

Record Electrified New Business Wins; Two Acquisitions Announced; and a Strong Balance Sheet Start Linamar's 2022 Off on a Strategic High

May 11, 2022, Guelph, Ontario, Canada (TSX: LNR)

- Excellent new business wins ("NBW"), strongest Q1 in our history;
- Wins are primarily with electrified vehicles at nearly 75% of total wins, already nearly double in dollars all of 2021;
- NBWs take launch book to nearly \$4.4 billion;
- Sales at \$1.8 billion flat in a tough market;
 - Up 5.7% for Industrial; and
 - Relatively flat for Mobility despite down markets.
- 16th consecutive quarter of positive free cash flow¹ continuing the Company's excellent balance sheet management;
- Liquidity¹, measured as cash and cash equivalents and available credit as at March 31, 2022, was \$1.9 billion an increase from \$1.6 billion at March 31, 2021;
- Strong content per vehicle¹ growth in North America and Europe driven by growing sales despite very tough, down markets; and
- Sales growth for access equipment sales despite challenging supply chain conditions.

	Three Months Ended March 31	
	2022	2021
(in millions of dollars, except per share figures)	\$	\$
Sales	1,778.1	1,781.9
Operating Earnings (Loss)		
Industrial	21.5	35.7
Mobility	112.6	185.5
Operating Earnings (Loss)	134.1	221.2
Net Earnings (Loss)	96.3	153.5
Net Earnings (Loss) per Share – Diluted	1.47	2.34
Earnings before interest, taxes and amortization ("EBITDA") ¹	238.7	332.7
Operating Earnings (Loss) – Normalized¹		
Industrial	13.4	45.9
Mobility	93.1	175.4
Operating Earnings (Loss) – Normalized	106.5	221.3
Net Earnings (Loss) – Normalized¹	70.9	158.3
Net Earnings (Loss) per Share – Diluted – Normalized¹	1.08	2.41
EBITDA – Normalized¹	210.8	341.3

Operating Highlights

Sales for the first quarter of 2022 ("Q1 2022") were \$1,778.1 million, down \$3.8 million from \$1,781.9 million in the first quarter of 2021 ("Q1 2021").

The Industrial segment ("Industrial") product sales increased 5.7%, or \$19.9 million, to \$368.2 million in Q1 2022 from Q1 2021. The sales increase was due to:

- additional access equipment sales primarily due to increased market volumes in North America for scissors, booms and telehandlers;
- increased pricing to help relieve increased supply chain costs; partially offset by
- agricultural sales declines due to supply chain and labour constraints which are significantly impacting our ability to deliver equipment; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q1 2021.

Sales for the Mobility segment ("Mobility") decreased by \$23.7 million, or 1.7% in Q1 2022 compared with Q1 2021. The sales in Q1 2022 were impacted by:

- a sales decline primarily attributed to adverse conditions associated with supply related issues experienced by our customers; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q1 2021; partially offset by
- increased sales related to index metal market pricing partially offsetting the associated raw material increases; and
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with.

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

The Company's normalized operating earnings for Q1 2022 was \$106.5 million. This compares to normalized operating earnings of \$221.3 million in Q1 2021, a decrease of \$114.8 million.

Industrial segment normalized operating earnings in Q1 2022 decreased \$32.5 million, or 70.8% from Q1 2021. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in material, labour, freight and utilities costs;
- a decrease in agricultural sales;
- an unfavourable impact from the changes in foreign exchange rates from Q1 2021; and
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; partially offset by
- an increase in access equipment sales; and
- increased pricing to help relieve increased supply chain costs.

Q1 2022 normalized operating earnings for Mobility were lower by \$82.3 million, or 46.9% compared to Q1 2021. The Mobility segment's earnings were impacted by the following:

- an increase in material, utilities, freight and labour costs;
- a sales decline primarily attributed to adverse conditions associated with supply related issues experienced by our customers;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; and
- an unfavourable impact from the changes in foreign exchange rates from Q1 2021; partially offset by
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with.

"2022 has started off very challenging in terms of supply chain and other constraints impacting our performance but despite such I feel we have had an excellent start to the year," said Linamar Executive Chair and CEO Linda Hasenfratz, "We had our best ever first quarter in terms of new business wins with huge wins on the electrified side – 72% of wins and already almost double the total level of electrified wins last year. We announced 2 strategic acquisitions and continue to generate positive free cash flow. Strategically we are firing on all cylinders. We feel we are slowly making gains on the volatility and supply chain side and remain focused on generating double digit EPS growth this year."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended March 31, 2022 of CDN\$0.20 per share on the common shares of the company, payable on or after June 8, 2022 to shareholders of record on May 27, 2022.

Non-GAAP And Other Financial Measures

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

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

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

Normalized Non-GAAP Financial Measures and Ratios

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

Operating Earnings (Loss) – Normalized

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

Net Earnings (Loss) – Normalized

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

Net Earnings (Loss) per Share – Diluted – Normalized

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

EBITDA and EBITDA – Normalized

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

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

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

(in millions of dollars)	Three Months Ended	
	2022	March 31 2021
	\$	\$
Gain on sale of unused land	(22.1)	-
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) – Normalized	(22.1)	-
Gain on sale of unused land	(22.1)	-
Other items	(22.1)	-
Asset impairment provision, net of reversals	0.1	2.2
Other items and asset impairments impacting EBITDA – Normalized	(22.0)	2.2

Normalizing items for asset impairment provisions adjusted EBITDA and impacted the Mobility segment by \$0.1 million for the quarter (Q1 2021 – \$2.2 million).

During Q1 2022, a normalizing item related to a “gain on sale of unused land” adjusted the Mobility segment by \$22.1 million.

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

(in millions of dollars)	Three Months Ended			
	2022	2021	March 31	
	\$	\$	+/-	+/-
			\$	%
Operating Earnings (Loss) – Normalized				
Operating Earnings (Loss)	134.1	221.2	(87.1)	(39.4%)
Foreign exchange (gain) loss	(5.5)	0.1	(5.6)	
Other items	(22.1)	-	(22.1)	
Operating Earnings (Loss) – Normalized	106.5	221.3	(114.8)	(51.9%)
Net Earnings (Loss) – Normalized				
Net Earnings (Loss)	96.3	153.5	(57.2)	(37.3%)
Foreign exchange (gain) loss	(5.5)	0.1	(5.6)	
Foreign exchange (gain) loss on debt and derivatives	(0.4)	6.3	(6.7)	
Other items	(22.1)	-	(22.1)	
Tax impact	2.6	(1.6)	4.2	
Net Earnings (Loss) – Normalized	70.9	158.3	(87.4)	(55.2%)

