

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

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

Preliminary summary of identifiable assets acquired and liabilities assumed after acquisition completed on June 3, 2022:

	\$
Cash and cash equivalents	2,598
Accounts and other receivables	14,593
Inventories	39,586
Prepaid expenses and other current assets	717
Property, plant and equipment	27,497
Intangible assets	138,560
Goodwill	92,572
Total assets acquired	316,123
Accounts payable and accrued liabilities	37,024
Provisions	1,036
Income taxes payable	1,350
Deferred tax liabilities	31,539
Total liabilities assumed	70,949
Preliminary net identifiable assets acquired	245,174

The goodwill is attributable to expanding the Company's capabilities and further diversifies the Company's end markets. The acquisition further positions the Company as a global agricultural equipment manufacturer. The goodwill arising from this acquisition is not deductible for tax purposes.

The sales included in the consolidated statements of earnings from June 3, 2022 to December 31, 2022 contributed by Salford were \$107,505. Salford also contributed net earnings of \$8,362 over the same period. Salford is included in the Industrial segment.

(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 period ended December 31, 2022 would have been \$8,046,009 and \$430,324, respectively. These amounts have been calculated using Mills River 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.