LINAMAR

Annual Report 2025

MOBILITY

AGRICULTURE

ROBOTICS

MEDTECH

POWER

SJ16 E
SKYJACK
ACCESS

WATER

DEFENCE

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LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

2025 was another solid year of record earnings for Linamar—delivered in an environment defined by uncertainty, volatility, and profound structural change across the global economy.

Against this backdrop, Linamar demonstrated the resilience, adaptability, and strength of its diversified business model with outstanding results for our shareholders, customers and employees. In 2025, Linamar:

- Delivered **net earnings growth** for the 13th year out of the last 16
- Generated an **outstanding level of profit growth in our mobility segment**
- **Generated robust free cash flow (the second highest in our history)**
- **Acquired 2 technically superior businesses** for a very reasonable price
- **Grew market share in all of our businesses**
- **Reduced our energy usage** and emissions per dollar of sales
- **Supercharged our talent development program,** and
- Maintained a **very strong balance sheet**

Consistent sustainable growth is what you will always get from Linamar.

PERFORMING IN A TOUGH AND CHANGING ENVIRONMENT

Linamar is an Advanced Manufacturing and Product Development company whose products power vehicles, motion, work and lives for a diverse basket of industries. Our deep expertise in a wide range of process and product technologies lies at the heart of our manufacturing strategy, which coupled with the power of modern AI driven computing technology has built Linamar into a Global Advanced Manufacturing Powerhouse.

This focus on multiple industries has been key in Linamar continuing to deliver consistent sustainable results year after year after year regardless of market conditions and outside pressures.

No year proved that better than 2025.

Markets continued to decline in each of our key businesses and international trade devolved into a minefield of tariffs.

Despite these headwinds Linamar has seen the vast majority of its business unaffected by tariffs, and those incurred at a manageable level, thanks to a careful long term strategy.

Linamar has long followed a philosophy of building product for customers in the same continent as they are located. Product built in North America stays in North America, that built in China stays in Asia and Europe production is for Europe. This approach maximizes customer relationships, responsiveness and technical collaboration at the same time as minimizing logistics costs. It has also resulted in minimal tariff impact.

Everything we make for customers in the US comes from the USMCA protected free trade zone, an agreement still being respected by all 3 USMCA countries as long as agreement rules are followed. This means our significant automotive business is seeing tariff free shipping into the US from Canada and Mexico which is key, as is the majority of our industrial product.

The depth of the US, Canada and Mexico relationship is such that we believe the USMCA agreement will be successfully renewed this year. Of course, nothing is guaranteed in this environment and if that were not the case Linamar would need to rapidly respond to a new reality, however, the fact that all 3 countries are so heavily dependent on each other and enjoying enormous mutual prosperity we feel is indicative of the agreement being renewed.

One thing is clear, you can expect Linamar to handle any situation with the appropriate long term focus. Imposition of a tariff against Canada and Mexico, a short term tactic that can be implemented one day and removed the next, is not the basis for long term decision making such as where to manufacture our products. We make those decisions on long term fundamentals such as availability of talent, where we have open capacity, bench strength, supply chain availability and costs in a region.

It is our job as leaders to look past the noise and focus on our long term business viability, competitiveness and growth. Innovation and a devotion to efficiency as demonstrated every day at Linamar are what drive out competitiveness and our ability to win business regardless of tariffs.

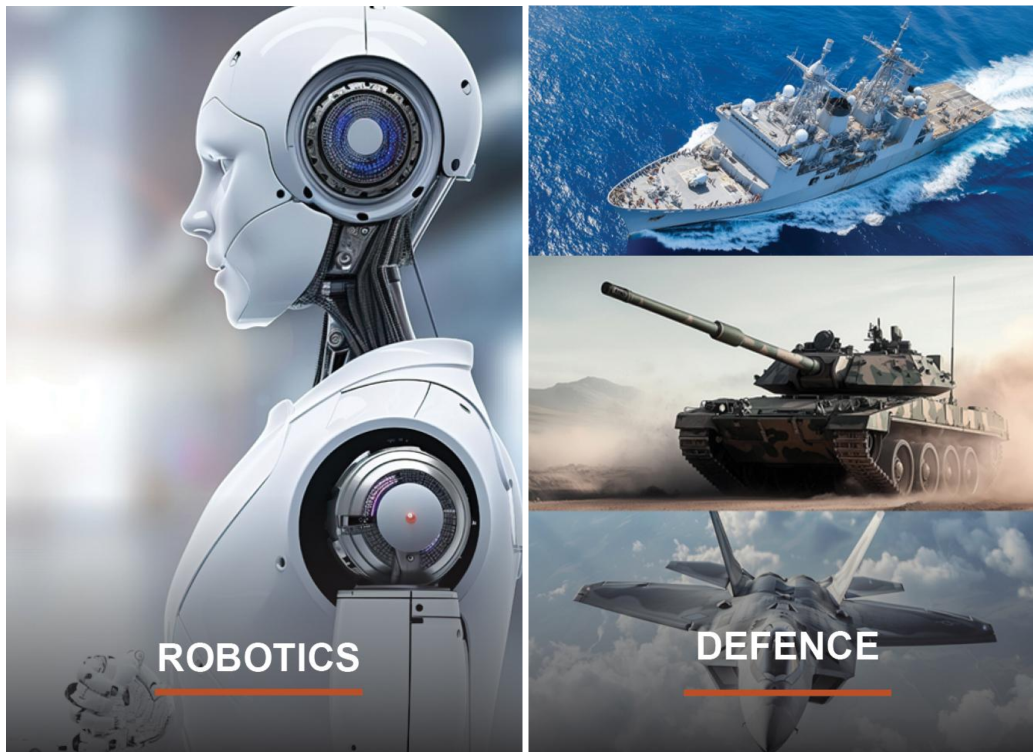
In 2025 we saw significant business wins across our business and notably in our Canadian operations which saw near record levels of new business wins at a higher rate than any other country we operate in. That is competitiveness.

A CLEAR AND DISCIPLINED GROWTH STRATEGY

Linamar's growth strategy is intentionally designed to perform across a wide range of economic and technological outcomes. It is built on diversification, flexibility, and disciplined capital allocation, aligned with long-term global megatrends.

In Mobility, our propulsion-agnostic strategy spans internal combustion, hybrid, and electrified platforms and a wide range of vehicle systems from propulsion to chassis, driveline, structure and body of the vehicle. Flexible manufacturing lines allow us to shift capacity, mitigate risk of stranded assets, and support new launches and takeover work.

We are expanding into new markets such as commercial vehicles, defence, and robotics giving us more and more avenues in which to showcase superior Linamar technologies and grow our business. We saw substantial wins in the commercial vehicle space in 2025, established new relationships in the dynamic defence industry and partnerships in the robotic world, and look to continue to grow in all of these markets in 2026.



In Industrial, where our markets remain flat or declining, our growth strategy emphasizes market share gains, product expansion, geographic growth, and operational optimization across access equipment, agriculture, and emerging MedTech opportunities. In sourcing of product is helping drive improved efficiency in these businesses. Skyjack is seeing strong opportunities in products designed for data centre construction and operation, an area of excellent growth potential in 2026 and beyond.

Acquisitions and takeover opportunities are a critical enabler of growth. During 2025, we announced two acquisitions and maintained an active pipeline, leveraging our balance sheet strength and integration capabilities.

Aludyne is a fantastic business acquired in 2025 with important proprietary light metal casting technologies and deep programs in structural products, perfectly matched with Linamar's strong machining and assembly expertise for the same. The team has enthusiastically come on board at Linamar with hundreds of millions of dollars of new business already obtained for our collective business.

We also completed the acquisition of a highly innovative world class ductile iron foundry in Leipzig Germany from Georg Fischer. The Leipzig plant has the largest core box in Europe and has developed unique technologies to drive world leading efficiencies in casting very large components largely for commercial vehicle applications both on and off highway. Given commercial vehicle is a key market we strategize to grow in this was an important acquisition for us, which again marries perfectly with Linamar's existing expertise less than 200 km away for machining of these exact types of large commercial vehicle components.

Identifying high quality, technology enabled distressed acquisition opportunities will continue to be a priority in coming months. Excellent product and technology for a very reasonable price is a recipe for success.

SUSTAINABILITY AND RESPONSIBLE GROWTH

Sustainability continues to be an integral part of Linamar's long-term strategy. In 2025, we made continued progress in emissions reduction and energy efficiency while strengthening programs to track, develop, and retain talent. Our approach is pragmatic and data-driven, focused on continuous improvement embedded in daily operations. Our results speak for themselves in continued improvement in energy usage per dollar of sales logged.

We also remain committed to diversity, equity and inclusion as a key driver of talent in our organization as it maximizes access to 100% of available talent. Linamar's approach to DEI has always been to create opportunity for everyone and then advance talent on merit. It has never been about quotas or reducing opportunity for any group, that would be the opposite of the Inclusive environment we are driving. We think this approach to DEI is how we maximize talent, and talent drives results as we are seeing real time.

We view sustainability, like everything, through a long-term lens and believe sustainable, responsible performance and financial performance are inseparable.

CULTURE AND LOOKING FORWARD

Linamar's culture—entrepreneurial, innovative, disciplined, and respectful— is the key enabler to give us the power to manage uncertainty and turn change and a chaotic timeframe in our world into opportunity.

With a diversified portfolio, clear strategy, and strong balance sheet, Linamar is well positioned to continue delivering long-term value.

Our focus in 2026 is all about Growth, Growth for Revenue, for Income and our Team, GRIT. Linamar has GRIT, we have the guts, the resilience, the integrity and the team to not just survive but thrive in these challenging times.

At Linamar we have always thrived in challenging times; we see the most opportunity when the winds are strongest.

We have the right strategy with the right long term focus, we have the innovation and the flexibility, we have a talented and growing group of people with an amazing culture focused on success, and we will continue to turn that into consistent sustainable growth for you our shareholders.

Sincerely,

(Signed) "Linda Hasenfratz"

Linda Hasenfratz

Executive Chair

(Signed) "Jim Jarrell"

Jim Jarrell

Chief Executive Officer

MANAGEMENT DISCUSSION & ANALYSIS

Linamar Corporation

December 31, 2025 and December 31, 2024
(in millions of dollars)

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended December 31, 2025

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 financial statements for the quarter ended December 31, 2025. This MD&A has been prepared as at March 4, 2026. The financial information presented herein has been prepared on the basis of IFRS® Accounting Standards. References to the term generally accepted accounting principles ("GAAP") refer to information contained herein being prepared under IFRS Accounting Standards 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 a diversified 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. At the heart of Linamar is the technologies we deliver; casting, forging, metal forming, machining and assembly and fully engineered products. We serve a broad variety of industries, from our On and Off Highway Mobility business to our Agricultural and Access businesses to new areas of expansion in MedTech, Water, Power, Defence and Robotics. We proudly market our global, class leading products under the brands Linamar, Skyjack, MacDon, Salford, Bourgault and McLaren Engineering. Linamar has over 36,000 employees in 86 manufacturing locations, 17 R&D centers and 31 sales offices in 19 countries in North and South America, Europe and Asia, which generated sales of more than $10.2 billion in 2025. 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 fourth quarter of 2025 ("Q4 2025") and 2024 ("Q4 2024"):

	Three Months Ended December 31				Twelve Months Ended December 31			
(in millions of dollars, except per share figures)	2025 $	2024 $	+/- $	+/- %	2025 $	2024 $	+/- $	+/- %
Sales	2,515.3	2,375.7	139.6	5.9%	10,231.8	10,582.0	(350.2)	(3.3%)
Gross Margin	349.3	305.8	43.5	14.2%	1,517.4	1,504.0	13.4	0.9%
Operating Earnings (Loss)	168.7	(149.5)	318.2	-	892.1	611.3	280.8	45.9%
Net Earnings (Loss)	110.7	(232.3)	343.0	-	584.5	258.3	326.2	126.3%
Net Earnings (Loss) per Share - Diluted	1.85	(3.78)	5.63	-	9.73	4.19	5.54	132.2%
Earnings before interest, taxes and amortization ("EBITDA")[1]	337.5	20.6	316.9	1,538.3%	1,534.8	1,229.8	305.0	24.8%
Operating Earnings (Loss) - Normalized[1]	200.0	181.1	18.9	10.4%	933.9	943.9	(10.0)	(1.1%)
Net Earnings (Loss) - Normalized[1]	136.4	111.8	24.6	22.0%	622.1	604.4	17.7	2.9%
Net Earnings (Loss) per Share - Diluted - Normalized[1]	2.28	1.82	0.46	25.3%	10.36	9.81	0.55	5.6%
EBITDA – Normalized[1]	369.4	351.6	17.8	5.1%	1,576.6	1,564.7	11.9	0.8%

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.

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 financial statements for the quarter ended December 31, 2025.

			Three Months Ended December 31 2025			Twelve Months Ended December 31 2025
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	553.1	1,962.2	2,515.3	2,494.3	7,737.5	10,231.8
Operating Earnings (Loss)	42.8	125.9	168.7	329.3	562.8	892.1
EBITDA	67.7	269.8	337.5	425.6	1,109.2	1,534.8
Operating Earnings (Loss) – Normalized	67.9	132.1	200.0	359.5	574.4	933.9
EBITDA – Normalized	92.8	276.6	369.4	455.8	1,120.8	1,576.6

			Three Months Ended December 31 2024			Twelve Months Ended December 31 2024
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	637.1	1,738.6	2,375.7	3,093.6	7,488.4	10,582.0
Operating Earnings (Loss)	152.9	(302.4)	(149.5)	589.2	22.1	611.3
EBITDA	177.4	(156.8)	20.6	682.5	547.3	1,229.8
Operating Earnings (Loss) – Normalized	91.4	89.7	181.1	516.2	427.7	943.9
EBITDA – Normalized	115.9	235.7	351.6	610.5	954.2	1,564.7

Industrial Highlights

				Three Months Ended December 31				Twelve Months Ended December 31
	2025	2024	+/-	+/-	2025	2024	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	553.1	637.1	(84.0)	(13.2%)	2,494.3	3,093.6	(599.3)	(19.4%)
Operating Earnings (Loss)	42.8	152.9	(110.1)	(72.0%)	329.3	589.2	(259.9)	(44.1%)
EBITDA	67.7	177.4	(109.7)	(61.8%)	425.6	682.5	(256.9)	(37.6%)
Operating Earnings (Loss) – Normalized	67.9	91.4	(23.5)	(25.7%)	359.5	516.2	(156.7)	(30.4%)
EBITDA – Normalized	92.8	115.9	(23.1)	(19.9%)	455.8	610.5	(154.7)	(25.3%)

The Industrial segment ("Industrial") product sales decreased 13.2%, or $84.0 million, to $553.1 million in Q4 2025 from Q4 2024. The sales decrease was due to:

- reduced sales due to lower market demand for access equipment, tempered by market share growth for scissors globally; and
- lower agricultural sales in a market that was down significantly, despite market share gains in the US and Europe; partially offset by
- impact on sales from the changes in foreign exchange rates from Q4 2024.