	2022	2021	Three Months Ended March 31	
(in millions of dollars)	\$	\$	+/- \$	+/- %
Net Earnings (Loss) per Share – Diluted – Normalized				
Net Earnings (Loss) per Share – Diluted	1.47	2.34	(0.87)	(37.2%)
Foreign exchange (gain) loss	(0.08)	-	(0.08)	
Foreign exchange (gain) loss on debt and derivatives	(0.01)	0.10	(0.11)	
Other items	(0.34)	-	(0.34)	
Tax impact	0.04	(0.03)	0.07	
Net Earnings (Loss) per Share – Diluted – Normalized	1.08	2.41	(1.33)	(55.2%)
EBITDA and EBITDA – Normalized				
Net Earnings (Loss) before income taxes	127.5	207.4	(79.9)	(38.5%)
Amortization of property, plant and equipment	92.4	107.2	(14.8)	
Amortization of other intangible assets	13.9	11.9	2.0	
Finance costs	3.9	5.4	(1.5)	
Other interest	1.0	0.8	0.2	
EBITDA	238.7	332.7	(94.0)	(28.3%)
Foreign exchange (gain) loss	(5.5)	0.1	(5.6)	
Foreign exchange (gain) loss on debt and derivatives	(0.4)	6.3	(6.7)	
Asset impairment provision, net of reversals	0.1	2.2	(2.1)	
Other items	(22.1)	-	(22.1)	
EBITDA – Normalized	210.8	341.3	(130.5)	(38.2%)

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

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

			Three Months Ended March 31 2021 Linamar \$
(in millions of dollars)	Industrial \$	Mobility \$	
Operating Earnings (Loss) – Normalized			
Operating Earnings (Loss)	35.7	185.5	221.2
Foreign exchange (gain) loss	10.2	(10.1)	0.1
Other items	-	-	-
Operating Earnings (Loss) – Normalized	45.9	175.4	221.3
EBITDA – Normalized			
EBITDA	49.8	282.9	332.7
Foreign exchange (gain) loss	10.2	(10.1)	0.1
Foreign exchange (gain) loss on debt and derivatives	1.2	5.1	6.3
Asset impairment provision, net of reversals	-	2.2	2.2
Other items	-	-	-
EBITDA – Normalized	61.2	280.1	341.3

Other Non-GAAP Financial Measures

Free Cash Flow

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

Liquidity

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

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

		Three Months Ended March 31 2022 \$	2021 \$
(in millions of dollars)			
Free Cash Flow			
Cash generated from (used in) operating activities		62.5	223.9
Payments for purchase of property, plant and equipment		(88.0)	(59.5)
Proceeds on disposal of property, plant and equipment		29.2	1.8
Free Cash Flow		3.7	166.2
Liquidity			
Cash		903.9	671.9
Available credit		957.6	957.5
Liquidity		1,861.5	1,629.4

Supplementary Financial Measures

Content per Vehicle

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

Forward Looking Information, Risk and Uncertainties

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

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some of the factors and risks and uncertainties

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

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

Conference Call Information

Q1 2022 Release Information

Linamar will hold a webcast call on May 11, 2022, at 5:00 p.m. ET to discuss its first quarter results. The event will be simulcast and can be accessed at the following URL <https://www.linamar.com/event/q1-2022-earnings-call> and can also be navigated to on the Company's website. For those who wish to listen to an audio only call-in option, the numbers for this call are (877) 668-0168 (North America) or (825) 312-2386 (International) Conference ID 2056809, 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 11, 2022, and at www.sedar.com by the start of business on May 12, 2022. The webcast replay will be available at <https://www.linamar.com/event/q1-2022-earnings-call> after the call. A taped replay of the conference call will also be made available starting at 8:00 p.m. ET on May 11, 2022, for seven days. The number for the replay is (800) 585-8367 or (416) 621-4642, Passcode: 2056809. In addition, a recording of the call will be posted at <https://www.linamar.com/event/q1-2022-earnings-call>.

Q2 2022 Release Information

Linamar will hold a webcast call on August 10, 2022, at 5:00 p.m. ET to discuss its second quarter results. The event will be simulcast and can be accessed at the following URL <https://www.linamar.com/event/q2-2022-earnings-call> and can also be navigated to on the Company's website. For those who wish to listen to an audio only call-in option, the numbers for this call are +1(888) 886-7786 (North America) or +1(416) 764-8658 (International) Conference ID 14490656, with a call-in required 15 minutes prior to the start of the webcast. The conference call will be chaired by Linda Hasenfratz, Linamar's Executive Chair and Chief Executive Officer. A copy of the Company's quarterly financial statements, including the Management's Discussion & Analysis, will be available on the Company's website after 4:00 p.m. ET on August 10, 2022, and at www.sedar.com by the start of business on August 11, 2022. The webcast replay will be available at <https://www.linamar.com/event/q2-2022-earnings-call> after the call. A taped replay of the conference call will also be made available starting at 8:00 p.m. ET on August 10, 2022, for seven days. The number for the replay is +1(888) 886-7786 or +1(416) 764-8658, Conference ID: 14490656, Passcode: 490656#. In addition, a recording of the call will be posted at <https://www.linamar.com/event/q2-2022-earnings-call>.

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and MacDon. Skyjack manufactures scissor, boom and telehandler lifts for the aerial work platform industry. MacDon manufactures combine draper headers and self-propelled windrowers for the agricultural harvesting industry. The Mobility segment is subdivided into three regional groups: North America, Europe and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered vehicle markets. The Mobility segment products are focused on both components and systems for new energy powertrains, body and chassis, driveline, engine and transmission systems of these vehicles. In addition to the recently formed eLIN Product Solutions Group that focuses on Electrification, McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar has over 26,000 employees in 60 manufacturing locations, 11 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia, which generated sales of \$6.5 billion in 2021. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on our social media channels.

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

Guelph, Ontario
May 11, 2022

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended March 31, 2022

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated interim financial statements for the quarter ended March 31, 2022. This MD&A has been prepared as at May 11, 2022. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS"). References to the term generally accepted accounting principles ("GAAP") refer to information contained herein being prepared under IFRS as adopted. All amounts in this MD&A are in millions of Canadian dollars, unless otherwise noted.

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

OVERALL CORPORATE PERFORMANCE

Overview of the Business

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and MacDon. Skyjack manufactures scissor, boom and telehandler lifts for the aerial work platform industry. MacDon manufactures combine draper headers and self-propelled windrowers for the agricultural harvesting industry. The Mobility segment is subdivided into three regional groups: North America, Europe and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered vehicle markets. The Mobility segment products are focused on both components and systems for new energy powertrains, body and chassis, driveline, engine and transmission systems of these vehicles. In addition to the recently formed eLIN Product Solutions Group that focuses on Electrification, McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar has over 26,000 employees in 60 manufacturing locations, 11 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia, which generated sales of \$6.5 billion in 2021. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on our social media channels.

