665	1,509,302
Income taxes recoverable	41,481	76,733
Current portion of long-term receivables (Note 6)	24,151	24,754
Current portion of derivative financial instruments (Note 6)	32,970	14,160
Prepaid expenses and other current assets	65,052	47,313
Current Assets	3,996,968	3,693,286
Long-term receivables (Note 6)	39,142	47,630
Derivative financial instruments (Note 6)	5,110	2,247
Property, plant and equipment	3,652,498	2,793,091
Investments	8,227	18,185
Deferred tax assets	172,832	170,115
Intangible assets	942,274	902,918
Goodwill	1,033,449	948,919
Assets	9,850,500	8,576,391
LIABILITIES		
Accounts payable and accrued liabilities	2,328,651	2,011,694
Provisions	49,255	35,599
Income taxes payable	95,781	50,425
Current portion of long-term debt (Notes 6, 7)	40,530	26,733
Current portion of derivative financial instruments (Note 6)	4,698	31,974
Current Liabilities	2,518,915	2,156,425
Long-term debt (Notes 6, 7)	1,731,817	1,281,641
Derivative financial instruments (Note 6)	139	3,677
Deferred tax liabilities	277,526	322,937
Liabilities	4,528,397	3,764,680
EQUITY		
Capital stock	142,100	138,925
Retained earnings	5,046,422	4,597,513
Contributed surplus	34,177	31,359
Accumulated other comprehensive earnings (loss)	99,404	43,914
Equity	5,322,103	4,811,711
Liabilities and Equity	9,850,500	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 twelve months ended December 31, 2023 and December 31, 2022 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2023	2022	2023	2022
	$	$	$	$
Sales	2,453,875	2,060,039	9,733,532	7,917,911
Cost of sales	2,133,697	1,811,194	8,410,685	6,943,101
Gross Margin	320,178	248,845	1,322,847	974,810
Selling, general and administrative	131,462	110,117	526,649	411,176
Other income and (expenses) (Note 8)	(19,163)	(7,235)	(21,374)	31,197
Operating Earnings (Loss)	169,553	131,493	774,824	594,831
Share of net earnings (loss) of investments accounted for using the equity method	-	-	-	(6,086)
Finance income and (expenses) (Note 9)	(24,638)	(11,362)	(71,013)	(25,657)
Net Earnings (Loss) before Income Taxes	144,915	120,131	703,811	563,088
Provision for (recovery of) income taxes	40,558	27,935	200,757	136,894
Net Earnings (Loss) for the Period	104,357	92,196	503,054	426,194
Net Earnings (Loss) per Share:				
Basic	1.70	1.49	8.18	6.67
Diluted	1.69	1.49	8.17	6.67

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

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2023	2022	2023	2022
	$	$	$	$
Net Earnings (Loss) for the Period	104,357	92,196	503,054	426,194
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	37,573	141,545	27,258	84,120
Change in unrealized gains (losses) on net investment hedges	(8,992)	(30,016)	(4,576)	(3,072)
Change in unrealized gains (losses) on cash flow hedges	27,863	16,546	39,087	(33,798)
Change in cost of hedging	(1,727)	(2,778)	(4,799)	4,441
Reclassification to earnings of gains (losses) on cash flow hedges	2,172	9,815	7,317	21,750
Tax impact of above	(7,132)	(5,542)	(10,936)	3,756
Other Comprehensive Earnings (Loss)	49,757	129,570	53,351	77,197
Comprehensive Earnings (Loss) for the Period	154,114	221,766	556,405	503,391

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

LINAMAR CORPORATION
Consolidated Interim Statements of Changes in Equity
For the twelve months ended December 31, 2023 and December 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)	-	503,054	-	-	-	503,054
Other comprehensive earnings (loss)	-	-	-	22,682	30,669	53,351
Comprehensive Earnings (Loss)	-	503,054	-	22,682	30,669	556,405
Hedging transferred to the carrying value of inventory	-	-	-	-	2,139	2,139
Share-based compensation	-	-	3,937	-	-	3,937
Shares issued on exercise of options	3,175	-	(1,119)	-	-	2,056
Dividends	-	(54,145)	-	-	-	(54,145)
Balance at December 31, 2023	142,100	5,046,422	34,177	82,446	16,958	5,322,103