The 2025 sales for Industrial decreased by 19.4%, or $599.3 million, compared with 2024. The factors that impacted Q4 2025 similarly impacted the 2025 results.

Industrial segment normalized operating earnings in Q4 2025 decreased $23.5 million, or 25.7%, from Q4 2024. The Industrial normalized operating earnings results were predominantly driven by:

- reduced sales due to lower market demand for access equipment;
- lower agricultural sales in a market that was down significantly; and
- moderate impact due to tariffs on certain industrial products; partially offset by
- a favourable impact from the changes in foreign exchange rates from prior quarter.

The 2025 normalized operating earnings decreased by $156.7 million, or 30.4%, compared with 2024. The factors that impacted Q4 2025 similarly impacted the 2025 results.

Mobility Highlights

(in millions of dollars)	Three Months Ended December 31 2025 $	2024 $	+/- $	+/- %	Twelve Months Ended December 31 2025 $	2024 $	+/- $	+/- %
Sales	1,962.2	1,738.6	223.6	12.9%	7,737.5	7,488.4	249.1	3.3%
Operating Earnings (Loss)	125.9	(302.4)	428.3	-	562.8	22.1	540.7	2,446.6%
EBITDA	269.8	(156.8)	426.6	-	1,109.2	547.3	561.9	102.7%
Operating Earnings (Loss) – Normalized	132.1	89.7	42.4	47.3%	574.4	427.7	146.7	34.3%
EBITDA – Normalized	276.6	235.7	40.9	17.4%	1,120.8	954.2	166.6	17.5%

Sales for the Mobility segment ("Mobility") increased by $223.6 million, or 12.9%, in Q4 2025 compared with Q4 2024. The sales in Q4 2025 were impacted by:

- increased sales related to the acquisition of Aludyne Incorporated's North American operations ("Chassis and Structures Business") in Q4 2025;
- impact on sales from the changes in foreign exchange rates from Q4 2024; and
- increased sales related to launching programs and higher volumes on programs the Company has substantial business with; partially offset by
- a sales decline from lower production for certain ending programs and from lower volumes on electric vehicle ("EV") programs.

The 2025 sales for Mobility increased by $249.1 million, or 3.3%, compared to 2024. The factors that impacted Q4 2025 similarly impacted the 2025 results.

Q4 2025 normalized operating earnings for Mobility increased by $42.4 million, or 47.3%, compared to Q4 2024. The Mobility segment's earnings were impacted by the following:

- increased sales related to launching programs and higher volumes on programs the Company has significant business with; and
- earnings related to the Chassis and Structures Business acquisition in Q4 2025; partially offset by
- a sales decline from lower production for certain ending programs and from lower volumes on EV programs; and
- executive management bonuses were resumed in Q4 2025, whereas no bonuses were awarded in Q4 2024 as a result of impairment losses during that period.

The 2025 normalized operating earnings increased by $146.7 million, or 34.3%, compared with 2024. The factors that impacted Q4 2025 similarly impacted the 2025 results.

Automotive Sales and Content Per Vehicle[2]

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 region, and the final vehicle being assembled in another region. It is necessary to show the sales based on the vehicle build location to provide accurate comparisons to the vehicle production units[3] for each region.

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.

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[2] 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.

[3] 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.

North America	2025	2024	Three Months Ended December 31 +/-	%	2025	2024	Twelve Months Ended December 31 +/-	%
Vehicle Production Units	3.71	3.77	(0.06)	(1.6%)	15.75	16.07	(0.32)	(2.0%)
Automotive Sales	$ 1,221.0	$ 1,042.2	$ 178.8	17.2%	$ 4,772.7	$ 4,617.6	$ 155.1	3.4%
Content Per Vehicle	$ 329.35	$ 276.19	$ 53.16	19.2%	$ 303.04	$ 287.40	$ 15.64	5.4%

Europe								
Vehicle Production Units	4.28	4.27	0.01	0.2%	16.98	17.12	(0.14)	(0.8%)
Automotive Sales	$ 397.6	$ 374.4	$ 23.2	6.2%	$ 1,653.5	$ 1,691.2	$ (37.7)	(2.2%)
Content Per Vehicle	$ 92.82	$ 87.61	$ 5.21	5.9%	$ 97.40	$ 98.78	$ (1.38)	(1.4%)

Asia Pacific								
Vehicle Production Units	15.44	15.06	0.38	2.5%	55.22	51.68	3.54	6.8%
Automotive Sales	$ 161.1	$ 156.4	$ 4.7	3.0%	$ 601.7	$ 529.6	$ 72.1	13.6%
Content Per Vehicle	$ 10.43	$ 10.39	$ 0.04	0.4%	$ 10.90	$ 10.25	$ 0.65	6.3%

North American automotive sales for Q4 2025 increased 17.2% from Q4 2024 in a market that saw a decrease of 1.6% in production volumes for the same period. As a result, content per vehicle in Q4 2025 increased 19.2% from $276.19 to $329.35. The increase in North American content per vehicle was mainly driven by increased sales related to the Chassis and Structures Business acquisition in Q4 2025, launching programs, and higher volumes on programs that the Company has significant business with; partially offset by a market decline on EV programs.

European automotive sales for Q4 2025 increased 6.2% from Q4 2024 in a market that saw an increase of 0.2% in production volumes for the same period. As a result, content per vehicle in Q4 2025 increased 5.9% from $87.61 to $92.82. The increase in European content per vehicle was mainly driven by foreign exchange and launching programs; partially offset by a market decline on EV programs.

Asia Pacific automotive sales for Q4 2025 increased 3.0% from Q4 2024 in a market that saw an increase of 2.5% in production volumes for the same period. As a result, content per vehicle in Q4 2025 increased 0.4% from $10.39 to $10.43. The increase in Asian content per vehicle was mainly driven by increased sales related to launching of EV programs and higher volumes on programs that the Company has significant business with; partially offset by lower production for certain ending programs.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended December 31 2025	2024	Twelve Months Ended December 31 2025	2024
Sales	$ 2,515.3	$ 2,375.7	$ 10,231.8	$ 10,582.0
Cost of Sales before amortization	2,004.5	1,904.8	8,096.5	8,476.6
Amortization	161.5	165.1	617.9	601.4
Cost of Sales	2,166.0	2,069.9	8,714.4	9,078.0
Gross Margin	$ 349.3	$ 305.8	$ 1,517.4	$ 1,504.0
Gross Margin percentage	13.9%	12.9%	14.8%	14.2%

Gross margin percentage increased in Q4 2025 to 13.9% compared to 12.9% in Q4 2024. Cost of sales before amortization as a percentage of sales decreased in Q4 2025 to 79.7% compared to 80.2% for the same quarter as last year. In dollar terms, gross margin increased $43.5 million in Q4 2025 compared with Q4 2024 as a result of the items discussed earlier in this analysis such as:

- increased Mobility sales related to launching programs and higher volumes on programs the Company has significant business with; and
- earnings related to the Chassis and Structures Business acquisition in Q4 2025; partially offset by
- lower agricultural sales in a market that was down significantly;
- reduced sales due to lower market demand for access equipment;
- a sales decline in Mobility from lower production for certain ending programs and from lower volumes on EV programs; and
- moderate impact due to tariffs on certain industrial products.

For 2025 gross margin increased to 14.8% from 14.2%, compared to 2024. The increase in the 2025 gross margin was a result of similar factors that impacted Q4 2025.

Amortization as a percentage of sales decreased to 6.4% compared to 6.9% for the same quarter as last year. In dollar terms, amortization decreased due to:

- lower amortization as a result of Q4 2024 asset impairments; partially offset by

- additional amortization from launching programs and facilities; and
- additional amortization related to the Chassis and Structures Business acquisition in Q4 2025.

For 2025 amortization was higher at $617.9 million compared to $601.4 million in 2024 as a result of similar factors that impacted Q4 2025. The amortization as a percentage of sales increased to 6.0% compared to 5.7% in 2024.

Selling, General and Administration

	Three Months Ended December 31		Twelve Months Ended December 31	
(in millions of dollars)	2025	2024	2025	2024
Selling, general and administrative	$ 149.8	$ 135.0	$ 587.5	$ 592.1
SG&A percentage	6.0%	5.7%	5.7%	5.6%

Selling, general and administrative ("SG&A") costs increased in Q4 2025 to $149.8 million from $135.0 million in the same quarter as last year. This increase is primarily due to:

- additional expenses related to the Chassis and Structures Business acquisition announced in Q4 2025;
- executive management bonuses were resumed in Q4 2025, whereas no bonuses were awarded in Q4 2024 as a result of impairment losses incurred during that period; and
- an increase in management and sales costs supporting growth.

For 2025, SG&A costs reflected similar factors that impacted Q4 2025 except that management and sales costs have decreased for 2025 compared to 2024. SG&A costs increased as a percentage of sales to 5.7% from 5.6% when compared to 2024.

Finance Expense and Income Taxes

	Three Months Ended December 31		Twelve Months Ended December 31	
	2025	2024	2025	2024
(in millions of dollars)	$	$	$	$
Operating Earnings (Loss)	168.7	(149.5)	892.1	611.3
Finance Income and (Expenses)	(20.7)	(29.5)	(90.9)	(135.2)
Net Earnings (Loss) before Income Taxes	148.0	(179.0)	801.2	476.1
Provision for (Recovery of) Income Taxes	37.3	53.3	216.7	217.8
Net Earnings (Loss)	110.7	(232.3)	584.5	258.3

Finance Expenses

Finance expenses decreased $8.8 million to $20.7 million in Q4 2025 from $29.5 million in Q4 2024 due to:

- a decrease in interest costs due to reductions in the Bank of Canada's overnight rate and United States federal fund rate;
- a decrease in outstanding bank debt; and
- an increase in interest income resulting from increased average daily cash balances.

The 2025 finance expenses decreased $44.3 million from $135.2 million in 2024 to $90.9 million primarily due to similar factors that impacted Q4 2025.

The consolidated effective interest rate for Q4 2025 decreased to 3.9%, compared to 4.8% in Q4 2024. The consolidated effective interest rate for 2025 decreased to 4.2% compared to 5.1% in 2024. The changes in the effective interest rate for both Q4 2025 and the full year of 2025 were driven by the mix of factors explained above.

Income Taxes

The normalized effective tax rate for Q4 2025 was 24.0%, compared to 26.3% in Q4 2024. The decrease was primarily driven by:

- a favourable mix of tax rates across jurisdictions; and
- favourable adjustments related to prior periods; partially offset by
- higher non-deductible expenses; and
- reduction of previously unrecorded deferred tax assets.

The normalized effective tax rate for 2025 was 26.2%, up from 25.4% for 2024 driven by similar factors as noted above.

TOTAL EQUITY AND OUTSTANDING SHARE DATA

During the quarter no options expired unexercised, no options were forfeited, 100,000 were exercised, and 150,000 options were issued.

The Company is authorized to issue an unlimited number of common shares, of which 59,447,985 common shares were outstanding as of March 4, 2026. The Company's common shares constitute its only class of voting securities. As of March 4, 2026, there were 1,350,000 options to acquire common shares outstanding and 3,000,000 options still available to be granted under the Company's share option plan.

For the twelve months ended December 31, 2025, the Company repurchased and cancelled 1,328,555 common shares under its normal course issuer bid for a total of $77.6 million. Subsequent to December 31, 2025 and until March 4, 2026, the Company repurchased and cancelled 217,506 common shares under its bid for a total of $19.0 million.

SELECTED FINANCIAL INFORMATION

Annual Results

The following table sets out selected financial data relating to the Company's years ended December 31, 2025, 2024 and 2023. This financial data should be read in conjunction with the Company's consolidated financial statements for these years:

(in millions of dollars, except per share figures)	2025 $	2024 $	2023 $
Sales	10,231.8	10,582.0	9,733.5
Net Earnings (Loss)	584.5	258.3	503.1
Normalizing Items	37.6	346.1	38.0
Net Earnings (Loss) - Normalized	622.1	604.4	541.1
Total Assets	10,891.8	10,499.8	9,850.5
Total Long-term Liabilities	2,155.1	2,584.9	2,009.5
Cash Dividends declared per share	1.12	1.00	0.88
Net Earnings (Loss) per Share			
Basic	9.75	4.20	8.18
Diluted	9.73	4.19	8.17
Diluted - Normalized	10.36	9.81	8.78

For 2025 and 2024, normalizing items please see the "Non-GAAP and Additional GAAP Measures" section of this MD&A or the Q4 2024 MD&A for 2023.

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended March 31, 2024 through December 31, 2025. 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.