Overall Corporate Results

The following table sets out certain highlights of the Company's performance in the first quarter of 2022 ("Q1 2022") and 2021 ("Q1 2021"):

(in millions of dollars, except per share figures)	Three Months Ended March 31			
	2022	2021	+/-	+/-
	\$	\$	\$	%
Sales	1,778.1	1,781.9	(3.8)	(0.2%)
Gross Margin	198.2	312.7	(114.5)	(36.6%)
Operating Earnings (Loss)	134.1	221.2	(87.1)	(39.4%)
Net Earnings (Loss)	96.3	153.5	(57.2)	(37.3%)
Net Earnings (Loss) per Share - Diluted	1.47	2.34	(0.87)	(37.2%)
Earnings before interest, taxes and amortization ("EBITDA") ¹	238.7	332.7	(94.0)	(28.3%)
Operating Earnings (Loss) - Normalized ¹	106.5	221.3	(114.8)	(51.9%)
Net Earnings (Loss) - Normalized ¹	70.9	158.3	(87.4)	(55.2%)
Net Earnings (Loss) per Share - Diluted - Normalized ¹	1.08	2.41	(1.33)	(55.2%)
EBITDA – Normalized ¹	210.8	341.3	(130.5)	(38.2%)

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.

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

During 2021 and into 2022, the demand for the Company's products has been negatively impacted by semiconductor supply related issues as well as labour, material and freight costs associated with the pandemic. Therefore, the pandemic and resulting economic contraction have had, and is expected to continue to have, a negative impact on the demand for the Company's products.

Despite these continued impacts, the Company has maintained sufficient liquidity¹ to satisfy its financial obligations during this period and liquidity, measured as cash and cash equivalents and available credit, at March 31, 2022 increased significantly to \$1.9 billion compared with \$1.6 billion at March 31, 2021. The Company's free cash flow¹ was \$3.7 million for Q1 2022 compared to \$166.2 million for the same period of 2021.

Continuing with the first quarter of 2022, the regional COVID-19 restrictions have not had a significant impact on Linamar's sales or expenses as Linamar has been subject to 'essential business' exemptions in the various jurisdictions in which we operate. Consequently, volumes have not been adversely affected by such restrictions. Given the currently available information, these restrictions are not expected to have a significant impact to the Company's performance. However, the length and extent of the COVID-19 pandemic and current and potential future governmental and other responses to it, such as regional business shut-downs, stay-at-home orders, business, border, travel and other restrictions and their impacts on the overall global economy are not known. Accordingly, there is material uncertainty as to the overall impact relating to the Company's future operations due to the ongoing pandemic. The Company is unable to quantify the overall impact of COVID-19 on Linamar's financial results including net of any mitigating factors.

In light of these events, the Company, if necessary, will continue to update its disclosures including: commentary in the "Business Segment Review", "Results of Operations", "Selected Financial Information", and "Financial Condition, Liquidity and Capital Resources" sections, as well as the risk factors in the "Risk Management" section, commentary related to COVID-19 in the "Disclosure Controls and Procedures and Internal Controls Over Financial Reporting" section, and its discussion of critical accounting estimates in the "Critical Accounting Estimates and Judgements" section of this MD&A.

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 interim financial statements for the quarter ended March 31, 2022.

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

	Three Months Ended March 31 2021		
	Industrial	Mobility	Linamar
(in millions of dollars)	\$	\$	\$
Sales	348.3	1,433.6	1,781.9
Operating Earnings (Loss)	35.7	185.5	221.2
EBITDA	49.8	282.9	332.7
Operating Earnings (Loss) – Normalized	45.9	175.4	221.3
EBITDA – Normalized	61.2	280.1	341.3

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

Industrial Highlights

(in millions of dollars)	Three Months Ended March 31			
	2022 \$	2021 \$	+/- \$	+/- %
Sales	368.2	348.3	19.9	5.7%
Operating Earnings (Loss)	21.5	35.7	(14.2)	(39.8%)
EBITDA	34.3	49.8	(15.5)	(31.1%)
Operating Earnings (Loss) – Normalized	13.4	45.9	(32.5)	(70.8%)
EBITDA – Normalized	26.1	61.2	(35.1)	(57.4%)

The Industrial segment (“Industrial”) product sales increased 5.7%, or \$19.9 million, to \$368.2 million in Q1 2022 from Q1 2021. The sales increase was due to:

- additional access equipment sales primarily due to increased market volumes in North America for scissors, booms and telehandlers;
- increased pricing to help relieve increased supply chain costs; partially offset by
- agricultural sales declines due to supply chain and labour constraints which are significantly impacting our ability to deliver equipment; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q1 2021.

Industrial segment normalized operating earnings in Q1 2022 decreased \$32.5 million, or 70.8% from Q1 2021. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in material, labour, freight and utilities costs;
- a decrease in agricultural sales;
- an unfavourable impact from the changes in foreign exchange rates from Q1 2021; and
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; partially offset by
- an increase in access equipment sales; and
- increased pricing to help relieve increased supply chain costs.

Mobility Highlights

(in millions of dollars)	Three Months Ended March 31			
	2022 \$	2021 \$	+/- \$	+/- %
Sales	1,409.9	1,433.6	(23.7)	(1.7%)
Operating Earnings (Loss)	112.6	185.5	(72.9)	(39.3%)
EBITDA	204.4	282.9	(78.5)	(27.7%)
Operating Earnings (Loss) – Normalized	93.1	175.4	(82.3)	(46.9%)
EBITDA – Normalized	184.7	280.1	(95.4)	(34.1%)

Sales for the Mobility segment (“Mobility”) decreased by \$23.7 million, or 1.7% in Q1 2022 compared with Q1 2021. The sales in Q1 2022 were impacted by:

- a sales decline primarily attributed to adverse conditions associated with supply related issues experienced by our customers; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q1 2021; partially offset by
- increased sales related to index metal market pricing partially offsetting the associated raw material increases; and
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with.

Q1 2022 normalized operating earnings for Mobility were lower by \$82.3 million, or 46.9% compared to Q1 2021. The Mobility segment’s earnings were impacted by the following:

- an increase in material, utilities, freight and labour costs;
- a sales decline primarily attributed to adverse conditions associated with supply related issues experienced by our customers;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; and
- an unfavourable impact from the changes in foreign exchange rates from Q1 2021; partially offset by
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with.