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

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

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2023	2022	2023	2022
	$	$	$	$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period	104,357	92,196	503,054	426,194
Adjustments for:				
Amortization of property, plant and equipment	119,230	97,557	427,430	382,755
Amortization of other intangible assets	17,288	15,680	64,092	58,217
Deferred income taxes	(18,210)	10,524	(62,679)	(14,809)
Asset impairment provision, net of reversals	337	(71)	365	68
Share-based compensation	1,170	765	3,937	3,059
Equity investment (earnings) loss	-	-	-	6,086
Finance (income) and expenses	24,638	11,362	71,013	25,657
Gain on bargain purchase	-	(29,440)	-	(29,440)
Remeasurement of net investment in joint venture	-	21,773	-	21,773
Other	525	6,114	(5,111)	(14,283)
	249,335	226,460	1,002,101	865,277
Changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	167,876	174,153	(120,033)	(215,353)
(Increase) decrease in inventories	(108,568)	(55,947)	(239,837)	(351,132)
(Increase) decrease in prepaid expenses and other current assets	(4,366)	6,639	(3,656)	(4,777)
(Increase) decrease in long-term receivables	(4,091)	4,647	4,163	19,230
Increase (decrease) in income taxes	7,161	(50,586)	72,839	(82,870)
Increase (decrease) in accounts payable and accrued liabilities	(32,400)	(83,589)	74,792	239,287
Increase (decrease) in provisions	1,467	(755)	3,183	(1,531)
	27,079	(5,438)	(208,549)	(397,146)
Cash generated from (used in) operating activities	276,414	221,022	793,552	468,131
Financing Activities				
Proceeds from (repayments of) long-term debt	(283)	(6,659)	(242,337)	462,924
Proceeds from private placement notes	-	-	550,000	-
Proceeds from exercise of stock options	2,056	1,079	2,056	1,079
Repurchase of shares	-	(42,382)	-	(236,077)
Dividends	(13,536)	(12,345)	(54,145)	(51,121)
Finance income received (expenses paid)	(10,466)	(7,381)	(48,178)	(20,417)
Cash generated from (used in) financing activities	(22,229)	(67,688)	207,396	156,388
Investing Activities				
Payments for purchase of property, plant and equipment	(194,660)	(154,370)	(762,709)	(410,650)
Proceeds on disposal of property, plant and equipment	1,344	1,405	3,778	36,170
Payments for purchase of intangible assets	(9,640)	(3,850)	(27,584)	(12,604)
Business acquisitions, net of cash acquired (Note 13)	(88,730)	2,819	(407,060)	(325,533)
Other	(14)	(381)	(439)	(3,125)
Cash generated from (used in) investing activities	(291,700)	(154,377)	(1,194,014)	(715,742)
	(37,515)	(1,043)	(193,066)	(91,223)
Effect of translation adjustment on cash	(3,772)	5,525	(14,122)	23,310
Increase (decrease) in cash and cash equivalents	(41,287)	4,482	(207,188)	(67,913)
Cash and cash equivalents - Beginning of Period	694,614	856,033	860,515	928,428
Cash and cash equivalents - End of Period	653,327	860,515	653,327	860,515
Comprised of:				
Cash in bank	392,636	396,162	392,636	396,162
Short-term deposits	266,158	467,266	266,158	467,266
Unpresented cheques	(5,467)	(2,913)	(5,467)	(2,913)
	653,327	860,515	653,327	860,515

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

1 General Information

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

The consolidated interim financial statements of the Company for the period ended December 31, 2023 were authorized for issue in accordance with a resolution of the Company's Board of Directors on March 6, 2024.