(in millions of dollars, except per share figures)	Dec 31 2025 $	Sep 30 2025 $	Jun 30 2025 $	Mar 31 2025 $	Dec 31 2024 $	Sep 30 2024 $	Jun 30 2024 $	Mar 31 2024 $
Sales	2,515.3	2,541.7	2,642.7	2,532.1	2,375.7	2,635.7	2,848.7	2,721.9
Net Earnings (Loss)	110.7	169.2	126.9	177.7	(232.3)	138.0	174.1	178.5
Net Earnings (Loss) per Share								
Basic	1.85	2.83	2.12	2.94	(3.79)	2.24	2.83	2.90
Diluted	1.85	2.82	2.12	2.94	(3.78)	2.24	2.82	2.90

The quarterly results of the Company are impacted by the seasonality of certain operational units. Historically, earnings in the second and third 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. During Q4 2024, within the Linamar Mobility Europe group as a result of continued European economic challenges, including a significant decline in automotive production, the Company recorded a non-cash impairment charge of $385.5 million.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended December 31		Twelve Months Ended December 31	
	2025	2024	2025	2024
(in millions of dollars)	$	$	$	$
Cash generated from (used in):				
Operating Activities	471.4	497.6	1,330.8	1,254.0
Financing Activities	(252.2)	(267.6)	(645.5)	235.9
Investing Activities	(537.1)	(18.1)	(837.3)	(1,117.4)
Effect of translation adjustment on cash	(3.3)	18.3	8.5	28.8
Increase (decrease) in cash and cash equivalents	(321.2)	230.2	(143.5)	401.3
Cash and cash equivalents – Beginning of Period	1,232.3	824.4	1,054.6	653.3
Cash and cash equivalents – End of Period	911.1	1,054.6	911.1	1,054.6
Comprised of:				
Cash in bank	533.4	709.2	533.4	709.2
Short-term deposits	377.7	345.4	377.7	345.4
	911.1	1,054.6	911.1	1,054.6

The Company's cash and cash equivalents at December 31, 2025 were $911.1 million, a decrease of $143.5 million, or 13.6%, compared to December 31, 2024.

Operating Activities

	Three Months Ended December 31		Twelve Months Ended December 31	
	2025	2024	2025	2024
(in millions of dollars)	$	$	$	$
Net Earnings (Loss) for the period	110.7	(232.3)	584.5	258.3
Adjustments to earnings	172.7	711.2	679.1	1,206.6
	283.4	478.9	1,263.6	1,464.9
Changes in operating assets and liabilities	188.0	18.7	67.2	(210.9)
Cash generated from (used in) operating activities	471.4	497.6	1,330.8	1,254.0

Cash generated by operations before the effect of changes in operating assets and liabilities decreased $195.5 million, or 40.8%, in Q4 2025 to $283.4 million, compared to $478.9 million in Q4 2024. Full year cash generated from operations before the effect of changes in operating assets and liabilities decreased $201.3 million to $1,236.6 million, compared to $1,464.9 million for 2024.

Changes in operating assets and liabilities for Q4 2025 generated cash of $188.0 million primarily due to a decrease in accounts receivable partially offset by decreased accounts payables. Changes in operating assets and liabilities for the full year generated cash of $67.2 million primarily due to a decrease in inventories partially offset by an increase in accounts receivables and long-term receivables.

Financing Activities

	Three Months Ended December 31		Twelve Months Ended December 31	
	2025	2024	2025	2024
(in millions of dollars)	$	$	$	$
Proceeds from (repayments of) long-term debt	(211.0)	(183.7)	(419.5)	(157.7)
Proceeds from term credit agreement	-	-	-	700.0
Repayment of term credit agreement	-	-	-	(75.0)
Proceeds from exercise of stock options	7.4	-	7.4	-
Repurchase of shares	(19.7)	(42.0)	(77.6)	(42.0)
Dividends to shareholders	(17.3)	(15.4)	(67.0)	(61.5)
Finance income received (expenses paid)	(11.6)	(26.5)	(88.8)	(127.9)
Cash generated from (used in) financing activities	(252.2)	(267.6)	(645.5)	235.9

Cash used by financing activities for Q4 2025 was $252.2 million compared to $267.6 million used in Q4 2024 and 2025 financing activities used $645.5 million of cash compared to $235.9 generated in 2024. Financing activities for Q4 2025 and Q4 2024 were driven by repayments of long-term debt. Financing activities for full year 2025 was impacted by repayments of long-term debt and funds used for the Company's 2025 and 2024 normal course issuer bid programs. 2024 included proceeds from the new term credit agreement which was partially used for the acquisition of Bourgault Industries Ltd. and its subsidiaries ("Bourgault") in Q1 2024.

Investing Activities

(in millions of dollars)	Three Months Ended December 31 2025 $	2024 $	Twelve Months Ended December 31 2025 $	2024 $
Payments for purchase of property, plant and equipment	(109.6)	(66.3)	(404.2)	(532.6)
Proceeds on disposal of property, plant and equipment	0.6	59.5	10.6	66.9
Payments for purchase of intangible assets	(2.2)	(11.3)	(17.5)	(31.1)
Business acquisitions, net of cash acquired	(425.8)	-	(425.8)	(620.5)
Other	(0.1)	-	(0.4)	(0.1)
Cash generated from (used in) investing activities	(537.1)	(18.1)	(837.3)	(1,117.4)

Cash used for investing activities for Q4 2025 was $537.1 million compared to Q4 2024 at $18.1 million. Cash used for investing activities in 2025 was $837.3 million compared with 2024 at $1,117.4 million. In addition to the Company's ongoing purchase of property, plant and equipment in all periods, the primary use of cash in Q4 2025 and 2025 was for the Company's Q4 2025 acquisitions of the Chassis and Structures Business and Georg Fischer's Leipzig casting facility ("Casting Facility") as well as the Q1 2024 acquisition of Bourgault.

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 level of debt, strong cash position, and significant new program launches all providing prospects for growth. Management expects that future operating capital expenditures will be financed by cash flow from operations or utilization of existing financing facilities. The Company expects the credit facility expiring in November 2026 to be renewed on same or better terms and conditions in the coming year.

At December 31, 2025, cash and cash equivalents, including short-term deposits was $911.1 million and the Company's credit facilities had available credit of $1.2 billion. Combined, the Company believes this liquidity[4] of $2.1 billion at December 31, 2025 is sufficient to meet cash flow needs. Free cash flow[1] was $362.4 million for Q4 2025 primarily due to cash generated from operating activities.

Commitments and Contingencies

The following table summarizes contractual obligations by category and the associated payments:

(in millions of dollars)	Total $	1 year $	Later than 1 year and not later than 5 years $	Later than 5 years $
Long-Term Debt Principal, excluding Lease Liabilities	1,781.5	232.8	440.6	1,108.1
Lease Liabilities[5]	382.6	67.0	182.1	133.5
Purchase Commitments	132.8	132.8	-	-
Total Contractual Obligations	2,296.9	432.6	622.7	1,241.6

The Company occasionally provides guarantees to third parties who, in turn, provide financing to certain Linamar customers for industrial products. In addition, the Company has provided limited guarantees within the purchase agreements of derecognized receivables as discussed in the notes to the Company's consolidated financial statements for the year ended December 31, 2025.

From time to time, the Company may be contingently liable for litigation, legal and/or regulatory actions and proceedings and other claims. These claims, and other details surrounding its financial liabilities, off-balance sheet obligations, or other contractual obligations as applicable, are described in the notes to Company's consolidated financial statements for the year ended December 31, 2025.

Financial Instruments

The Company uses derivatives as a part of its risk management program to mitigate variability associated with changing market values related to recognized liabilities and highly probable forecasted transactions.

The Company pursues a strategy of optimizing its operating and financing foreign currency cash flows in each region in which it operates. In key foreign exchange markets, the Company's foreign currency outflows for the purchases of materials and capital equipment are offset through the sale of products denominated in the same foreign currencies, creating a natural hedge. In markets where a natural currency hedge cannot be achieved, and a material foreign exchange exposure arises, the Company actively manages the risk through the execution of foreign exchange forward contracts and other derivatives. Despite actively managing the residual foreign exchange exposure, significant long-term movements in relative currency values may affect the Company's operational results. The Company does not actively hedge all

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

[5] Lease Liabilities includes the interest component based on contractual maturities in accordance with IFRS Accounting Standards.

the cash flow activities of its foreign subsidiaries and, accordingly operational results may be further affected by a significant change in the relative value of domestic currencies.

The amount and timing of executed derivatives is dependent upon several factors, including estimated production delivery schedules, forecasted customer payments, and the anticipated future direction of foreign currency and interest rates. The Company is exposed to counterparty credit risk when executing derivatives with financial institutions, and to mitigate this risk the Company limits derivative trading to counterparties within the credit facilities that maintain investment grade credit ratings.

In February 2024, the Company entered into a new term credit agreement for $700.0 million in connection with the acquisition of Bourgault and general corporate purposes. The term credit agreement is repayable in three tranches with the last expiring in February 2027. The first tranche due in February 2025 of $75.0 million was repaid during the third quarter of 2024 and the $225.0 million February 2026 second tranche was due and paid subsequent to year end. The term credit agreement has terms and conditions largely consistent with the Company's existing credit facility. Borrowings are subject to short-term market rates, plus applicable margin. The term credit agreement is unsecured and guaranteed by certain subsidiaries of the Company, as defined in the agreement. The borrowings require the Company to maintain certain financial ratios and impose limitations on specified activities.

The company is exposed to foreign exchange fluctuations due to foreign operating transactions and to manage this the Company enters into forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted consolidated foreign sales and purchases. Any fair value unrealized gains and losses for the hedges are included in other comprehensive earnings, with reclassifications to net earnings for the effective portion to match the net earnings impact of the hedged items.

For more information, please see the notes to the Company's consolidated financial statements for the year ended December 31, 2025.

CURRENT AND PROPOSED TRANSACTIONS

On December 31, 2025, the Company acquired 100% of the equity interest of the Casting Facility, located in Germany for a total preliminary purchase price of $42.9 million. The acquisition will diversify the Company's casting solutions to include large ductile iron castings for heavy industrial on and off-highway applications.

On November 14, 2025, the Company acquired select net assets of the Chassis and Structures Business for a total preliminary purchase price of $386.1 million. The acquisition added advanced capabilities to the Company's lightweight aluminum chassis and structural technologies and expand the Company's footprint across North America, notably in the United States.

There are no other current and proposed transactions for the quarter ended December 31, 2025.

RISK MANAGEMENT

The following risk factors, as well as the other information contained in this MD&A, the Company's Annual Information Form for the year ended December 31, 2025 or otherwise incorporated herein by reference, 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.

International Trade Policies

Due to the interconnected nature of the global economy, policy changes in one region can have immediate and significant adverse effects on markets worldwide. Amendments to international trade policies, including changes to existing agreements, increased restrictions on free trade, and substantial rises in customs duties and tariffs on goods imported into the regions where our Company operates—can negatively impact our financial condition or results of operations.

The current global trade environment has become increasingly complex and volatile. Beginning in 2025, the United States ("U.S.") administration implemented a series of escalating tariff measures that have materially disrupted North American and global trade systems. On March 4, 2025, tariffs of 25% were imposed on most Canadian and Mexican goods entering the U.S., alongside a 20% tariff on Chinese imports. In response, Canada and China implemented retaliatory tariffs on a broad range of U.S. goods. Since then, tariff levels and scope have continued to evolve, with additional rounds of escalation occurring across multiple trading relationships throughout 2025 and into 2026. The impact of these tariffs on our business and financial condition is influenced by a number of factors, including the effective duration and scope of tariffs imposed, the extent to which costs can be recovered from customers, the availability and cost of alternative sourcing, currency fluctuations driven by trade-related uncertainty, and the nature and timing of any further retaliatory or responsive measures by affected governments. The United States-Mexico-Canada Agreement (USMCA) is subject to its mandatory joint review in 2026, and renegotiation of its terms introduces further uncertainty. There is no assurance that revised terms will be as favorable to Canadian manufacturers as the current agreement, and any adverse changes could affect our cost competitiveness and market access. Beyond USMCA, the broader multilateral trade environment, including U.S. relations with the European Union, China, and other key markets,

continues to shift in ways that may affect demand for our customers' end products, our input costs, and our ability to serve global programs efficiently.

The Company has taken and continues to evaluate mitigating actions, including strategic sourcing adjustments, customer recovery negotiations, and supply chain restructuring. However, given these uncertainties, the Company cannot assure that any mitigating actions available to us will be successful. Any further escalation of trade tensions, additional tariffs, retaliatory measures, or shifts in Canadian or international trade policies could adversely impact our business.

Competition, Outsourcing and Insourcing

The Company faces numerous sources of competition in its Mobility segment, including its OEM customers and their affiliated parts manufacturers, other direct competitors and product alternatives. In many product areas, the primary competition comes from in-house divisions of the OEMs. In the Industrial segment the Company also faces competition from well-established aerial work platform and agricultural equipment OEMs.

As the Company's OEM customers face continued cost pressures as well as wide ranging areas of required capital investment within their business, some have decided to "outsource" some of their requirements. This outsourcing represents new business opportunities for the Company. However, because of various factors affecting the OEMs, such as the level of consumer spending on automobiles and related market volumes, entrenched capital assets, labour contracts, and other economic factors, this impacts the decision on whether to outsource work or not; such changes and decisions are reflected in the Company's results through reduced volume on some existing programs and the ability to bid on, and receive, new business.

Other competition in machining and assembly work comes from high precision machining companies which typically have several manufacturing locations and substantial capital resources to invest in equipment for high volume, high precision, and long-term contracts. Several of these companies are heavily involved in the automotive industry and are suppliers to major OEMs.

The Company believes that there are no suppliers which have the diversified capability to produce all of the components, modules and systems which the Company currently produces. Rather, Linamar faces a higher number of suppliers that compete on a product-by-product basis. Some of these competitors are larger and may have access to greater resources than the Company, but the Company believes that none of them are dominant in the markets in which the Company operates. The basis for supplier selection by OEMs is not typically determined solely by price, but would usually also include such elements as quality, service, historical performance, timeliness of delivery, proprietary technologies, scope of in-house capabilities, existing agreements, responsiveness and the supplier's overall relationship with the OEM. It can also be influenced by the degree of available and unutilized capacity of resources in the OEMs' manufacturing facilities, labour relations issues and other factors. The number of competitors that OEMs solicit to bid on any individual product has, in certain circumstances, been significantly reduced and management expects that further reductions will occur as a result of the OEMs' stated intention to deal with fewer suppliers and to award those suppliers longer-term contracts.