AUTOMOTIVE SALES AND CONTENT PER VEHICLE¹

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

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

	Three Months Ended March 31			
	2022	2021	+/-	%
<i>North America</i>				
Vehicle Production Units	3.70	3.74	(0.04)	(1.1%)
Automotive Sales	\$ 761.6	\$ 723.4	\$ 38.2	5.3%
Content Per Vehicle	\$ 206.00	\$ 193.56	\$ 12.44	6.4%
<i>Europe</i>				
Vehicle Production Units	3.87	4.74	(0.87)	(18.4%)
Automotive Sales	\$ 390.6	\$ 388.3	\$ 2.3	0.6%
Content Per Vehicle	\$ 100.82	\$ 81.88	\$ 18.94	23.1%
<i>Asia Pacific</i>				
Vehicle Production Units	11.11	11.09	0.02	0.2%
Automotive Sales	\$ 133.9	\$ 148.7	\$ (14.8)	(10.0%)
Content Per Vehicle	\$ 12.05	\$ 13.41	\$ (1.36)	(10.1%)

North American automotive sales for Q1 2022 increased 5.3% from Q1 2021 in a market that saw a decrease of 1.1% in production volumes for the same period. As a result, content per vehicle in Q1 2022 increased 6.4% from \$193.56 to \$206.00. The increase in North American content per vehicle was mainly driven by programs we have significant business with that have enjoyed disproportionately higher volumes and increased sales for launching programs. These increases were partially driven by impacts associated with the ongoing supply related issues as powertrain production requirements did not decrease as significantly in the quarter relative to the decline in OEM vehicle production volumes.

European automotive sales for Q1 2022 increased 0.6% from Q1 2021 in a market that saw a decrease of 18.4% in production volumes for the same period. As a result, content per vehicle in Q1 2022 increased 23.1% from \$81.88 to \$100.82. The increase in European content per vehicle was mainly driven by programs we have significant business with that have enjoyed disproportionately higher volumes and increased sales for launching programs. These increases were partially driven by impacts associated with the ongoing supply related issues as powertrain production requirements did not decrease as significantly in the quarter relative to the decline in OEM vehicle production volumes.

Asia Pacific automotive sales for Q1 2022 decreased 10.0% from Q1 2021 in a market that saw an increase of 0.2% in production volumes for the same period. As a result, content per vehicle in Q1 2022 decreased 10.1% from \$13.41 to \$12.05. The decrease in Asian content per vehicle was mainly driven by production disruptions related to COVID-19 and other supply issues disproportionately impacting OEMs that the Company has significant business with. These sales declines were partially offset by increases in sales for launching programs.

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.

RESULTS OF OPERATIONS

Gross Margin

	Three Months Ended March 31	
(in millions of dollars)	2022	2021
Sales	\$ 1,778.1	\$ 1,781.9
Cost of Sales before amortization	1,474.3	1,351.0
Amortization	105.6	118.2
Cost of Sales	1,579.9	1,469.2
Gross Margin	\$ 198.2	\$ 312.7
Gross Margin percentage	11.1%	17.5%

Gross margin percentage decreased in Q1 2022 to 11.1% compared to 17.5% in Q1 2021. Cost of sales before amortization as a percentage of sales increased in Q1 2022 to 82.9% compared to 75.8% for the same quarter of last year. In dollar terms, gross margin decreased \$114.5 million in Q1 2022 compared with Q1 2021 as a result of the items discussed earlier in this analysis such as:

- an increase in material, energy, freight and labour costs;
- a decrease in agricultural sales;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic;
- a net sales decline in the Mobility segment primarily attributed to adverse conditions associated with supply related issues experienced by our customers; and
- an unfavourable impact from the changes in foreign exchange rates from Q1 2021; partially offset by
- an increase in access equipment volumes; and
- increased pricing in the Industrial segment to help relieve increased supply chain costs.

Amortization as a percentage of sales decreased to 5.9% of sales compared to 6.6% in Q1 2021. In dollar terms, amortization is lower as a result of lower capital investment during the pandemic.

Selling, General and Administration

	Three Months Ended March 31	
(in millions of dollars)	2022	2021
Selling, general and administrative	\$ 91.7	\$ 91.5
SG&A percentage	5.2%	5.1%

Selling, general and administrative ("SG&A") costs increased in Q1 2022 to \$91.7 million from \$91.5 million and increased as a percentage of sales to 5.2% from 5.1% when compared to Q1 2021. This increase, in dollar terms, is primarily due to:

- increased travel expenses from reductions in global travel restrictions; and
- an increase in charitable donations in the quarter; partially offset by
- a reduction in management compensation as a result of lower sales and earnings.

Finance Expense and Income Taxes

	Three Months Ended March 31	
(in millions of dollars)	2022	2021
	\$	\$
Operating Earnings (Loss)	134.1	221.2
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(6.1)	(6.2)
Finance Income and (Expenses)	(0.5)	(7.6)
Provision for (Recovery of) Income Taxes	31.2	53.9
Net Earnings (Loss)	96.3	153.5

Finance Expenses

Finance expenses decreased \$7.1 million in Q1 2022 from \$7.6 million in Q1 2021 to \$0.5 million due to:

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

The consolidated effective interest rate for Q1 2022 increased to 2.0% compared to 1.9% in Q1 2021. The changes in the effective interest rate for Q1 2022 were driven by the same factors that impacted the financing expenses and as a result of the debt repayments, the weighting of each debt agreement on the effective interest rate has changed.

Income Taxes

The effective tax rate for Q1 2022 decreased to 24.5% from 26.0% in Q1 2021 primarily due to a non-recurring decrease in non-deductible expenses, partially offset by an increase due to a less favourable mix of foreign tax rates in Q1 2022 compared to Q1 2021.

TOTAL EQUITY AND OUTSTANDING SHARE DATA

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

The Company is authorized to issue an unlimited number of common shares, of which 65,271,477 common shares were outstanding as of May 11, 2022. The Company's common shares constitute its only class of voting securities. As of May 11, 2022, there were 1,050,000 options to acquire common shares outstanding and 3,600,000 options still available to be granted under the Company's share option plan.

In November 2021, the Company announced Toronto Stock Exchange ("TSX") approval to commence a new normal course issuer bid ("NCIB" or "Bid"). This bid permits the Company to acquire for cancellation up to 4,421,507 common shares between November 30, 2021 and November 29, 2022. This bid is subject to daily limits and blackout periods. For the period ended March 31, 2022, the Company repurchased and cancelled 179,220 common shares under its bid for a total amount of \$9,987 before entering into a special blackout period as a result of the recent acquisition announcements (see the below Current and Proposed Transactions section for more information on the announcements).

SELECTED FINANCIAL INFORMATION

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended June 30, 2020 through March 31, 2022. This information has been derived from the Company's unaudited consolidated interim financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of the financial position and results of operations for those periods.