2 Basis of Preparation and Material Accounting Policies

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

These interim financial statements have been prepared in accordance with IFRS Accounting Standards 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, 2023. 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, 2023. 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. Several jurisdictions where the Company operates have enacted Pillar Two, however, the impact is still being assessed. The Company continues to monitor the other jurisdictions when they plan to enact or substantively enact Pillar Two rules. The IAS 12 amendments for a temporary exception to the accounting and disclosures for deferred taxes related to Pillar Two income taxes have been applied. Due to the complexities in applying the legislation and calculating the impacts, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Company continues to assess the impact of the Pillar Two legislation on its future financial performance.

New Standards and Interpretations Not Yet Adopted

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

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

Effective for the annual financial statements relating to fiscal years beginning on or after January 1, 2024, the International Accounting Standards Board issued disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on the Company's liabilities, cash flows and exposure to liquidity risk. 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 Accounting Standards requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. 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, 2023.

5 Seasonality

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

6 Composition of Financial Instruments

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

		December 31, 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)	63,293	62,803	72,384	71,305
Derivative financial instruments (hedge relationships)					
USD sales forwards – CAD functional entities	Fair value (Level 2)	15,385	15,385	(30,651)	(30,651)
USD sales forwards – MXN functional entities	Fair value (Level 2)	20,653	20,653	11,414	11,414
USD sales forwards – CNY functional entities	Fair value (Level 2)	(702)	(702)	392	392
CAD purchase forwards – GBP functional entities	Fair value (Level 2)	-	-	(399)	(399)
Derivative financial instruments (held for trading)					
CAD foreign currency forwards	Fair value (Level 2)	(2,093)	(2,093)	-	-
Investment designated at fair value through other comprehensive income	Fair value (Level 3)	8,227	8,227	7,952	7,952
Long-term debt, excluding lease liabilities	Amortized cost (Level 2)	(1,568,834)	(1,478,148)	(1,228,848)	(1,156,636)

7 Long-Term Debt

	December 31 2023 $	December 31 2022 $
Private placement notes	1,015,213	461,782
Bank borrowings	485,195	694,940
Lease liabilities	203,513	79,526
Government borrowings	68,426	72,126
	1,772,347	1,308,374
Less: current portion	40,530	26,733
	1,731,817	1,281,641

In June 2023, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of $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 were used for general corporate purposes including the Battery Enclosures Business acquisition (Note 13).

As of December 31, 2023, $668,365 was available under the revolving credit facility.

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

In February 2024, the Company entered into a new term credit agreement for $700,000 in connection with the acquisition of the Bourgault Group of Companies (Note 13) and general corporate purposes. The term credit agreement is repayable in three tranches with the last expiring in February 2027 and has terms and conditions largely consistent with the Company's existing credit facility. Borrowings are subject to short-term market rates, plus applicable margin. The term credit agreement is unsecured and guaranteed by material subsidiaries of the Company, as defined in the agreement. The borrowings require the Company to maintain certain financial ratios and impose limitations on specified activities.

8 Other Income and (Expenses)

	Three Months Ended		Twelve Months Ended	
		December 31		December 31
	2023	2022	2023	2022
	$	$	$	$
Foreign exchange gain (loss)	(22,320)	(17,044)	(19,192)	(70)
Gain on sale of unused land	-	-	-	22,157
Gain on bargain purchase	-	29,440	-	29,440
Remeasurement of net investment in joint venture	-	(21,773)	-	(21,773)
Other income (expense)	3,157	2,142	(2,182)	1,443
	(19,163)	(7,235)	(21,374)	31,197

9 Finance Income and (Expenses)

	Three Months Ended		Twelve Months Ended	
		December 31		December 31
	2023	2022	2023	2022
	$	$	$	$
Interest expense	(20,745)	(10,888)	(69,370)	(28,337)
Foreign exchange gain (loss) on debt and derivatives	(2,514)	(381)	(2,505)	(1,647)
Interest earned	5,123	5,361	25,884	18,916
Other	(6,502)	(5,454)	(25,022)	(14,589)
	(24,638)	(11,362)	(71,013)	(25,657)