Sources and Availability of Raw Materials

The primary raw materials utilized by the Company's precision machining, access equipment and harvesting equipment operations are iron castings, aluminum castings, raw aluminum (ingot), forgings, raw steel, steel fabrications, powertrain assemblies, powder metal, bearings, mechatronic parts, seals and fasteners, which are readily obtained from a variety of suppliers globally that support the Company's operations. The Company is not substantially dependent on any one supplier. A disruption in the supply of components could cause the temporary shut-down and a prolonged supply disruption, including the inability to re-source or in-source production of a critical component, could have a material adverse effect on the Company's business.

Raw materials supply factors such as allocations, pricing, quality, timeliness of delivery, geopolitics, tariffs, transportation and warehousing costs may affect the raw material sourcing decisions of the Company and its plants. When appropriate and available, the Company may negotiate long-term agreements with raw material suppliers to ensure continued availability of certain raw materials on more favourable terms. In the event of significant unanticipated increase in demand for the Company's products and the supply of raw materials, the Company may be unable to manufacture certain products in a quantity sufficient to meet its customers' demand.

Labour Markets and Dependence on Key Personnel

For the development and production of products, the ability for the Company to compete successfully will depend on its ability to acquire and retain competent trades people, management, and product development staff that allow the Company to quickly adapt to technological change and advances in processes. Loss of certain members of the executive team or key technical leaders of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Competition for personnel throughout the industry is intense. The Company may be unable to retain its key employees or attract, assimilate, train or retain other necessary qualified employees, which may restrict its growth potential.

Dependence on Certain Customers

The Company's Mobility segment has a limited number of customers that individually account for more than 10% of its consolidated revenues or receivables at any given time. The global precision machining industry is characterized by a large number of manufacturers. As a result, manufacturers, such as the Company, tend to have a relatively small share of the markets they serve. Nonetheless, the Company believes that it is currently the sole supplier being used by its customers worldwide for products that represent more than half of the Company's Mobility sales.

Typically, sales are similarly concentrated for the Industrial segment as product distribution is largely through major access equipment rental companies and agricultural dealerships. Through its Skyjack subsidiary, the Company engages in the production and sale of access equipment including scissor lifts, booms and telehandlers. Through its Linamar Agriculture Group, the Company engages in the production and sale of farm equipment. There is a relatively defined sales cycle in these industries, as it is closely related to, and affected by, the product life cycle of these construction and agricultural sectors. Therefore, the risks and fluctuations in the construction and agricultural industries in the countries that Skyjack and the Linamar Agriculture Group operate in also affect the Company's Industrial sales.

Any disruption in the Company's relationships with these major customers or any decrease in revenue from these major customers, as a consequence of current or future conditions or events in the economy or markets in general or in the automotive (including medium/heavy duty trucks) and industrial industries in particular, could have a material adverse effect on the Company's business, financial condition, or results of operations.

Technological Change and Product Launches

Both operating segments may encounter technological change within their end markets. These can arise from new product introductions, product abandonment, and evolving industry requirements and standards. Accordingly, the Company believes that its future success depends on its ability to continue to innovate, launch new programs and ensure it delivers products at competitive prices and in a timely manner. The Company's inability, given technological or other reasons, to enhance, develop, or launch products in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on the Company's results of operations. In addition, there can be no assurance that products or technologies developed by other companies will not render the Company's products uncompetitive or obsolete.

Public Health Threats

Public health crises, such as the COVID-19 pandemic, and the measures taken in response to such events, have previously negatively impacted our operations, workforce, and those of our partners, customers, and suppliers, and may do so again in the future. The outbreak of a contagious disease, including viruses like COVID-19, can lead to a variety of challenges, including plant closures, labour shortages, and disruptions in supply chains and distribution channels. These events can cause temporary market disruptions, restrict production, elevate absenteeism, and reduce consumer demand for vehicles due to stay-at-home orders or restrictions on movement. Economic volatility stemming from these crises can adversely affect financial markets, impact our stock price, and limit our access to capital, which may constrain our ability to meet liquidity needs.

Supply chain disruptions that prevent timely product delivery can result in unrecoverable price increases, added costs, business interruptions, reputational damage, and potential loss of future business. Over the medium to long-term, these disruptions could lead to societal shifts, such as reduced reliance on vehicles due to expanded remote work or increased reluctance to use public transit, which may have both positive and negative effects on the automotive industry. The overall impact of such public health events on our business will depend on developments and responses outside of our control, which remain uncertain and difficult to predict.

Foreign Business Risk

The Company's operations in Europe, the Americas, and Asia, are subject to general business risks that may not exist in Canada. The political climate and government policies are less stable and less predictable in certain countries. As well, certain countries do not currently have the same economic infrastructure as exists in Canada.

Operations outside Canada subject the Company to other potential risks associated with international operations, including, but not limited to: complications in both compliance with and unexpected changes in foreign government laws and regulations, tariffs and other trade barriers, potential adverse tax consequences, fluctuations in currency exchange rates, difficulty in collecting accounts receivable, difficulty in staffing and managing foreign operations, events of international terrorism, geopolitical conflicts impacting customer volumes, supplier sourcing, and cost inputs, economic effects of any epidemic, pandemic or other public health threats such as COVID-19, recessionary environments in foreign economies, uncertainties in local commercial practices, and uncertainties in local accepted business practices and standards which may not be similar to accepted business practices and standards in Canada and which may create unforeseen business or public relations situations.

Expansion of the Company's operations in non-traditional markets is an important element of our strategy and, as a result, the Company's exposure to the risks described above may be greater in the future. The likelihood of such occurrences and their potential effect on the Company vary from country to country and are unpredictable.

Foreign Currency Risk

Although the Company's financial results are reported in Canadian dollars, a significant portion of the Company's revenues and operating costs are realized in other currencies. Fluctuations in the exchange rates between these currencies may affect the Company's results of operations.

The Company's foreign currency cash flows for the purchases of materials and certain capital equipment denominated in foreign currencies are naturally hedged when contracts to sell products are denominated in those same foreign currencies. In an effort to manage the remaining exposure to foreign currency risk, if material, the Company will employ hedging programs as appropriate. The purpose of the Company's foreign currency hedging activities is to minimize the effect of exchange rate fluctuations on business decisions and the resulting uncertainty on future financial results. From time to time the Company will incur foreign denominated debt to finance the acquisition of foreign operations. In these cases, the Company may elect to designate the foreign denominated debt as a net investment hedge of the foreign operation.

Long-term Contracts

Through its Mobility businesses, the Company principally engages in the supply of precision metallic components and systems for the automotive industry. These generally involve long-run processes for long-term contracts. Long-term contracts support the long-term sales of the Company, but these contracts do not guarantee production volumes and as such the volumes produced by the Company could be significantly different than the volume capacity for which the contract was awarded.

Contracts for customer programs not yet in production generally provide for the supply of components for a customer's future production levels. Actual production volumes may vary significantly from these estimates. These contracts can be terminated by a customer at any time and, if terminated, could result in the Company incurring pre-production, engineering and other various costs which may not be recoverable from the customer.

Long term supply agreements may also include mutually agreed price reductions over the life of the agreement. The Company attempts to offset price concessions and costs in a number of ways, including through negotiations with our customers, improved operating efficiencies and cost reduction efforts.

Acquisition and Expansion Risk

The Company may expand its operations, depending on certain conditions, by acquiring additional businesses, products or technologies. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional businesses, or successfully integrate any acquired businesses, products or technologies into the Company without substantial expenses, delays or other operational or financial problems. Furthermore, acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition. In addition, there can be no assurance that acquired businesses, products or technologies, if any, will achieve anticipated revenues and income. The failure of the Company to manage its acquisition or expansion strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

Cyclicality and Seasonality

The demand for the Company's products is cyclical and is driven by changing market conditions in which the Company's sells into. Current or future conditions or events in the economy or markets in general, or in the automotive (including medium/heavy duty trucks) and industrial industries in particular, could have a material adverse effect on the Company's business, financial condition, or results of operations.

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.

Legal Proceedings and Insurance Coverage

The Company may be threatened from time to time in the ordinary course of conducting its business with, or may be named as a defendant in, various legal and regulatory proceedings. These legal proceedings could include securities, environmental or occupational health and safety regulatory proceedings, as well as product liability claims, general liability, warranty or recall claims, or other consequential damages

claims. A significant judgment against the Company, or the imposition of a significant fine or penalty because of a finding that the Company has failed to comply with laws or regulations, could have a material adverse effect on the Company.

No assurance can be given that the insurance coverage or insurance coverage limits of the Company would be adequate to protect it against any claims for product liability claims, warranty or recall claims, or business interruption claims that may arise. The Company may require additional insurance coverage in these areas as the Company advances its involvement with product design and development. This type of insurance could be expensive and may not be available on acceptable terms, or at all. Any uninsured or underinsured product liability claims, general liability, warranty or recall claims, or business interruption claims could have a material adverse effect on the Company's financial condition, results of operations and prospects.

Credit Risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and receivables. The Company's credit risk for cash and cash equivalents is reduced as balances are held with major financial institutions with investment grade ratings. A substantial portion of the Company's receivables are with large customers in the automotive, truck, commercial, and industrial sectors which gives rise to concentration risk within those industries. The Company cannot guarantee that its customers will not experience financial difficulties in the future, making it unable to collect all its receivables.

Climate Change and Weather

Climate change presents a growing risk to our operations, supply chains, and overall business stability. Increasingly erratic weather patterns, such as more frequent and severe storms, floods, and droughts, can disrupt production schedules, damage infrastructure, and affect the availability of raw materials. Rising global temperatures and shifting environmental regulations may require significant investments in sustainability initiatives, including transitioning to greener manufacturing processes and reducing carbon emissions. These challenges could lead to higher operational costs, supply chain interruptions, and potential reputational risks if the Company fails to meet environmental expectations set by consumers, governments, or investors. Over the long term, the physical impacts of climate change, coupled with evolving regulatory and market pressures, could reshape demand for automotive products, with greater emphasis on electric vehicles and other sustainable solutions. As a result, climate change could pose both operational and strategic challenges and require proactive measures to mitigate risks and capitalize on new opportunities in an increasingly environmentally conscious market

Generally, adverse weather may impact Linamar's operations and its ability to produce product. For example, weather such as drought and flooding can have an adverse effect on crop quality and yields and therefore net farm income and new equipment orders.

Emission Standards

Fuel Economy and Emissions standards, even certain government mandates such as Electric or Zero Emissions Vehicle targets can play a major factor on technology within the auto industry. These regulations could potentially impact the sales of certain products the Company manufactures; in particular, components for internal combustion engines could be negatively impacted by increased penetration of electric or fuel cell vehicles. Conversely, products for Electric or Fuel Cell vehicles can fail to meet expected volumes levels dependant upon consumer preferences. In recent years, the Company has made strides in mitigating this risk by increasing its portfolio to include a wide array of internal combustions, Hybrid, Electric and Fuel Cell Electric Vehicle component and system offerings. The company has also significantly increased its content potential of propulsion-agnostic components in an effort to remain flexible and responsive to the market, no matter which technology becomes the most dominant.

Capital and Liquidity Risk

The Company is engaged in a capital-intensive business, and it may have fewer financial resources than some of its principal competitors. There is no assurance that the Company will be able to obtain additional debt or equity financing that may be required to successfully achieve its strategic plans.

The Company's current credit facilities and the private placement notes require the Company to comply with certain financial covenants. There can be no assurance of the Company's ability to continue to comply with its financial covenants, to appropriately service its debt, or to obtain continued commitments from debt providers. Additionally, the Company, if required, cannot guarantee access to additional equity or capital given current or future economic market events related to changes in the Company's segments.

Tax Laws

The tax laws in Canada and abroad are continuously changing and no assurance can be given that Canadian federal or provincial tax laws or the tax laws in foreign jurisdictions will not be changed in a manner that adversely affects the Company. There is no assurance that tax legislation or tax rates will remain unchanged. The Company currently has tax losses and credits in several countries that, given unforeseen changes in tax laws, may not continue indefinitely. Also, the Company's expansion into emerging markets subjects the Company to new tax regimes that may change based on political or social conditions.

Securities Laws Compliance and Corporate Governance Standards

As a public company listed in Canada, the Company is subject to Canadian securities laws and regulations, as well as applicable governance standards, all of which may change at any time. In addition, regulatory expectations around environmental, social, and governance disclosure continue to evolve and may lead to the imposition of new compliance obligations and disclosure requirements on the Company. The impact of these changes on the Company cannot be predicted.

Environmental Matters

The Company's manufacturing operations are subject to a wide range of environmental laws and regulations imposed by governmental authority in the jurisdictions in which the Company conducts business, including among other things, soil, surface water and groundwater contamination; the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of materials, including greenhouse gases, into the environment; and health and safety. Changes in laws and regulations, however, and the enforcement of such laws and regulations, are ongoing and may make environmental compliance, such as emissions control, site clean-ups and waste disposal, increasingly expensive. Senior management regularly assesses the work and costs required to address environmental matters but is not able to predict the future costs (whether or not material) that may be incurred to meet environmental obligations.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA") requires Chief Executive Officers ("CEOs") and Chief Financial Officers ("CFOs") to certify that they are responsible for establishing and maintaining disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed and are effective in providing reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's disclosure controls and procedures, and that their conclusions about the effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

As of December 31, 2025, the Company's management evaluated the effectiveness of the Company's disclosure controls and procedures, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

The Company's management, inclusive of the CEO and the CFO, does not expect that the Company's disclosure controls and procedures will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

Based on this evaluation, the CEO and the CFO have concluded that, subject to the inherent limitations noted above, the Company's disclosure controls and procedures are effective in providing reasonable, not absolute assurance that the objectives of our disclosure control system have been met.

Internal Control over Financial Reporting

National Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the issuer, that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

As of December 31, 2025, the Company's management evaluated the effectiveness of the Company's internal control over financial reporting, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, internal control over financial reporting can provide only reasonable, not absolute, assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

Based on this evaluation, the CEO and the CFO have concluded that, subject to the inherent limitations noted above, the Company's internal control over financial reporting is effective in providing reasonable, not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2025, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting, except as outlined below in the Limitation of Scope of Design section.