	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020
(in millions of dollars, except per share figures)	\$	\$	\$	\$	\$	\$	\$	\$
Sales	1,778.1	1,534.4	1,645.0	1,575.3	1,781.9	1,704.8	1,637.4	923.6
Net Earnings (Loss)	96.3	50.2	108.8	108.0	153.5	113.1	125.5	(37.9)
Net Earnings (Loss) per Share								
Basic	1.47	0.77	1.66	1.65	2.35	1.73	1.92	(0.58)
Diluted	1.47	0.77	1.66	1.65	2.34	1.73	1.92	(0.58)

The quarterly results of the Company are impacted by the seasonality of certain operational units. Historically, earnings in the second quarter for the Industrial segment are positively impacted by the high selling season for both the access equipment and agricultural businesses. For the Mobility segment, vehicle production is typically at its lowest level during the third and fourth quarters due to lower OEM production schedules resulting from shutdowns related to summer and winter maintenance and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules. Additionally, COVID-19 had adverse impacts on each quarter of 2020, 2021, and Q1 2022. Plant shutdowns began mainly in March 2020 and April 2020 with the automotive OEM's restarting production in May 2020 resulting in volumes growing over the remainder of the year.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended March 31	
	2022	2021
(in millions of dollars)	\$	\$
Cash generated from (used in):		
Operating Activities	62.5	223.9
Financing Activities	(22.8)	(338.1)
Investing Activities	(60.8)	(61.1)
Effect of translation adjustment on cash	(3.4)	(13.9)
Increase (decrease) in cash and cash equivalents	(24.5)	(189.2)
Cash and cash equivalents – Beginning of Period	928.4	861.1
Cash and cash equivalents – End of Period	903.9	671.9
Comprised of:		
Cash in bank	449.5	396.6
Short-term deposits	456.5	281.4
Unpresented cheques	(2.1)	(6.1)
	903.9	671.9

The Company's cash and cash equivalents (net of unpresented cheques) at March 31, 2022 were \$903.9 million, an increase of \$232.0 million compared to March 31, 2021.

Cash generated from operating activities was \$62.5 million, a decrease of \$161.4 million from Q1 2021, due to an increased use of cash in operating assets and liabilities and decreased earnings for the period.

Financing activities used \$22.8 million of cash compared to \$338.1 million used in Q1 2021. The decreased use of cash for Q1 2022 was primarily due to lower repayments of long-term debt when compared to the Q1 2021 repayment of the Company's USD denominated bank borrowings a portion which came due in January 2021 partially offset by funding received through the Company's new 2031 Notes.

The use of cash for investing activities for Q1 2022 remained relatively flat when compared to the same period of 2021. When compared to Q1 2021, the increases in payments for property, plant and equipment in Q1 2022 were partially offset by proceeds on disposal.

Operating Activities

	Three Months Ended March 31	
	2022	2021
(in millions of dollars)	\$	\$
Net Earnings (Loss) for the period	96.3	153.5
Adjustments to earnings	88.2	111.7
	184.5	265.2
Changes in operating assets and liabilities	(122.0)	(41.3)
Cash generated from (used in) operating activities	62.5	223.9

Cash generated by operations before the effect of changes in operating assets and liabilities decreased \$80.7 million in Q1 2022 to \$184.5 million, compared to \$265.2 million in Q1 2021 primarily due to lower net earnings.

Changes in operating assets and liabilities for Q1 2022 used cash of \$122.0 million primarily due to increases in accounts receivables and inventories partially offset by an increase in accounts payable.

Financing Activities

	Three Months Ended March 31	
	2022	2021
(in millions of dollars)	\$	\$
Proceeds from (repayments of) long-term debt	(10.1)	(792.0)
Proceeds from senior unsecured notes	-	494.0
Repurchase of shares	(10.0)	-
Finance income received (expenses paid)	(2.7)	0.4
Settlement of derivative contracts	-	(40.5)
Cash generated from (used in) financing activities	(22.8)	(338.1)

Financing activities for Q1 2022 used \$22.8 million of cash compared to \$338.1 million used in Q1 2021 primarily driven by the Company's repayment of long-term debt. In January 2021, the Company received EUR 320 million of its 2031 Notes, issued at an annual rate of 1.37%,

coming due January 2031 and paying interest semi-annually. In January 2021, the Company also repaid USD denominated bank borrowings a portion which came due in January 2021 that was maturing under its bank credit facility.

Investing Activities

	Three Months Ended March 31	
	2022	2021
(in millions of dollars)	\$	\$
Payments for purchase of property, plant and equipment	(88.0)	(59.5)
Proceeds on disposal of property, plant and equipment	29.2	1.8
Payments for purchase of intangible assets	(2.0)	(3.4)
Cash generated from (used in) investing activities	(60.8)	(61.1)

Cash used for investing activities for Q1 2022 was \$60.8 million compared to Q1 2021 at \$61.1 million. An increase in the purchase of property, plant and equipment during the first quarter of 2022 was partially offset by proceeds from the disposal of property, plant and equipment mostly comprised of the sale of unused land.

Liquidity and Capital Resources

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

At March 31, 2022, cash and cash equivalents, including short-term deposits was \$903.9 million and the Company's credit facilities had available credit of \$957.6 million. Combined, the Company believes this liquidity of \$1.9 billion at March 31, 2022 is sufficient to meet cash flow needs. In addition, free cash flow was \$3.7 million for Q1 2022 compared to \$166.2 million for the same period last year.

Commitments and Contingencies

Please see the Company's December 31, 2021 annual MD&A for a table summarizing the contractual obligations by category. Also, certain guarantees and legal claims are described in the notes to the Company's consolidated financial statements for the year ended December 31, 2021.

Financial Instruments

A portion of the Company's financial instruments are held as long-term receivables totalling \$224.0 million at March 31, 2022 compared to \$230.1 million at December 31, 2021. Long-term receivables are primarily made up of financing loans for the sale of industrial access equipment which decreased by \$2.9 million to \$60.0 million, financing loans for equity method investments which increased by \$2.9 million to \$136.1 million, and receivables for government assistance which decreased by \$6.4 million to \$24.9 million.

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the quarter ended March 31, 2022. For more information, please see the Company's December 31, 2021 annual MD&A and the Company's consolidated financial statements for the year ended December 31, 2021.

CURRENT AND PROPOSED TRANSACTIONS

On March 31, 2022, it was announced that the Company will acquire the remaining 50% interest in the joint venture, GF Linamar LLC, from GF Casting Solutions, a division of Georg Fischer AG on April 1, 2022 thereby assuming 100% ownership and operational control. The ownership change will help secure the Company's long-term growth plan in lightweight structural castings; a critical component in electrified vehicles. The preliminary purchase price is USD \$73 million plus an earn out of up to a maximum of USD \$24 million.

On April 27, 2022, it was announced that the Company will acquire 100% of the issued and outstanding equity of the Salford Group of Companies with an expected close during the second quarter of 2022. The ownership will expand the Company's agricultural portfolio into crop nutrition application and tillage products. The preliminary purchase price is CAD \$260 million.

