Linamar Tariff Update Memo to Shareholders:

April 11, 2025

Dear Shareholder,

As we have been doing over the past several weeks and months, we wish to keep you up to date on the latest developments related to the impacts stemming from US imposed tariffs. Given the recent acceleration in tariff activity over the past week, we believe it was appropriate to share another update.

There are a few ***Key Messages***:

1) Despite multiple types of tariffs and counter tariffs imposed by various countries over the past month, currently the direct impact to Linamar is minimal

2) For our mobility business we are concerned of an indirect impact from additional costs on our customers that will drive vehicle price increases, dampening demand for vehicle production in coming months

3) We feel once the NA situation in particular is stabilized we will see significant opportunities for our business

Let's start with a summary of the tariffs in place and how they impact us.

<u>Steel and Aluminum</u>

- 25% tariff on all steel and aluminum imported into the US is currently in place
- **Minimal impact to Linamar** in both mobility and industrial businesses
- Some steel and aluminum can of course be purchased from US based steels mills, however capacity is limited, takes years and billions of investments to expand, and some types of steel and aluminum are simply not available in the US at all, meaning American companies will be forced to pay tariffs for the foreseeable future.
- Will weigh on automakers who are paying metal tariffs and ultimately potentially increase vehicle prices dampening demand and production

<u>Vehicle Tariffs</u>

- 25% tariff on non-US content of vehicles imported into the US from Canada and Mexico is currently in place
- 25% tariff on full value of vehicles imported into the US from all other countries is currently in place
- **No impact to Linamar**
- Will weigh on US based automakers producing in other countries and ultimately potentially increase vehicle prices dampening demand and production

- Expect impact to EU and AP based automakers shipping vehicles into the US as well to potentially reduce their production levels

Tariffs on all Goods from Canada and Mexico
- 25% tariff on all product shipping from Canada and Mexico to the US that is not USMCA compliant is in place
- **Minimal impact to Linamar** as virtually all our products shipping to the US in both our mobility and industrial businesses are USMCA compliant

Auto Parts Tariffs
- Auto parts tariffs of 25% are in place for certain parts imported into the US
  - USMCA compliant parts made in Canada and Mexico will continue to ***remain tariff-free*** until the Commerce Department establishes a process to apply tariffs to their non-US content which is targeted to be in place by May 3rd theoretically
- **No direct impact on Linamar** as customers are importers of record and are required to pay the tariff
- Impact to automakers would be severe if tariffs on USMCA compliant parts are enacted on May 3rd given high level of supply chain integration in NA, production disruptions and a possible short-term industry shutdown would be an expected result
  - Given such it is difficult to imagine that these tariffs do come into effect, and if they do, it is predicted it would be only for a very short time frame

International "Retaliatory" Tariffs
- Tariffs ranging from 10% to 50% were imposed April 2nd on countries around the world depending on level of trade surplus with US
  - No additional tariff imposed on USMCA compliant product shipping from Canada and Mexico
  - A 90-day pause was declared April 9th on these tariffs moving them to 10% for all countries instead of the rates announced last week with the exception of China whose goods will now be tariffed at 125%
- **Minimal impact to Linamar** as we ship very little from Europe or Asia to the US

Retaliatory Tariffs
- **Some impact to Linamar, not at a material level**, of current level of retaliatory tariffs imposed by Canada
- Evaluating impact of retaliatory tariffs from other countries on a case-by-case basis as they are imposed

As illustrated above, although we have some impact in a few areas from the various tariffs, overall, it is not a significant (or material) level of additional cost.

What is more worrisome for our mobility business is the stacking impact of all these different tariffs on our automaker customers who will struggle to absorb the extra cost. At some point they will have to pass the cost on to their customers in the way of higher vehicle prices. This will likely lead to less consumer demand and an accompanying decline in production levels which of course would impact the Mobility business.

The coming weeks will tell us how long we can expect the current situation to last. It is certainly our hope that, as suggested, auto parts tariffs will be avoided for USMCA compliant parts coming from Canada and Mexico into the

US in accordance with our existing free trade agreement for the continent. We think there is good evidence to support that decision given the high level of integration of supply chains between the 3 countries and the highly competitive and technologically strong vehicle performance and cost that has resulted. Establishment of a parts tariff would have an immediate negative impact on American based automakers and suppliers costing hundreds of thousands of jobs and we just don't think that is what America wants.

Conversely it is likely that tariffs with the rest of the world, notably China, will continue for a longer period of time or until such time that a deal of some type is made with the US. As such, we believe there will likely be action taken on the part of the US automakers to bring back to NA parts they are currently buying offshore i.e. in China or other countries. We see this as an opportunity for Linamar's NA operations as we can take over this business in our US, Canadian or Mexican facilities (assuming the USMCA agreement is restored as suggested above).

Further I would say that despite media statements that globalization and free trade around the world are over that is absolutely not true. Free trade with the US has been restricted, yes, and it is uncertain at this point, where that could end up. But free trade of every other country in the world can continue! That means countries in Europe, South America, Africa and Asia as well as Canada and Mexico can and should continue to trade freely with each other. That too can lead to new opportunities for our businesses in all of those countries if due to new retaliatory tariffs they need to pivot away from US made goods.

<u>What We are Doing</u>
We have an immediate action plan under way to deal with the situation that includes:

- Regular communication with our customers, employees, and shareholders
- Scenario planning on cost implications for impacted purchased product to identify alternatives where possible
- Identifying new products and markets we could pivot to, to continue to grow and sell
- Developing tactical strategies to mitigate risk

<u>What we are Not Doing</u>
It is important in this timeframe to not panic, not get emotional and instead simply deal with the facts and the situation. We are NOT contemplating closing facilities in tariff affected countries and shifting production to the US. Tariffs can be implemented one day and removed the next, they are a short-term tactic. We make important decisions such as where to manufacture based on long term fundamentals like availability of talent, bench strength, supply chain availability and costs in a region.

We do hope for a solution to this situation which is in the best outcome for Americans who are great people who we love and admire as our friends, our family, our neighbours and our employees. This situation is instigated and controlled by the government, not them.

We have always said "**Tough times don't last, but tough teams do",** and this continues to be very true.

Best,
Linda Hasenfratz Jim Jarrell