Limitation of Scope of Design

The Company has limited the scope of design of our internal controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of i) the Chassis and Structures Business, which the Company acquired on November 14, 2025, and ii) the Casting Facility, which the Company acquired on December 31, 2025. The chart below presents the summary financial information of the Chassis and Structures Business and the Casting Facility:

	From the Date of Acquisition for the Period Ended December 31 2025	
(in millions of dollars)	Chassis and Structures Business $	Casting Facility $
Sales	107.9	-
Net Earnings (Loss) for the Period	5.6	-
Current Assets	246.5	46.5
Non-Current Assets	420.8	70.9
Current Liabilities	171.8	26.8
Non-Current Liabilities	108.1	16.1

The scope limitation is in accordance with section 3.3(1)(b) of National Instrument 52-109 to which this MD&A relates, which allows an issuer to limit its design of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of a business that the issuer acquired not more than 365 days prior to the end of the fiscal period.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS Accounting Standards 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. The following discussion sets forth 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.

Impairment of Non-Financial Assets

The Company believes that the estimate of impairment for goodwill and non-financial assets is a "critical accounting estimate" because management is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to make significant forward-looking assumptions. In assessing whether there is an indication that an asset may be impaired, there are several external and internal sources of information which require a high degree of judgement. Judgement is used for what determines the cash generating unit ("CGU") or group of CGUs and this may impact the results of an impairment review. The recoverable amounts of CGUs have been determined based on the higher of fair value less costs of disposal or value in use calculations, which require the use of estimates. Uncertain changes in the discount rate used, and forward-looking assumptions regarding improvement plans, costing assumptions, timing of program launches, and production volumes may affect the fair value of estimates used. No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used.

Current Income Taxes

The Company is subject to income taxes in numerous jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. Loss carry forwards also comprise a portion of the temporary differences and result in a deferred income tax asset. Deferred income tax assets are only recognized to the extent that management considers it probable that a deferred income tax asset will be realized. The assessment for the recognition of a deferred tax asset requires significant judgement. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.

Useful Lives of Depreciable Assets

Due to the significance of property, plant and equipment and intangible assets on the Company's statements of financial position, the Company considers the amortization policy relating to property, plant and equipment and intangible assets to be a "critical accounting estimate". The Company considers the expected useful life of the assets, expected residual value, and contract length when setting the amortization rates of its assets. Judgement is involved when establishing these estimates as such factors as technological innovation, maintenance programs, and relevant market information must be taken into consideration. The assets' residual values, useful lives and amortization methods are reviewed at the end of each reporting period and are adjusted if expectations differ from previous estimates. If circumstances impacting these assumptions and estimates change, the change in accounting estimates may represent a material impact on the consolidated financial statements.

Purchase Price Allocations

The determination of the purchase price is a critical estimate. The purchase price related to a business combination is allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities; as a result, the purchase price allocation impacts the Company's reported assets and liabilities and future net earnings due to its impact on future depreciation and amortization expense as well as impairment tests.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2025 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2025.

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, interest expense, 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 December 31 2025 $	Three Months Ended December 31 2024 $	Twelve Months Ended December 31 2025 $	Twelve Months Ended December 31 2024 $
Adjustment for goodwill impairment	-	385.5	-	385.5
Adjustment for the electrified vehicle market and certain other prematurely ending programs	-	(6.2)	-	(6.2)
Adjustment for restructuring	-	16.0	-	16.0
Adjustment for contingent consideration of Mills River earn-out	-	(12.2)	-	(12.2)
Adjustment for duties relating to certain Industrial segment products	-	-	-	15.8
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) - Normalized	-	383.1	-	398.9
Asset impairment provision, net of reversals	0.5	0.4	(0.1)	1.3
Other items and Asset impairments impacting EBITDA – Normalized	0.5	383.5	(0.1)	400.2

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by $0.5 million for Q4 2025 and ($0.1) million for the full year of 2025 ($0.4 million for Q4 2024 and $1.3 million full year 2024).

During Q4 2024, Europe continued to experience economic challenges including a significant decline in automotive production. As a result of these economic challenges, within the Linamar Mobility Europe group the Company recorded a non-cash impairment charge of $385.5 million within operating earnings which was determined by comparing the carrying amount of the group to its recoverable amount. Also during Q4 2024, a normalizing item related to 'the electrified vehicle market and certain other prematurely ending programs' adjusted the Mobility segment by $6.2 million. Included in this normalizing item were customers compensation recoveries largely offset by inventory impairments, commercial settlements, and property, plant and equipment and technology intangible impairments.

Additionally, during Q4 2024, a normalizing item related to 'restructuring' adjusted the Mobility segment by $16.0 million. The restructuring was to improve operational efficiencies, primarily in Europe. Also during Q4 2024, a normalizing item related to an adjustment for 'contingent consideration on Mills River earn-out' impacted the Mobility segment by $12.2 million.

Lastly, during Q2 2024, operating earnings were adversely affected by estimated duties relating to certain Industrial segment products exported between 2022 and 2024. A normalizing item related to these estimated duties impacted operating earnings by $15.8 million.

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

			Three Months Ended December 31				Twelve Months Ended December 31	
	2025	2024	+/-	+/-	2025	2024	+/-	+/-
(in millions of dollars, except per share figures)	$	$	$	%	$	$	$	%
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	168.7	(149.5)	318.2	-	892.1	611.3	280.8	45.9%
Foreign exchange (gain) loss	31.3	(52.5)	83.8		41.8	(66.3)	108.1	
Other items	-	383.1	(383.1)		-	398.9	(398.9)	
Operating Earnings (Loss) – Normalized	200.0	181.1	18.9	10.4%	933.9	943.9	(10.0)	(1.1%)
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	110.7	(232.3)	343.0	-	584.5	258.3	326.2	126.3%
Foreign exchange (gain) loss	31.3	(52.5)	83.8		41.8	(66.3)	108.1	
Foreign exchange (gain) loss on debt and derivatives	0.1	-	0.1		0.1	1.0	(0.9)	
Other items	-	383.1	(383.1)		-	398.9	(398.9)	
Tax impact including Other Items	(5.7)	13.5	(19.2)		(4.3)	12.5	(16.8)	
Net Earnings (Loss) – Normalized	136.4	111.8	24.6	22.0%	622.1	604.4	17.7	2.9%
Effective tax rate	25.2%	25.8%			27.1%	25.3%		
Effective tax rate - Normalized	24.0%	26.3%			26.2%	25.4%		
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	1.85	(3.78)	5.63	-	9.73	4.19	5.54	132.2%
Foreign exchange (gain) loss	0.52	(0.86)	1.38		0.70	(1.08)	1.78	
Foreign exchange (gain) loss on debt and derivatives	-	-	-		-	0.02	(0.02)	
Other items	-	6.24	(6.24)		-	6.48	(6.48)	
Tax impact including Other Items	(0.09)	0.22	(0.31)		(0.07)	0.20	(0.27)	
Net Earnings (Loss) per Share – Diluted – Normalized	2.28	1.82	0.46	25.3%	10.36	9.81	0.55	5.6%
EBITDA and EBITDA – Normalized								
Net Earnings (Loss) before income taxes	148.0	(179.0)	327.0	-	801.2	476.1	325.1	68.3%
Amortization of property, plant and equipment	141.0	145.7	(4.7)		540.0	528.0	12.0	
Amortization of other intangible assets	21.8	20.4	1.4		82.3	77.3	5.0	
Interest expense	21.8	28.5	(6.7)		91.7	126.8	(35.1)	
Other interest	4.9	5.0	(0.1)		19.6	21.6	(2.0)	
EBITDA	337.5	20.6	316.9	1,538.3%	1,534.8	1,229.8	305.0	24.8%
Foreign exchange (gain) loss	31.3	(52.5)	83.8		41.8	(66.3)	108.1	
Foreign exchange (gain) loss on debt and derivatives	0.1	-	0.1		0.1	1.0	(0.9)	
Asset impairment provision, net of reversals	0.5	0.4	0.1		(0.1)	1.3	(1.4)	
Other items	-	383.1	(383.1)		-	398.9	(398.9)	
EBITDA – Normalized	369.4	351.6	17.8	5.1%	1,576.6	1,564.7	11.9	0.8%

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

(in millions of dollars)	Three Months Ended December 31 2025 Industrial $	Mobility $	Linamar $	Twelve Months Ended December 31 2025 Industrial $	Mobility $	Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	42.8	125.9	168.7	329.3	562.8	892.1
Foreign exchange (gain) loss	25.1	6.2	31.3	30.2	11.6	41.8
Other items	-	-	-	-	-	-
Operating Earnings (Loss) – Normalized	67.9	132.1	200.0	359.5	574.4	933.9
EBITDA – Normalized						
EBITDA	67.7	269.8	337.5	425.6	1,109.2	1,534.8
Foreign exchange (gain) loss	25.1	6.2	31.3	30.2	11.6	41.8
Foreign exchange (gain) loss on debt and derivatives	-	0.1	0.1	-	0.1	0.1
Asset impairment provision, net of reversals	-	0.5	0.5	-	(0.1)	(0.1)
Other items	-	-	-	-	-	-
EBITDA – Normalized	92.8	276.6	369.4	455.8	1,120.8	1,576.6

(in millions of dollars)	Three Months Ended December 31 2024 Industrial $	Mobility $	Linamar $	Twelve Months Ended December 31 2024 Industrial $	Mobility $	Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	152.9	(302.4)	(149.5)	589.2	22.1	611.3
Foreign exchange (gain) loss	(61.5)	9.0	(52.5)	(88.8)	22.5	(66.3)
Other items	-	383.1	383.1	15.8	383.1	398.9
Operating Earnings (Loss) – Normalized	91.4	89.7	181.1	516.2	427.7	943.9
EBITDA – Normalized						
EBITDA	177.4	(156.8)	20.6	682.5	547.3	1,229.8
Foreign exchange (gain) loss	(61.5)	9.0	(52.5)	(88.8)	22.5	(66.3)
Foreign exchange (gain) loss on debt and derivatives	-	-	-	1.0	-	1.0
Asset impairment provision, net of reversals	-	0.4	0.4	-	1.3	1.3
Other items	-	383.1	383.1	15.8	383.1	398.9
EBITDA – Normalized	115.9	235.7	351.6	610.5	954.2	1,564.7

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:

(in millions of dollars)	Three Months Ended December 31 2025 $	2024 $	Twelve Months Ended December 31 2025 $	2024 $
Free Cash Flow				
Cash generated from (used in) operating activities	471.4	497.6	1,330.8	1,254.0
Payments for purchase of property, plant and equipment	(109.6)	(66.3)	(404.2)	(532.6)
Proceeds on disposal of property, plant and equipment	0.6	59.5	10.6	66.9
Free Cash Flow	362.4	490.8	937.2	788.3
Liquidity				
Cash and cash equivalents			911.1	1,054.6
Available credit			1,151.6	791.2
Liquidity			2,062.7	1,845.8

Supplementary Financial Measures

Content per Vehicle

CPV 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.

Summary of Content per Vehicle by Quarter

The following table summarizes the updated CPV for the current year for changes in volumes as revised by industry sources:

Estimates as of December 31, 2025	Three Months Ended				Year to Date			
North America	Mar 31 2025	Jun 30 2025	Sep 30 2025	Dec 31 2025	Mar 31 2025	Jun 30 2025	Sep 30 2025	Dec 31 2025
Vehicle Production Units	3.89	4.08	4.07	3.71	3.89	7.97	12.04	15.75
Automotive Sales	$ 1,171.4	$ 1,191.7	$ 1,188.6	$ 1,221.0	$ 1,171.4	$ 2,363.1	$ 3,551.7	$ 4,772.7
Content Per Vehicle	$ 300.90	$ 292.01	$ 292.18	$ 329.35	$ 300.90	$ 296.35	$ 294.94	$ 303.04
Europe								
Vehicle Production Units	4.37	4.47	3.86	4.28	4.37	8.83	12.69	16.98
Automotive Sales	$ 426.3	$ 433.1	$ 396.6	$ 397.6	$ 426.3	$ 859.4	$ 1,256.0	$ 1,653.5
Content Per Vehicle	$ 97.64	$ 96.98	$ 102.68	$ 92.82	$ 97.64	$ 97.31	$ 98.94	$ 97.40
Asia Pacific								
Vehicle Production Units	12.79	13.17	13.82	15.44	12.79	25.96	39.78	55.22
Automotive Sales	$ 146.7	$ 147.9	$ 146.0	$ 161.1	$ 146.7	$ 294.6	$ 440.6	$ 601.7
Content Per Vehicle	$ 11.47	$ 11.23	$ 10.57	$ 10.43	$ 11.47	$ 11.35	$ 11.08	$ 10.90

Estimates as of September 30, 2025	Three Months Ended			Year to Date		
North America	Mar 31 2025	Jun 30 2025	Sep 30 2025	Mar 31 2025	Jun 30 2025	Sep 30 2025
Vehicle Production Units	3.89	4.09	4.08	3.89	7.97	12.05
Automotive Sales	$ 1,171.4	$ 1,191.7	$ 1,188.2	$ 1,171.4	$ 2,363.1	$ 3,551.3
Content Per Vehicle	$ 301.41	$ 291.57	$ 291.32	$ 301.41	$ 296.37	$ 294.66
Europe						
Vehicle Production Units	4.38	4.46	3.77	4.38	8.83	12.61
Automotive Sales	$ 426.3	$ 433.1	$ 396.9	$ 426.3	$ 859.4	$ 1,256.3
Content Per Vehicle	$ 97.39	$ 97.20	$ 105.20	$ 97.39	$ 97.30	$ 99.66
Asia Pacific						
Vehicle Production Units	12.80	13.18	13.42	12.80	25.98	39.40
Automotive Sales	$ 146.7	$ 147.9	$ 146.0	$ 146.7	$ 294.6	$ 440.6
Content Per Vehicle	$ 11.46	$ 11.22	$ 10.88	$ 11.46	$ 11.34	$ 11.18

Change in Estimates from Prior Quarter	Three Months Ended			Year to Date		
	Mar 31 2025	Jun 30 2025	Sep 30 2025	Mar 31 2025	Jun 30 2025	Sep 30 2025
North America	+/-	+/-	+/-	+/-	+/-	+/-
Vehicle Production Units	-	(0.01)	(0.01)	-	-	(0.01)
Automotive Sales	$ -	$ -	$ 0.4	$ -	$ -	$ 0.4
Content Per Vehicle	$ (0.51)	$ 0.44	$ 0.86	$ (0.51)	$ (0.02)	$ 0.28
Europe						
Vehicle Production Units	(0.01)	0.01	0.09	(0.01)	-	0.08
Automotive Sales	$ -	$ -	$ (0.3)	$ -	$ -	$ (0.3)
Content Per Vehicle	$ 0.25	$ (0.22)	$ (2.52)	$ 0.25	$ 0.01	$ (0.72)
Asia Pacific						
Vehicle Production Units	(0.01)	(0.01)	0.40	(0.01)	(0.02)	0.38
Automotive Sales	$ -	$ -	$ -	$ -	$ -	$ -
Content Per Vehicle	$ 0.01	$ 0.01	$ (0.31)	$ 0.01	$ 0.01	$ (0.10)

FORWARD LOOKING INFORMATION

Certain information provided by Linamar in this 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, international trade policies including tariffs; 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; cyclicality 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.