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

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

RISK MANAGEMENT

The Company is exposed to a number of risks in the normal course of business that have the potential to affect its operating results. These include, but are not limited to Public Health Threats; Competition, Outsourcing and Insourcing; Sources and Availability of Raw Materials; Labour Markets and Dependence on Key Personnel; Dependence on Certain Customers; Technological Change and Product Launches; Foreign Currency Risk; Long-term Contracts; Acquisition and Expansion Risk; Foreign Business Risk; Cyclicity and Seasonality; Legal Proceedings and Insurance Coverage; Credit Risk; Weather; Emission Standards; Capital and Liquidity Risk; Tax Laws; Securities Laws Compliance and Corporate Governance Standards; and Environmental Matters. These risk factors remain substantially unchanged during

the quarter ended March 31, 2022. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2021 annual MD&A, and the Company's December 31, 2021 Annual Information Form, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In response to the COVID-19 pandemic, certain physical distancing measures taken by the Company, customers, suppliers and governments had the potential to impact the design and performance of internal controls over financial reporting for the Company. Although our pre-existing controls were not specifically designed to operate in this current pandemic environment, we continue to believe that our established internal control over financial reporting addresses all identified risk areas. There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2022, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Due to the uncertainty of COVID-19, the following discussion sets forth an update to management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

Impact of COVID-19 on Results and Risk Management Practices

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

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2021 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2021 and the consolidated interim financial statements for the quarter ended March 31, 2022.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

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

Normalized Non-GAAP Financial Measures and Ratios

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

Operating Earnings (Loss) – Normalized

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

Net Earnings (Loss) – Normalized

Net Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) –

Normalized is calculated as Net Earnings (Loss), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

Net Earnings (Loss) per Share – Diluted – Normalized

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

EBITDA and EBITDA – Normalized

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

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

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

	Three Months Ended March 31	
	2022	2021
(in millions of dollars)	\$	\$
Gain on sale of unused land	(22.1)	-
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) - Normalized	(22.1)	-
Gain on sale of unused land	(22.1)	-
Other items	(22.1)	-
Asset impairment provision, net of reversals	0.1	2.2
Other items and asset impairments impacting EBITDA – Normalized	(22.0)	2.2

Normalizing items for asset impairment provisions adjusted EBITDA and impacted the Mobility segment by \$0.1 million for the quarter (Q1 2021 – \$2.2 million).

During Q1 2022, a normalizing item related to a “gain on sale of unused land” adjusted the Mobility segment by \$22.1 million.

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

	Three Months Ended March 31			
	2022	2021	+/-	+/-
(in millions of dollars)	\$	\$	\$	%
Operating Earnings (Loss) – Normalized				
Operating Earnings (Loss)	134.1	221.2	(87.1)	(39.4%)
Foreign exchange (gain) loss	(5.5)	0.1	(5.6)	
Other items	(22.1)	-	(22.1)	
Operating Earnings (Loss) – Normalized	106.5	221.3	(114.8)	(51.9%)
Net Earnings (Loss) – Normalized				
Net Earnings (Loss)	96.3	153.5	(57.2)	(37.3%)
Foreign exchange (gain) loss	(5.5)	0.1	(5.6)	
Foreign exchange (gain) loss on debt and derivatives	(0.4)	6.3	(6.7)	
Other items	(22.1)	-	(22.1)	
Tax impact	2.6	(1.6)	4.2	
Net Earnings (Loss) – Normalized	70.9	158.3	(87.4)	(55.2%)

	2022	2021	Three Months Ended March 31	
(in millions of dollars)	\$	\$	+/- \$	+/- %
Net Earnings (Loss) per Share – Diluted – Normalized				
Net Earnings (Loss) per Share – Diluted	1.47	2.34	(0.87)	(37.2%)
Foreign exchange (gain) loss	(0.08)	-	(0.08)	
Foreign exchange (gain) loss on debt and derivatives	(0.01)	0.10	(0.11)	
Other items	(0.34)	-	(0.34)	
Tax impact	0.04	(0.03)	0.07	
Net Earnings (Loss) per Share – Diluted – Normalized	1.08	2.41	(1.33)	(55.2%)
EBITDA and EBITDA – Normalized				
Net Earnings (Loss) before income taxes	127.5	207.4	(79.9)	(38.5%)
Amortization of property, plant and equipment	92.4	107.2	(14.8)	
Amortization of other intangible assets	13.9	11.9	2.0	
Finance costs	3.9	5.4	(1.5)	
Other interest	1.0	0.8	0.2	
EBITDA	238.7	332.7	(94.0)	(28.3%)
Foreign exchange (gain) loss	(5.5)	0.1	(5.6)	
Foreign exchange (gain) loss on debt and derivatives	(0.4)	6.3	(6.7)	
Asset impairment provision, net of reversals	0.1	2.2	(2.1)	
Other items	(22.1)	-	(22.1)	
EBITDA – Normalized	210.8	341.3	(130.5)	(38.2%)

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

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

			Three Months Ended March 31 2021 Linamar \$
(in millions of dollars)	Industrial \$	Mobility \$	
Operating Earnings (Loss) – Normalized			
Operating Earnings (Loss)	35.7	185.5	221.2
Foreign exchange (gain) loss	10.2	(10.1)	0.1
Other items	-	-	-
Operating Earnings (Loss) – Normalized	45.9	175.4	221.3
EBITDA – Normalized			
EBITDA	49.8	282.9	332.7
Foreign exchange (gain) loss	10.2	(10.1)	0.1
Foreign exchange (gain) loss on debt and derivatives	1.2	5.1	6.3
Asset impairment provision, net of reversals	-	2.2	2.2
Other items	-	-	-
EBITDA – Normalized	61.2	280.1	341.3

Other Non-GAAP Financial Measures

Free Cash Flow

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

Liquidity

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

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

		Three Months Ended March 31 2022 \$	2021 \$
(in millions of dollars)			
Free Cash Flow			
Cash generated from (used in) operating activities		62.5	223.9
Payments for purchase of property, plant and equipment		(88.0)	(59.5)
Proceeds on disposal of property, plant and equipment		29.2	1.8
Free Cash Flow		3.7	166.2
Liquidity			
Cash		903.9	671.9
Available credit		957.6	957.5
Liquidity		1,861.5	1,629.4

Supplementary Financial Measures

Content per Vehicle

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

FORWARD LOOKING INFORMATION

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

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some of the factors and risks and uncertainties

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

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

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

As at March 31, 2022 with comparatives as at December 31, 2021 (Unaudited)

(in thousands of Canadian dollars)

