

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2023 and June 30, 2022 (Unaudited)

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

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

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

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

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

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

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

13 Business Acquisitions

(i) Battery Enclosures Business

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

(ii) GF Linamar LLC and Salford Group of Companies

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