CONSOLIDATED FINANCIAL STATEMENTS

Linamar Corporation

December 31, 2025 and December 31, 2024
(in thousands of dollars)

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management of Linamar Corporation (the "Company") is responsible for the preparation of all information included in this annual report. The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards and necessarily include some amounts that are based on management's best estimates and judgements. Financial information included elsewhere in this annual report is consistent with that in the consolidated financial statements.

Management maintains a system of internal accounting controls to provide reasonable assurance that the consolidated financial statements are accurate and reliable and that the assets are safeguarded from loss or unauthorized use.

The Company's independent auditor, appointed by the shareholders, has prepared their report, which outlines the scope of their examination and expresses their opinion on the consolidated financial statements.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee is comprised of independent directors who are not employees of the Company.

The Audit Committee meets periodically with management and with the auditors to review and to discuss accounting policy, auditing and financial reporting matters. The Committee reports its findings to the Board of Directors for their consideration in reviewing and approving the consolidated financial statements for issuance to the shareholders.

(Signed) "Jim Jarrell"

Jim Jarrell
Chief Executive Officer & President

(Signed) "Dale Schneider"

Dale Schneider
Chief Financial Officer

March 4, 2026

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Linamar Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Linamar Corporation and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive earnings for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Goodwill impairment test for the Bourgault, Salford and Linamar Structures Cash Generating Units (CGUs)
 	
Refer to note 3 - Material accounting policies, note 5 – Critical accounting estimates and judgements, note 11 – Goodwill and note 26 – Business acquisitions to the consolidated financial statements.
 	
The carrying values of goodwill for the Bourgault, Salford and Linamar Structures CGUs were $182.4 million, $92.6 million and $184.7 million, respectively, as at December 31, 2025. The goodwill for the Linamar Structures CGU contains $109.3 million related to the acquisition of select net assets of Aludyne Incorporated's North American operations (Aludyne) on November 14, 2025.
 	
Management performs an impairment assessment annually for goodwill, or more frequently when there is an indication of impairment. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the full impairment loss is charged against earnings. The recoverable amounts of the Bourgault, Salford and Linamar Structures CGUs were determined by management based on a value in use calculation (the method) using discounted future operating cash flows
	Our approach to addressing the matter included the following procedures, among others:
	
	- Tested how management determined the recoverable amounts of the Bourgault, Salford and Linamar Structures CGUs prior to the acquisition of Aludyne, which included the following:
	  - Evaluated the appropriateness of the method used and the mathematical accuracy of the models for the five-year period.
	  - Evaluated the reasonableness of the forecast growth rates and operating costs applied by management in the models by (i) comparing to current and past performance of the CGUs; (ii) assessing consistency with available third party published industry data; (iii) comparing to the approved budgets; and (iv) evaluating whether these assumptions were consistent with management's strategic plans.
	  - Professionals with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the discount rates applied by management and the reasonableness of the recoverable amounts based on available data of comparable companies.

(the models) covering a five-year period. Management applied judgement when developing the key assumptions used in the models, including forecast growth rates, discount rates and operating costs. No impairment loss was recognized as a result of the current year impairment tests. We considered this a key audit matter due to the judgement made by management in determining the recoverable amounts of the Bourgault, Salford and Linamar Structures CGUs, including the use of key assumptions. This has resulted in a high degree of subjectivity and audit effort in performing procedures to test the key assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	- Tested the underlying data used in the models. - Tested the disclosures made in the consolidated financial statements related to goodwill impairment tests.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Aneil Manji.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
March 4, 2026

LINAMAR CORPORATION

Consolidated Statements of Financial Position

As at December 31, 2025 with comparatives as at December 31, 2024
(in thousands of Canadian dollars)

	December 31 2025 $	December 31 2024 $
ASSETS		
Cash and cash equivalents	911,077	1,054,598
Accounts and other receivables (Note 27)	1,404,069	1,312,281
Inventories (Note 7)	2,054,768	2,062,358
Income taxes recoverable (Note 8)	58,509	76,612
Current portion of long-term receivables (Note 27)	23,595	21,656
Current portion of derivative financial instruments (Note 27)	29,855	-
Prepaid expenses and other current assets	86,873	79,481
Current Assets	4,568,746	4,606,986
Long-term receivables (Note 27)	51,788	32,023
Derivative financial instruments (Note 27)	2,796	-
Property, plant and equipment (Note 9)	3,913,831	3,642,618
Deferred tax assets (Note 8)	294,558	250,601
Intangible assets (Note 10)	1,109,984	1,135,042
Goodwill (Note 11)	950,091	832,572
Assets	10,891,794	10,499,842
LIABILITIES		
Accounts payable and accrued liabilities (Note 27)	2,228,761	2,247,695
Provisions (Note 12)	55,830	74,925
Income taxes payable (Note 8)	64,547	54,633
Current portion of long-term debt (Note 13)	287,322	45,658
Current portion of derivative financial instruments (Note 27)	2,821	64,125
Current Liabilities	2,639,281	2,487,036
Long-term debt (Note 13)	1,811,126	2,246,861
Derivative financial instruments (Note 27)	601	9,020
Deferred tax liabilities (Note 8)	343,419	328,979
Liabilities	4,794,427	5,071,896
EQUITY		
Capital stock (Note 14)	148,917	140,521
Retained earnings	5,643,328	5,201,851
Contributed surplus	37,089	37,669
Accumulated other comprehensive earnings (loss)	268,033	47,905
Equity	6,097,367	5,427,946
Liabilities and Equity	10,891,794	10,499,842

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

On behalf of the Board of Directors:

(Signed) “Linda Hasenfratz”

Linda Hasenfratz
Director

(Signed) “Jim Jarrell”

Jim Jarrell
Director

LINAMAR CORPORATION

Consolidated Statements of Earnings

For the years ended December 31, 2025 and December 31, 2024
(in thousands of Canadian dollars, except per share figures)

	2025 $	2024 $
Sales (Note 15)	10,231,764	10,582,022
Cost of sales (Note 16)	8,714,344	9,078,009
Gross Margin	1,517,420	1,504,013
Selling, general and administrative (Note 16)	587,479	592,106
Goodwill impairment (Note 11)	-	385,523
Other income and (expenses) (Note 19)	(37,826)	84,942
Operating Earnings (Loss)	892,115	611,326
Finance income and (expenses) (Note 20)	(90,885)	(135,188)
Net Earnings (Loss) before Income Taxes	801,230	476,138
Provision for (recovery of) income taxes (Note 8)	216,714	217,879
Net Earnings (Loss) for the Year	584,516	258,259
Net Earnings (Loss) per Share: (Note 21)		
Basic	9.75	4.20
Diluted	9.73	4.19

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

LINAMAR CORPORATION

Consolidated Statements of Comprehensive Earnings

For the years ended December 31, 2025 and December 31, 2024
(in thousands of Canadian dollars)

	2025 $	2024 $
Net Earnings (Loss) for the Year	584,516	258,259
Items that may be reclassified subsequently to net income		
Unrealized gains (losses) on translating financial statements of foreign operations	197,852	25,503
Change in unrealized gains (losses) on net investment hedges (Note 27)	(38,944)	(8,704)
Change in unrealized gains (losses) on cash flow hedges (Note 27)	71,697	(114,474)
Change in cost of hedging (Note 27)	(8,455)	3,870
Reclassification to earnings of gains (losses) on cash flow hedges (Note 27)	18,385	19,540
Tax impact of above (Note 8)	(20,407)	22,766
Other Comprehensive Earnings (Loss)	220,128	(51,499)
Comprehensive Earnings (Loss) for the Year	804,644	206,760

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

LINAMAR CORPORATION

Consolidated Statements of Changes in Equity

For the years ended December 31, 2025 and December 31, 2024
(in thousands of Canadian dollars)

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at January 1, 2024	142,100	5,046,422	34,177	82,446	16,958	5,322,103
Net Earnings (Loss)	-	258,259	-	-	-	258,259
Other comprehensive earnings (loss)	-	-	-	16,799	(68,298)	(51,499)
Comprehensive Earnings (Loss)	-	258,259	-	16,799	(68,298)	206,760
Share-based compensation	-	-	3,492	-	-	3,492
Common shares repurchased and cancelled (Note 14)	(1,579)	(41,287)	-	-	-	(42,866)
Dividends	-	(61,543)	-	-	-	(61,543)
Balance at December 31, 2024	140,521	5,201,851	37,669	99,245	(51,340)	5,427,946
Net Earnings (Loss)	-	584,516	-	-	-	584,516
Other comprehensive earnings (loss)	-	-	-	158,908	61,220	220,128
Comprehensive Earnings (Loss)	-	584,516	-	158,908	61,220	804,644
Share-based compensation	-	-	3,561	-	-	3,561
Shares issued on exercise of options	11,493	-	(4,141)	-	-	7,352
Common shares repurchased and cancelled (Note 14)	(3,097)	(76,039)	-	-	-	(79,136)
Dividends	-	(67,000)	-	-	-	(67,000)
Balance at December 31, 2025	148,917	5,643,328	37,089	258,153	9,880	6,097,367

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

LINAMAR CORPORATION

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and December 31, 2024
(in thousands of Canadian dollars, except where otherwise noted)

	2025 $	2024 $
Cash generated from (used in)		
Operating Activities		
Net earnings (loss)	584,516	258,259
Adjustments for:		
Amortization of property, plant and equipment	540,002	528,030
Amortization of other intangible assets	82,298	77,334
Deferred income taxes	(47,124)	(54,725)
Asset impairment provision, net of reversals	(60)	116,167
Goodwill impairment	-	385,523
Share-based compensation	3,561	3,492
Finance (income) and expenses	90,885	135,188
Other	9,502	15,616
	1,263,580	1,464,884
Changes in operating assets and liabilities		
(Increase) decrease in accounts and other receivables	(58,939)	202,175
(Increase) decrease in inventories	141,622	(37,022)
(Increase) decrease in prepaid expenses and other current assets	(5,750)	(10,864)
(Increase) decrease in long-term receivables	(21,475)	11,387
Increase (decrease) in income taxes	16,677	(81,927)
Increase (decrease) in accounts payable and accrued liabilities	15,086	(313,830)
Increase (decrease) in provisions	(20,023)	19,232
	67,198	(210,849)
Cash generated from (used in) operating activities	1,330,778	1,254,035
Financing Activities		
Proceeds from (repayments of) long-term debt	(419,495)	(157,748)
Proceeds from term credit agreement	-	700,000
Repayments of term credit agreement	-	(75,000)
Proceeds from exercise of stock options	7,352	-
Repurchase of shares (Note 14)	(77,588)	(42,025)
Dividends paid	(67,000)	(61,543)
Finance income received (expenses paid)	(88,773)	(127,760)
Cash generated from (used in) financing activities	(645,504)	235,924
Investing Activities		
Payments for purchase of property, plant and equipment	(404,209)	(532,598)
Proceeds on disposal of property, plant and equipment	10,680	66,833
Payments for purchase of intangible assets	(17,532)	(31,101)
Business acquisitions, net of cash acquired (Note 26)	(425,772)	(620,496)
Other	(440)	(80)
Cash generated from (used in) investing activities	(837,273)	(1,117,442)
	(151,999)	372,517
Effect of translation adjustment on cash	8,478	28,754
Increase (decrease) in cash and cash equivalents	(143,521)	401,271
Cash and cash equivalents - Beginning of Year	1,054,598	653,327
Cash and cash equivalents - End of Year	911,077	1,054,598
Comprised of:		
Cash in bank	533,405	709,215
Short-term deposits	377,672	345,383
	911,077	1,054,598

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

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 annual financial statements of the Company for the year ended December 31, 2025 were authorized for issue in accordance with a resolution of the Company's Board of Directors on March 4, 2026.

2 Basis of Preparation

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

Certain comparative figures have been reclassified to conform to the current period's financial presentation adopted. This includes a reclassification of the December 31, 2024 investments of $1,419 to prepaid expenses and other current assets, increasing its balance to $79,481 from $78,062.

3 Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis with any exceptions outlined below.

Basis of Consolidation

Subsidiaries are all entities over which the Company has control and all subsidiaries are wholly owned and are located in the geographic regions of our segments. These consolidated financial statements include the accounts of the Company and its subsidiaries. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases. All significant intercompany transactions are eliminated on consolidation.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value (at the date of exchange) of the assets acquired, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Any excess of the acquisition cost over the fair value of the net assets acquired and liabilities and contingent liabilities recognized, is recorded in assets as goodwill. If this consideration is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized and estimated at fair value on the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset, or liability will be recognized in accordance with the applicable standard either in net earnings or as a change to other comprehensive earnings. If the contingent consideration is classified as equity, it shall not be re-measured and shall be accounted for within equity.