10 Commitments

As at December 31, 2023, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $419,983 (December 31, 2022 - $400,953). Of this amount $350,151 (December 31, 2022 - $346,701) relates to the purchase of manufacturing equipment and $69,832 (December 31, 2022 - $54,252) relates to general contracting and construction costs in respect of plant construction. Of the commitments for plant construction, $55,313 (December 31, 2022 - $2,467) 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

Building additions made by a related party, a company owned by the spouse of an officer and director, were $19,608 for the three months ended December 31, 2023 and $54,948 for the twelve months ended December 31, 2023 ($1,508 for the three months ended December 31, 2022 and $13,121 for the twelve months ended December 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 propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered markets.

Industrial: The Industrial segment is a world leader in the design and production of innovative 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 December 31, 2023			Twelve Months Ended December 31, 2023		
	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $
Mobility	1,846,473	17,003	83,740	7,087,269	56,878	313,946
Industrial	607,402	3,009	85,813	2,646,263	11,521	460,878
Total	2,453,875	20,012	169,553	9,733,532	68,399	774,824

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

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2023 $	2022 $	2023 $	2022 $
Canada	1,211,590	1,076,606	5,226,312	4,130,497
Rest of North America	481,357	280,525	1,457,682	1,065,102
Asia Pacific	189,995	187,234	646,531	643,157
Europe	570,933	515,674	2,403,007	2,079,155
Total	2,453,875	2,060,039	9,733,532	7,917,911

13 Business Acquisitions

(i) Battery Enclosures Business

On August 3, 2023, the Company acquired three battery enclosures facilities from Dura-Shiloh ("Battery Enclosures Business") through the acquisition of certain assets and shares. The acquisition will increase the Company's electrified product portfolio with increased future battery electric vehicle content. The preliminary purchase price is $318,860.

Due to the timing of the close and complexities associated with these transactions, the determination of the fair value of the purchase price, assets acquired and liabilities assumed, is not yet complete and are subject to further adjustments. The Company has recorded a preliminary amount of $80,572 to goodwill as the current unallocated portion of the purchase price. The Company will update this balance and disclose the finalized purchase price allocation when the determination of the fair value is complete. The following table summarizes the consideration paid for the Battery Enclosures Business' acquired net assets, recognized at the acquisition date, which has been accounted for as a business combination.

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

Preliminary summary of identifiable assets acquired and liabilities assumed after acquisition completed on August 3, 2023:

	$
Cash and cash equivalents	530
Accounts and other receivables	30,071
Inventories	33,097
Prepaid expenses and other current assets	7,602
Property, plant and equipment	223,291
Leased assets	48,171
Intangible assets	60,450
Goodwill	80,572
Total assets acquired	483,784
Accounts payable and accrued liabilities	104,968
Lease liabilities	48,171
Deferred tax liabilities	11,785
Total liabilities assumed	164,924
Preliminary net identifiable assets acquired	318,860

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

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

(ii) Chassis and Suspension Business

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

Due to the timing of the close and complexities associated with these transactions, the determination of the fair value of the purchase price, assets acquired and liabilities assumed, is not yet complete and are subject to further adjustments. The Company has recorded a preliminary amount of $Nil to goodwill as the current unallocated portion of the purchase price. The Company will update this balance and disclose the finalized purchase price allocation when the determination of the fair value is complete. The following table summarizes the consideration paid for the acquired net assets, recognized at the acquisition date, which has been accounted for as a business combination.

Preliminary summary of identifiable assets acquired and liabilities assumed after acquisition completed on October 31, 2023:

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

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

(iii) 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.

(iv) Bourgault Group of Companies

Subsequent to year end, on February 1, 2024 the Company closed the acquisition of 100% of the equity interest of Bourgault Industries Ltd. ("Bourgault") for a preliminary purchase price of $640,000. Headquartered in St. Brieux, Saskatchewan, Canada, Bourgault is a market and technology leader in broad acre seeding.