

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2022 and June 30, 2021 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

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

	\$
Current assets	83,829
Non-current assets	204,056
Total assets acquired	287,885
Current liabilities	45,594
Non-current liabilities	158
Total liabilities assumed	45,752
Net assets	242,133
Less: Net assets of original 50% equity investment in joint venture	120,817
Preliminary net identifiable assets acquired	121,316

The sales included in the consolidated statement of earnings from April 1, 2022 to June 30, 2022 contributed by GFL were \$41,095. GFL also contributed net losses of \$13,649 over the same period.

(ii) Salford Group of Companies

On June 3, 2022, the Company acquired 100% of the issued and outstanding equity of the Salford Group of Companies ("Salford"). The ownership will expand the Company's agricultural portfolio into crop nutrition application and tillage products. The preliminary purchase price is CAD \$248,474.

Due to the timing of the close and complexities associated with these transactions, the determination of the fair value of the purchase price, assets acquired and liabilities assumed, is not yet complete and are subject to further adjustments. The Company has recorded a provisional amount of \$64,666 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 \$248,474 consideration paid for Salford's 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 June 3, 2022:

	\$
Current assets	60,689
Non-current assets	166,569
Goodwill	64,666
Total assets acquired	291,924
Current liabilities	43,450
Non-current liabilities	-
Total liabilities assumed	43,450
Preliminary net identifiable assets acquired	248,474

The sales included in the consolidated statement of earnings from June 3, 2022 to June 30, 2022 contributed by Salford were \$12,455. Salford also contributed net earnings of \$649 over the same period.

(iii) Consolidated Pro-forma Sales and Earnings

If both acquisitions had occurred on January 1, 2022, the Company's consolidated pro-forma sales and net earnings for the six month period ended June 30, 2022 would have been \$3,887,827 and \$204,006 respectively. These amounts have been calculated using GFL and Salford's results adjusted for the additional depreciation and amortization that would have been charged assuming the preliminary fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2022, together with the consequential tax effects.