The Company may have partial ownership in joint ventures over whose activities the Company has joint control, established by contractual agreements and requiring unanimous consent for strategic, financial and operating decisions. The Company accounts for jointly controlled entities using the equity method after initially being recognized at cost.

The Company may have partial ownership in associates over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method after initially being recognized at cost.

Under the equity method of accounting, the consolidated financial statements include the Company's share of the income and expenses and equity movements of the investments, after adjustments to align the accounting policies with those of the Company, from the date that the significant influence or joint control commences until the date that significant influence or joint control ceases. Dividends are recognized

as a reduction in the carrying amount of the investment. Where the Company's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses.

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealized losses are eliminated unless the transaction provides evidence of impairment.

Foreign Currency Translation

Functional and presentation currency

The Company's consolidated financial statements are presented in Canadian dollars ("dollars"), which is also the Company's functional currency. Each entity in the Company maintains its accounting records in its functional currency. An entity's functional currency is the currency of the principal economic environment in which it operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rate of the reporting period. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are re-translated at period end exchange rates. Non-monetary assets and liabilities, which are measured in terms of historical cost in a foreign currency, are not re-translated. Foreign exchange gains and losses arising from borrowings are presented in the statements of earnings within finance expenses and all other foreign exchange gains and losses are presented within operating earnings except for those which relate to qualifying cash flow hedges and qualifying net investment hedges are presented in other comprehensive earnings within accumulated other comprehensive earnings until realized. Foreign exchange gains and losses arising from long-term intercompany loans, where repayment is neither planned nor likely to occur in the foreseeable future, are considered as part of the net investment in a foreign operation. These are also presented in other comprehensive earnings within accumulated other comprehensive earnings until realized.

Foreign Operations

For the purpose of presenting consolidated financial statements, the results and financial position of all entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities are translated at the closing rate at the reporting period end date;

(b) Income and expenses are translated at average exchange rates for the reporting period; and

(c) All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. When a foreign operation is sold, or there is a disposal involving a loss of control, exchange differences that were recorded in equity are recognized in the statements of earnings as part of the gain or loss on sale or disposal.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and short-term deposits. Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value. Investments normally qualify as cash equivalents if they have a term to maturity at the date of purchase of three months or less.

Receivables

Current

Receivables are amounts due from customers for products sold or services performed in the ordinary course of business.

The Company applies the simplified approach, as defined in IFRS Accounting Standards, to measure expected credit losses, which requires the use of the lifetime expected credit loss provision for all trade receivables. To measure lifetime expected credit losses, trade receivables are first categorized by groups with shared credit characteristics and the age of past due receivables followed by an assessment of the Company's historical experience of bad debts including customers' ability to pay and the current and future economic conditions which are expected during the life of the balance. The loss allowance is determined according to a provision matrix incorporating historical experiences adjusted for current and future conditions expected for the life of the balance.

Long-term

The Company provides financing to certain customers through direct financing loans for the sale of industrial access equipment.

The Company applies the simplified approach, as defined in IFRS Accounting Standards, to measure expected credit losses for receivables that contain a significant financing component (long-term receivables) and applies this approach consistently for all such receivables. To measure lifetime expected credit losses, long-term receivables are first categorized by groups with shared credit characteristics and the age of past due receivables followed by an assessment of the Company's historical experience of bad debts including customers' ability to pay and the current and future economic conditions which are expected during the life of the balance. The loss allowance is determined according to the provision matrix incorporating historical experience by credit risk rating as well as current conditions and forward-looking information. These may include internal credit ratings, external credit ratings (as available), actual or expected significant adverse changes in business, financial or economic conditions, changes in the value of collateral and macroeconomic information such as market interest rates.

Impairment

The Company defines default of a financial asset when the Company is no longer reasonably assured of the timely collection of the full amount of principal and interest. The Company writes off its receivables when there is no realistic prospect of recovery. This is generally when a debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write off or fails to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to engage in enforcement activities to attempt to recover the receivable due. Losses are reversed when recoveries are made, or the future economic conditions have improved.

Leases

An agreement is a lease if the agreement conveys the right to obtain substantially all the economic benefit from the use of the identified asset and the right to direct the use of the identified asset.

Company as a lessee

The Company leases certain property, plant and equipment as right-of-use assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Assets and liabilities arising from a lease are initially measured on a present value basis, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease liabilities include the present value of fixed and variable payments, residual value guarantees, exercise of purchase options if reasonably certain to be exercised and any penalties for terminating the lease if reasonably certain to terminate. Right-of-use assets are measured at cost comprised of the amount of the initial measurement of the lease liability plus any lease payments made before the lease commencement date, any initial direct costs and restoration costs. Lease payments are allocated between finance charges and a reduction of the outstanding lease obligation. Finance charges are recognized in net earnings, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. If the underlying right-of-use asset transfers to the lessee at the end of the lease term or the lessee is reasonably certain to exercise a purchase option, the depreciation shall be the useful life of the right-of-use asset in accordance with the Company's depreciation methods and rates based on the class of the right-of-use asset. Otherwise, the right-of-use assets are depreciated over the shorter of the useful life of the asset and the lease term on a straight-line basis. The Company is exposed to potential future increases in variable lease payments based on an index or rate which are not included in the lease liability until they take effect. When the adjustments for variable payments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

For any contracts with a short-term or if the present value of the right-of-use asset has a low-value, the Company will expense the lease payments as incurred and no right-of-use asset will be recorded.

Company as a lessor

The Company leases certain industrial access products to customers. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases. Amounts due from lessees under operating lease arrangements are recognized as revenue over the course of the lease arrangement. Contingent rents are recognized as revenue in the period in which they are earned. Amounts due from lessees under finance lease arrangements are recognized as receivable at the amount of the Company's net investments in the leases. Finance lease income is allocated to accounting periods to reflect a constant rate of return on the Company's net investment outstanding.

Sale of Receivables

The sale of receivables are recorded, and the receivable derecognized when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a borrowing for the proceeds received. For some transfers, the Company may provide security in the form of a limited guarantee in regard to the risk of default.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of finished goods and work-in-process is comprised of material costs, direct labour costs and other direct costs and related production overheads (based on normal operating capacity). Costs are allocated to inventory based on weighted average costs. Net realizable value for finished goods and work-in-process is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling expenses. For raw materials and general stores inventories the replacement cost is the best available measure of net realizable value.

The amount of inventories recognized as an expense during the period is shown in cost of sales. Write-downs for inventories are recorded when the net realizable value is lower than cost. The write-downs may be reversed if the circumstances which caused them no longer exist.

Taxation

Income taxes recoverable and payable

The taxes currently payable are based on taxable earnings for the reporting period. Taxable earnings differ from earnings as reported in the consolidated statements of earnings because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in each jurisdiction that the Company operates in.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable earnings will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Such deferred tax is not recognized if the temporary difference arises from goodwill.

Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable earnings against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The ability to realize the tax benefits for tax loss carry-forwards is dependent upon several factors, including the future profitability of operations in the jurisdictions in which the tax losses arose.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Provision for current and deferred income taxes

Income tax expense represents the sum of the current and deferred income taxes for the period.

Current and deferred tax are recognized as an expense or income in net earnings, except when they relate to items that are recognized outside net earnings (whether in other comprehensive earnings or directly in equity), in which case the tax is also recognized outside net earnings, or where they arise from the initial accounting for a business acquisition. In the case of a business acquisition, the tax effect is included in the accounting for the business acquisition.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated amortization and impairment. Amortization of property, plant and equipment commences when they are ready for their intended use. Amortization is charged to earnings in amounts sufficient to depreciate the cost of property, plant and equipment over their estimated useful lives using the diminishing balance and straight-line methods as follows:

Land-use rights	Straight-line over the life of the contract
Buildings	5% diminishing balance
Machinery	Straight-line over 5 - 20 years or 15% - 20% diminishing balance
Office equipment	Straight-line over 2 - 3 years or 20% diminishing balance
Transportation equipment	10% - 30% diminishing balance
Tooling	Straight-line over 1 – 5 years

Where components of more substantial assets have differing useful lives, these are depreciated separately. Subsequent costs are capitalized in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The assets' residual values, useful lives and amortization methods are reviewed, and adjusted if appropriate, at the end of each reporting period. Repair and maintenance costs are expensed as incurred, except where they serve to increase productivity or to prolong the useful life of an asset, in which case they are capitalized.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualified assets are capitalized as part of the acquisition costs of the qualified asset. All other borrowing costs are recognized in net earnings.

Intangibles

Intangible assets acquired through purchase are initially measured at cost. Intangible assets acquired through business combinations are initially measured at fair value at the date of acquisition. Amortization is charged to earnings in amounts sufficient to depreciate the cost of intangible assets over their estimated useful lives using the straight-line method or a unit of production basis as follows:

Trade names	Straight-line over 20 years or indefinite life
Customer relationships	Straight-line over 12 - 25 years
Technology	Straight-line over 10 - 15 years
Product development costs	Unit of production basis or straight-line over 5 – 15 years
Software	Straight-line over 3 – 5 years

The assets' residual values, useful lives and amortization methods are reviewed, and adjusted if appropriate, at the end of each reporting period. Intangible assets with indefinite useful lives are not amortized but are reviewed for impairment annually, or more frequently when there is an indication of impairment.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortized but is reviewed for impairment annually, or more frequently when there is an indication of impairment.

Impairment of Non-Financial Assets

At the end of each reporting period, or more frequently based on specific events or changes in circumstances, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the assets are grouped at the lowest level for which there are separately identifiable cash inflows, and the Company estimates the recoverable amount at the cash-generating or grouped cash-generating units ("CGU") level. The Company has determined a CGU to be an individual entity or group of entities with separately identifiable cash inflows. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

For impairment testing, goodwill is allocated to each of the Company's CGUs expected to benefit from the synergies of the combination and represents the lowest level in which management monitors its operations. If the Company reorganizes the reporting structure that

changes the composition of the CGUs to which goodwill has been allocated, the goodwill is reallocated to the CGUs affected using a method such as the relative value approach at the date of the reorganization.

The recoverable amount is the higher of the fair value less costs of disposal or value in use. Fair value less costs of disposal are based on the amount that a market participant would pay for the asset or CGU. Value in use calculations utilize discounted future operating cash flows. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the full impairment loss is charged against earnings and the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit on a pro-rata basis to the carrying amount of each asset in the unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but not more than the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in net earnings. Any impairment loss recognized for goodwill is not reversed in a subsequent period.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligations, the carrying amount is the present value of those cash flows. The increase in the provision due to passage of time is recognized as interest expense.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Financial Instruments

A financial instrument is any contract that at the same time gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized as soon as the Company becomes a contracting party to the financial instrument.

The classification for some financial assets depends on the entity’s business model for managing its financial assets and the contractual terms of the cash flows. Debt instruments are assets that are held for collection of contractual cash flows where those cash flows represent payments of principal and interest or are assets that are held for sale. These are classified as either amortized cost, fair value through other comprehensive income or at fair value through profit or loss. Investments in equity instruments are classified at fair value through profit or loss unless an election is applied to classify the investments through other comprehensive income. Financial liabilities are classified as amortized cost. Derivatives are only used for hedging purposes and not as speculative investments; however, where derivatives do not meet the hedge accounting criteria, they are classified as held for trading and are accounted for at fair value through profit or loss.

Classification and measurement of financial instruments

At initial recognition for financial assets or liabilities, the Company measures a financial instrument at its fair value including debt issue and other transaction costs that are directly attributable to the acquisition or issuance of the financial instrument. Where a portion of a financial instrument is expected to be realized within 12 months of the end of the reporting period, that portion is included in current assets or liabilities, the remainder is classified as non-current.

(a) Amortized cost: Assets that are held for the collection of contractual cash flows are measured at amortized cost using the effective interest method. Cash and cash equivalents, accounts and other receivables and the portfolios of long-term receivables are included in this classification. Short-term bank borrowings, accounts payable and accrued liabilities and long-term debt are financial liabilities included in this classification.

(b) Fair value through other comprehensive income: Occasionally, a portion of the Company’s portfolio of long-term receivables may be determined to be held for collection of contractual cash flows and for selling the financial assets. The recognition of impairment losses or impairment reversals, interest revenue and foreign exchange gains and losses are recognized in profit or loss similar to assets classified at amortized cost; however, movements in the carrying value are taken through other comprehensive income until the asset is de-recognized. At that time the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. Investments in equity instruments that are strategic in nature and therefore are not held for trading may be classified at fair value through other comprehensive income after an irrevocable election at recognition is completed. The fair value gains and losses

on the investments remain in other comprehensive income with no subsequent reclassification of those fair value gains and losses to profit or loss on derecognition of the investment. Dividends from such investments are recognized in profit or loss as finance income when the Company's right to receive payments is established.

(c) Fair value through profit or loss: Derivatives outside of a hedging relationship and investments in equity instruments held for trading have movements in carrying value taken through profit or loss.

Fair value hierarchy

The Company estimates fair values related to financial instruments and classifies these measurements using a fair value hierarchy that reflects the significance of their respective inputs. The Level 1, 2 and 3 classifications utilized by the Company are defined as follows:

Level 1 - Fair values are determined using inputs from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair values are determined using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. Derivative financial instruments are valued based on observable market data.

Level 3 - Fair values are determined based on inputs which are not based on observable market data.

The fair value hierarchy is used for all fair value measurement requirements. The Company recognizes transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Derivative financial instruments and hedge accounting

Risk management is predominantly controlled by the corporate treasury department. The corporate treasury department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating entities.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values related to the hedged item. Some of the derivatives used meet hedge effectiveness criteria and are designated in a hedge accounting relationship.