	March 31 2022 \$	December 31 2021 \$
ASSETS		
Cash and cash equivalents	903,942	928,428
Accounts and other receivables	994,905	870,551
Inventories	1,195,793	1,066,456
Income taxes recoverable	32,559	23,188
Current portion of long-term receivables (Note 6)	35,188	43,883
Current portion of derivative financial instruments (Note 6)	20,024	9,099
Prepaid expenses and other current assets	38,393	40,588
Current Assets	3,220,804	2,982,193
Long-term receivables (Note 6)	188,736	186,186
Derivative financial instruments (Note 6)	4,988	1,031
Property, plant and equipment	2,393,134	2,415,916
Investments	14,040	14,375
Deferred tax assets	131,397	130,925
Intangible assets	787,031	806,476
Goodwill	835,614	853,288
Assets	7,575,744	7,390,390
LIABILITIES		
Accounts payable and accrued liabilities	1,782,673	1,603,466
Provisions	33,904	35,910
Income taxes payable	39,830	77,390
Current portion of long-term debt (Notes 6, 7)	224,921	21,055
Current portion of derivative financial instruments (Note 6)	3,736	7,299
Current Liabilities	2,085,064	1,745,120
Long-term debt (Notes 6, 7)	568,703	770,490
Derivative financial instruments (Note 6)	16	1,044
Deferred tax liabilities	277,799	274,940
Liabilities	2,931,582	2,791,594
EQUITY		
Capital stock	145,803	146,204
Retained earnings	4,536,348	4,449,643
Contributed surplus	29,580	28,816
Accumulated other comprehensive earnings (loss)	(67,569)	(25,867)
Equity	4,644,162	4,598,796
Liabilities and Equity	7,575,744	7,390,390

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

On behalf of the Board of Directors:

(Signed) "Linda Hasenfratz"

Linda Hasenfratz
Director

(Signed) "Jim Jarrell"

Jim Jarrell
Director

LINAMAR CORPORATION**Consolidated Interim Statements of Earnings**

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

	Three Months Ended March 31	
	2022	2021
	\$	\$
Sales	1,778,089	1,781,857
Cost of sales	1,579,899	1,469,150
Gross Margin	198,190	312,707
Selling, general and administrative	91,703	91,520
Other income and (expenses) (Note 9)	27,654	49
Operating Earnings (Loss)	134,141	221,236
Share of net earnings (loss) of investments accounted for using the equity method	(6,086)	(6,225)
Finance income and (expenses) (Note 10)	(537)	(7,620)
Net Earnings (Loss) before Income Taxes	127,518	207,391
Provision for (recovery of) income taxes	31,227	53,859
Net Earnings (Loss) for the Period	96,291	153,532
Net Earnings (Loss) per Share:		
Basic	1.47	2.35
Diluted	1.47	2.34

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

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

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

	Three Months Ended	
	2022	March 31
	\$	2021
	\$	\$
Net Earnings (Loss) for the Period	96,291	153,532
Items that may be reclassified subsequently to net income		
Unrealized gains (losses) on translating financial statements of foreign operations	(72,208)	(130,288)
Change in unrealized gains (losses) on net investment hedges	18,016	34,166
Change in unrealized gains (losses) on cash flow hedges	17,381	(4,991)
Change in cost of hedging	1,569	(1,621)
Reclassification to earnings of gains (losses) on cash flow hedges	(1,351)	1,110
Tax impact of above	(4,163)	(1,922)
Other Comprehensive Earnings (Loss)	(40,756)	(103,546)
Comprehensive Earnings (Loss) for the Period	55,535	49,986

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

LINAMAR CORPORATION

Consolidated Interim Statements of Changes in Equity

For the three months ended March 31, 2022 and March 31, 2021 (Unaudited)

(in thousands of Canadian dollars)

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Total Equity \$
Balance at January 1, 2022	146,204	4,449,643	28,816	(21,284)	(4,583)	4,598,796
Net Earnings (Loss)	-	96,291	-	-	-	96,291
Other comprehensive earnings (loss)	-	-	-	(54,192)	13,436	(40,756)
Comprehensive Earnings (Loss)	-	96,291	-	(54,192)	13,436	55,535
Hedging transferred to the carrying value of inventory	-	-	-	-	(946)	(946)
Share-based compensation	-	-	764	-	-	764
Common shares repurchased and cancelled (Note 8)	(401)	(9,586)	-	-	-	(9,987)
Balance at March 31, 2022	145,803	4,536,348	29,580	(75,476)	7,907	4,644,162

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Total Equity \$
Balance at January 1, 2021	146,204	4,073,591	25,546	91,598	16,559	4,353,498
Net Earnings (Loss)	-	153,532	-	-	-	153,532
Other comprehensive earnings (loss)	-	-	-	(99,350)	(4,196)	(103,546)
Comprehensive Earnings (Loss)	-	153,532	-	(99,350)	(4,196)	49,986
Hedging transferred to the carrying value of inventory	-	-	-	-	346	346
Share-based compensation	-	-	706	-	-	706
Balance at March 31, 2021	146,204	4,227,123	26,252	(7,752)	12,709	4,404,536

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

LINAMAR CORPORATION

Consolidated Interim Statements of Cash Flows

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

	Three Months Ended March 31	
	2022	2021
	\$	\$
Cash generated from (used in)		
Operating Activities		
Net Earnings (Loss) for the Period	96,291	153,532
Adjustments for:		
Amortization of property, plant and equipment	92,361	107,207
Amortization of other intangible assets	13,896	11,872
Deferred income taxes	(375)	(10,462)
Asset impairment provision, net of reversals	75	2,151
Share-based compensation	764	706
Equity investment (earnings) loss	6,086	6,225
Finance (income) and expenses	537	7,620
Other	(25,115)	(13,678)
	184,520	265,173
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and other receivables	(135,463)	(104,384)
(Increase) decrease in inventories	(141,293)	(45,672)
(Increase) decrease in prepaid expenses and other current assets	1,810	(76)
(Increase) decrease in long-term receivables	2,980	(8,852)
Increase (decrease) in income taxes	(47,252)	(20,115)
Increase (decrease) in accounts payable and accrued liabilities	198,927	140,249
Increase (decrease) in provisions	(1,732)	(2,402)
	(122,023)	(41,252)
Cash generated from (used in) operating activities	62,497	223,921
Financing Activities		
Proceeds from (repayments of) long-term debt	(10,120)	(791,989)
Proceeds from senior unsecured notes	-	493,952
Repurchase of shares (Note 8)	(9,987)	-
Finance income received (expenses paid)	(2,694)	367
Settlement of derivative contracts	-	(40,470)
Cash generated from (used in) financing activities	(22,801)	(338,140)
Investing Activities		
Payments for purchase of property, plant and equipment	(88,010)	(59,552)
Proceeds on disposal of property, plant and equipment	29,187	1,845
Payments for purchase of intangible assets	(1,950)	(3,400)
Cash generated from (used in) investing activities	(60,773)	(61,107)
	(21,077)	(175,326)
Effect of translation adjustment on cash	(3,409)	(13,872)
Increase (decrease) in cash and cash equivalents	(24,486)	(189,198)
Cash and cash equivalents - Beginning of Period	928,428	861,100
Cash and cash equivalents - End of Period	903,942	671,902
Comprised of:		
Cash in bank	449,544	396,586
Short-term deposits	456,522	281,402
Unpresented cheques	(2,124)	(6,086)
	903,942	671,902

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

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and March 31, 2021 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

1 General Information

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

The consolidated interim financial statements of the Company for the period ended March 31, 2022 were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 11, 2022.

2 Basis of Preparation and Significant Accounting Policies

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

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021. 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, 2021. These policies have been consistently applied to all periods presented, unless otherwise stated.

3 Changes in Accounting Policies

New Standards and Amendments Adopted

Certain new standards and amendments became effective during the current period; however the adoption of these new standards and amendments did not significantly impact the Company's net earnings or financial position.

New Standards and Interpretations Not Yet Adopted

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

4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Due to the uncertainty of COVID-19, the following discussion sets forth an update to management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

Impact of COVID-19 on Results and Risk Management Practices

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

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and March 31, 2021 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

Please refer to the "Critical Accounting Estimates and Judgements" section of the Company's December 31, 2021 consolidated annual financial statements for additional information.

5 Seasonality

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

6 Composition of Financial Instruments

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

		March 31, 2022		December 31, 2021	
	Subsequent Measurement	Carrying Value Asset (Liability) \$	Fair Value \$	Carrying Value Asset (Liability) \$	Fair Value \$
Long-term receivables	Amortized cost (Level 2)	223,924	223,234	230,069	240,456
Derivative financial instruments					
USD sales forwards – CAD functional entities	Fair value (Level 2)	5,819	5,819	(3,880)	(3,880)
USD sales forwards – MXN functional entities	Fair value (Level 2)	7,929	7,929	3,323	3,323
USD sales forwards – CNY functional entities	Fair value (Level 2)	949	949	1,045	1,045
CAD purchase forwards – GBP functional entities	Fair value (Level 2)	6,563	6,563	1,299	1,299
Investment designated at fair value through other comprehensive income	Fair value (Level 3)	6,705	6,705	6,794	6,794
Long-term debt, excluding lease liabilities	Amortized cost (Level 2)	(710,684)	(649,515)	(732,249)	(700,197)

7 Long-Term Debt

	March 31 2022 \$	December 31 2021 \$
Senior unsecured notes	440,552	458,521
Bank borrowings	198,159	198,007
Lease liabilities	82,940	59,296
Government borrowings	71,973	75,721
	793,624	791,545
Less: current portion	224,921	21,055
	568,703	770,490

As of March 31, 2022, \$957,593 was available under the revolving credit facility.

8 Capital Stock

In November 2021, the Company announced TSX approval to commence a new normal course issuer bid. This bid permits the Company to acquire for cancellation up to 4,421,507 common shares between November 30, 2021 and November 29, 2022. This bid is subject to daily limits and blackout periods. For the period ended March 31, 2022, the Company repurchased and cancelled 179,220 common shares under its bid for a total amount of \$9,987.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and March 31, 2021 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

9 Other Income and (Expenses)

	Three Months Ended	
	2022	March 31 2021
	\$	\$
Foreign exchange gain (loss)	5,472	(77)
Gain on sale of unused land	22,157	-
Other income (expense)	25	126
	27,654	49

10 Finance Income and (Expenses)

	Three Months Ended	
	2022	March 31 2021
	\$	\$
Finance costs	(3,866)	(5,400)
Foreign exchange gain (loss) on debt and derivatives	342	(6,324)
Interest earned	5,056	6,165
Other	(2,069)	(2,061)
	(537)	(7,620)

11 Commitments

As at March 31, 2022, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$248,750 (March 31, 2021 - \$126,879). Of this amount \$233,159 (March 31, 2021 - \$125,501) relates to the purchase of manufacturing equipment and \$15,591 (March 31, 2021 - \$1,378) relates to general contracting and construction costs in respect of plant construction. Of the commitments for plant construction, \$13,922 (March 31, 2021 - \$23) were commitments to a related party, a company owned by the spouse of an officer and director. The majority of these commitments are due within the next twelve months.

12 Related Party Transactions

Related party transactions include long-term receivables due from an investee accounted for using the equity method at March 31, 2022 of \$136,052 (March 31, 2021 - \$117,877). Interest earned on the receivable included in finance income was \$1,470 for the three months ended March 31, 2022 (\$1,133 for the three months ended March 31, 2021). Included in the cost of sales are material purchases from the same related party of \$7,458 for the three months ended March 31, 2022 (\$3,310 for the three months ended March 31, 2021), with amounts payable at March 31, 2022 of \$9,165 (March 31, 2021 - \$6,607).

Building additions made by a related party, a company owned by the spouse of an officer and director, the three months ended March 31, 2022 were \$5,322 (\$199 for the three months ended March 31, 2021).

13 Segmented Information

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

Mobility: The Mobility segment derives revenues primarily from the collaborative design, development and manufacture of both systems and components for new energy powertrains, body and chassis, driveline, engine, and transmission systems for both the global electrified and traditionally powered on and off highway vehicle markets.

Industrial: The Industrial segment is a world leader in the design and production of innovative mobile industrial equipment, notably its class-leading aerial work platforms, telehandlers and agricultural equipment.

The segments are differentiated by the products that each produces and reflects how the Senior Executive Group manages the business. Corporate headquarters and other small operating entities are allocated to the Mobility and Industrial operating segments accordingly.

The Company accounts for inter-segment sales and transfers as arm's length transactions at current market rates. The Company ensures that the measurement and policies are consistently followed among the Company's reportable segments for sales, operating earnings, net earnings and assets.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and March 31, 2021 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

The Company derives revenue from the transfer of goods and services at a point in time and over time in the following operating segments. These segments best depict how economic factors affect the nature, amount, timing and uncertainty of revenue and cash flows.

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

	Sales to external customers	Three Months Ended March 31, 2021 Inter-segment sales	Operating earnings (loss)
	\$	\$	\$
Mobility	1,433,568	6,352	185,514
Industrial	348,289	2,235	35,722
Total	1,781,857	8,587	221,236

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

	Three Months Ended March 31	
	2022	2021
	\$	\$
Canada	892,604	884,843
Rest of North America	223,776	222,626
Asia Pacific	148,947	139,071
Europe	512,762	535,317
Total	1,778,089	1,781,857

14 Business Acquisitions

On March 31, 2022, it was announced that the Company will acquire the remaining 50% interest in the joint venture, GF Linamar LLC, from GF Casting Solutions, a division of Georg Fischer AG on April 1, 2022 thereby assuming 100% ownership and operational control. The ownership change will help secure the Company's long-term growth plan in lightweight structural castings; a critical component in electrified vehicles. The preliminary purchase price is USD \$73 million plus an earn out of up to a maximum of USD \$24 million.

On April 27, 2022, it was announced that the Company will acquire 100% of the issued and outstanding equity of the Salford Group of Companies with an expected close during the second quarter of 2022. The ownership will expand the Company's agricultural portfolio into crop nutrition application and tillage products. The preliminary purchase price is CAD \$260 million.

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