The Company may apply hedge accounting for certain foreign exchange forward contracts and cross-currency interest rate swap contracts as cash flow hedges. The Company uses cash flow hedges for certain risks associated with the cash flows of recognized liabilities and highly probable forecasted transactions. Amounts accumulated in the hedge reserve within other comprehensive earnings are reclassified to net earnings in the period in which the hedged transaction occurs. If the hedged transaction subsequently results in the recognition of a non-financial item, the amounts accumulated in the hedge reserve within other comprehensive earnings are included in the initial cost or other carrying amount of the non-financial item. The deferred amounts are ultimately recognized in net earnings as the non-financial item that impacts net earnings. In some hedge relationships the Company excludes from the designation the forward element of hedging instruments. The changes in the forward element of the contract that relate to the hedged item are recognized within other comprehensive earnings in the cost of hedging reserve within equity and if the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the cost of hedging reserve and included in the initial cost or other carrying amount of the non-financial item. The deferred amounts are ultimately recognized in net earnings as the non-financial item that impacts net earnings. For any other cash flow hedges, the amount accumulated in the cost of hedging reserve is reclassified to net earnings as a reclassification adjustment in the same period or periods during which the hedged cash flows affect net earnings.

The Company may designate certain portions of its foreign denominated long-term debt or the spot component of a cross-currency interest rate swap as a net investment hedge. Hedges of net investments are accounted for similarly to cash flow hedges with amounts accumulated in other comprehensive earnings. The amounts accumulated in other comprehensive earnings are reclassified to net earnings in the period in which the foreign operation is partially disposed of or sold. When only the spot component of a financial instrument is designated in the net investment hedge, the change in the forward element of the hedging instrument that relates to the hedged item is recognized within other comprehensive earnings in the cost of hedging reserve within equity. Because the net investment is considered a time period related item, the deferred amounts are recognized in net earnings on a rational basis over the period during which the hedge adjustment for the included spot component would affect net earnings.

The fair values are determined based on observable market data.

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly

effective in offsetting changes in fair values or cash flows of hedged items. Effectiveness is achieved when the hedging relationships meet all the following hedge effectiveness requirements:

(a) There is an economic relationship that exists between the hedged item and hedging instrument;

(b) The effect of credit risk does not dominate the value changes that result from that economic relationship; and

(c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in accumulated other comprehensive earnings at that time remains in accumulated other comprehensive earnings until the forecasted transaction is eventually recognized in net earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in accumulated other comprehensive earnings is immediately transferred to net earnings.

Share-based Compensation

Under the Company's share-based compensation plan, the Company with the approval of the Board of Directors may grant equity-settled stock options to its key employees and directors.

The Company recognizes a compensation expense for stock options granted and measures the compensation expense at fair value calculated on the grant date using the Black-Scholes option pricing model. The expense is recognized on a graded-vesting basis in which the fair value of each tranche is recognized over its respective vesting period when all the specified vesting conditions are satisfied. Contributed surplus consists of accumulated share-based compensation expenses less the fair value of options at the grant date that have been exercised and credited to common shares.

Accumulated Other Comprehensive Earnings Reserves

Hedging reserves

The cash flow hedge reserve contains both the effective portion of the cash flow hedge relationships incurred as at the reporting date and the excluded component in the hedging designation which is considered a cost of hedging.

Cumulative translation adjustment

The cumulative translation adjustment reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries along with the effective portion of the net investment hedge relationship incurred as at the reporting date.

Revenue Recognition

Sale of products

The Company enters contracts with customers to manufacture and sell a range of products focused on propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered markets for the Mobility segment. These contracts are entered into with a customer when the Company can identify each party's rights and the contract has commercial substance, which generally is when the customer has made a firm volume commitment. In addition, the Company manufactures and sells a range of industrial equipment such as aerial work platforms, telehandlers and agricultural equipment. Revenue is recognized when control of the products and equipment has been transferred to the customer, generally when the products and equipment are shipped. This represents the point in time the customer obtains significant risk and rewards of ownership, and the Company has the right to payment for the products or equipment.

A receivable is recognized when control of goods transfers to the customer, as indicated above, and consideration is unconditional. Payment terms are generally based on the customers' payment schedules, which typically range from 30 to 90 days from the invoice date. Certain industrial equipment and parts sales have significant financing components and have an average term of 3 to 5 years.

Revenue from these sales is recognized based on the transaction price specified in the purchase order and corresponds to the invoice amount. Sales that include significant financing components are measured and recognized at the purchase order price adjusted for the time value of money. Mobility product sales are recognized net of expected productivity charges. Consideration paid to the customer, if not in exchange for distinct goods or services at their fair values, are recorded within prepaid expenses and other current assets. The asset is amortized as a reduction in sales on a straight-line basis over the term of the specific contract to which the amount paid relates to. Industrial equipment and part sales are recognized net of the expected discounts, rebates and similar obligations. A refund liability is recognized for the expected amount payable to customers due to productivity charges, discounts, rebates and similar obligations that are recorded along

with the recognition of the related sales. Productivity charges, rebates, and other similar obligations are classified as variable consideration and measured using historical experience and forecasts of expected sales. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The Company's obligation to provide a refund or replacement for products built-to-print and equipment not in accordance with design specifications is considered a standard warranty and recognized as a provision. Occasionally for Mobility product sales, the Company recognizes retrospective price amendments as a cumulative catch-up adjustment to sales when the contract modification is approved. When applicable, the revenue from services related to the sale of products is recognized when the services are rendered. Any incremental costs to obtain or fulfil a contract with a customer are capitalized when those costs are expected to be recoverable, unless accounted for within another policy.

Sale of customer owned assets

The Company enters contracts with customers to develop, manufacture, and fabricate customer owned assets used for the purposes of parts production. Revenue is recognized when control of the asset has transferred to the customer, which occurs when the asset is substantially complete, and the customer approves the initial production sample. This represents the point in time the customer has accepted the asset, significant risk and rewards of ownership have transferred and the Company has the present right to payment.

A receivable is recognized when control of the asset transfers to the customer, as indicated above, and consideration is unconditional. Payment terms are generally based on the customers' payment schedules, which typically range from 30 to 90 days from the invoice date. Payment is typically made through a lump-sum payment, however, milestone payments throughout the asset fabrication process or amortization over parts production are sometimes agreed to. Payments made in advance of transfer of control are recorded as a contract liability and recognized as revenue once control has transferred.

Receivables collected through production parts are adjusted for the time value of money when a significant financing component is present. If revenue is recognized before the contractual right to payment exists, a contract asset is recorded.

Revenue from these sales is recognized based on the lower of transaction price specified in the purchase order or actual price invoiced by the Company to fabricate the asset. This amount corresponds to the amount invoiced to the customer by the Company. The invoice amount represents the standalone selling price of the asset, which is consistent with industry practice.

Engineering services

The Company enters contracts with customers to design and develop a product or process using advanced engineering. Revenue is recognized for contracts that qualify as a sale of service, as the service is being rendered or on completion of the service. Revenue recognized over time is generally determined based on the proportion of accumulated expenditures to date as compared to total anticipated expenditures as this depicts the progress towards completion of the service. Revenue is recognized over time for contracts where the Company creates an asset without an alternative use and the customer controls the asset as it is created. For some contracts revenue is recognized at a point in time when the customer approves the product or process.

A receivable is recognized as or when the service is rendered based on stages of completion or at completion as indicated above, and at the time the consideration is unconditional. Payment terms are generally based on the customers' payment schedules, which typically range from 30 to 90 days from the invoice date. Certain contracts have significant financing components as payment is amortized over parts production which is collected over the life of the program and are adjusted for the time value of money. Certain other contracts include milestone payments throughout the development process. Payments made in advance of the service being rendered are recorded as a contract liability and recognized as revenue as the service is performed. If revenue is recognized before the contractual right to payment exists, a contract asset is recorded.

Revenue from these sales is recognized based on the transaction price specified in the purchase order and corresponds to the invoice amount. The invoice amount represents the standalone selling price of engineering services, which is consistent with industry practice.

Practical expedients

The Company has elected to use the practical expedient for significant financing components expected to be collected in one year or less and for incremental costs to obtain a contract that the Company would have recognized in one year or less. Therefore, the Company does not adjust the transaction price for the time value of money and expenses incremental costs when incurred, respectively. No information is provided regarding any remaining performance obligations at the end of the period for a contract that has an original expected duration of one year or less or for which revenue is recognized based on the right to invoice, as allowed by IFRS 15.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers for the Company who are responsible for allocating resources and assessing performance of the operating segments have been identified as the senior management that makes strategic decisions.

Research and Development

Research costs are expensed as incurred. When certain criteria are met, development costs are accounted for as intangible assets and capitalized and amortized. Tax credits related to research and development are credited against the related qualifying expense or against the carrying amount of the related asset.

Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all required conditions.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants relating to costs are deferred and recognized in net earnings over the period necessary to match them with the costs that they are intended to compensate, and these are presented as a reduction of the related expense. Government grants relating to property, plant and equipment are recognized as a reduction in the carrying amount of the related asset.

Pension Costs

The Company has various contributory and non-contributory defined contribution pension plans which cover most employees. The Company pays these contributions to a privately administered pension insurance plan after which the Company incurs no further payment obligations. The contributions are accrued and recognized as employee benefit expense when they are due.

4 Changes in Accounting Policies

New Standards and Amendments Adopted

Certain new standards and amendments have become effective during the current year; 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. Information on new standards, amendments and interpretations that are expected to be relevant to the Company’s financial statements is provided below. Certain other new standards, amendments and interpretations to existing standards were not relevant nor would they significantly impact the Company’s net earnings or financial position.

IFRS 18 Presentation and Disclosure in Financial Statements

Effective for the annual financial statements relating to fiscal years beginning on or after January 1, 2027, the IASB issued a new standard replacing *IAS 1 Presentation of Financial Statements.* Although the new standard carries forward many requirements from IAS 1 unchanged, IFRS 18 introduces three sets of new requirements to improve companies’ reporting of financial performance and give investors a better basis for analyzing and comparing companies. Management is currently assessing the impact that these amendments will have on the financial statements.

5 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS Accounting Standards 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. The following discussion sets forth 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.

Impairment of Non-Financial Assets

The Company believes that the estimate of impairment for goodwill and non-financial assets is a "critical accounting estimate" because management is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to make significant forward-looking assumptions. In assessing whether there is an indication that an asset may be impaired, there are several external and internal sources of information which require a high degree of judgement. Judgement is used for what determines the CGU or group of CGUs and this may impact the results of an impairment review. The recoverable amounts of CGUs have been determined based on the higher of fair value less costs of disposal or value in use calculations, which require the use of estimates. Uncertain changes in the discount rate used, and forward-looking assumptions regarding improvement plans, costing assumptions, timing of program launches, and production volumes may affect the fair value of estimates used. No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used.

Current Income Taxes

The Company is subject to income taxes in numerous jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. Loss carry forwards also comprise a portion of the temporary differences and result in a deferred income tax asset. Deferred income tax assets are only recognized to the extent that management considers it probable that a deferred income tax asset will be realized. The assessment for the recognition of a deferred tax asset requires significant judgement. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.

Useful Lives of Depreciable Assets

Due to the significance of property, plant and equipment and intangible assets on the Company's statements of financial position, the Company considers the amortization policy relating to property, plant and equipment and intangible assets to be a "critical accounting estimate". The Company considers the expected useful life of the assets, expected residual value, and contract length when setting the amortization rates of its assets. Judgement is involved when establishing these estimates as such factors as technological innovation, maintenance programs, and relevant market information must be taken into consideration. The assets' residual values, useful lives and amortization methods are reviewed at the end of each reporting period and are adjusted if expectations differ from previous estimates. If circumstances impacting these assumptions and estimates change, the change in accounting estimates may represent a material impact on the consolidated financial statements.

Purchase Price Allocations

The determination of the purchase price is a critical estimate. The purchase price related to a business combination is allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities; as a result, the purchase price allocation impacts the Company's reported assets and liabilities and future net earnings due to its impact on future depreciation and amortization expense as well as impairment tests.

6 Sale of Receivables

The Company sells a portion of its receivables through various purchase agreements. Under the agreements, the receivables are mostly sold on a fully serviced basis, so that the Company continues to administer the collection of such receivables. The Company receives no fee for administration of the collection of such receivables. The Company has derecognized the receivables as substantially all the risks and rewards of ownership of the assets have been transferred. Although the receivables have been derecognized, the Company has provided limited guarantees within the purchase agreements in regard to the risk of default. At December 31, 2025, the maximum exposure to loss is $32,368 (2024 – $29,504).

7 Inventories

	December 31 2025 $	December 31 2024 $
General stores	283,267	250,088
Raw materials	713,531	784,600
Work-in-process	366,216	357,971
Finished goods	691,754	669,699
	2,054,768	2,062,358

The cost of inventories recognized as an expense during the year ended December 31, 2025 was $7,831,083 (2024 – $8,011,567).

A provision for obsolescence for slow moving inventory items is estimated by management based on historical and expected future sales and is included in cost of sales. In the year ended December 31, 2025 the Company recognized a charge to cost of sales for the write-down of slow moving and obsolete inventory, and adjustments to net realizable value aggregating $31,248 (2024 – $50,370).

8 Income Taxes

(i) Income Tax Recognized in Net Earnings

	December 31 2025 $	December 31 2025 %	December 31 2024 $	December 31 2024 %
Earnings before taxes	801,230		476,138	
Combined basic Canadian Federal and Ontario Provincial income taxes, including manufacturing and processing reduction	200,307	25.00%	119,035	25.00%
Increase (decrease) in income taxes resulting from:				
Effect of expenses that are not deductible in determining taxable earnings	11,177	1.39%	(13,393)	-2.82%
Effect of unused tax losses not recognized as deferred tax assets	8,889	1.11%	2,743	0.58%
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,887	0.24%	8,557	1.80%
Adjustments recognized in the current year in relation to the current tax of prior years	(5,546)	-0.69%	4,557	0.96%
Non-deductible goodwill impairment	-	-	96,380	20.24%
Income tax expense and effective income tax rate	216,714	27.05%	217,879	45.76%
Current tax	263,838		272,604	
Deferred tax	(47,124)		(54,725)	
Income tax expense	216,714		217,879	

The tax rate used in the reconciliation above is the Canadian corporate tax rate of 25.0% (2024 – 25.0%). Deferred income tax expense (recovery) directly recognized in equity for the year was $20,407 (2024 – recovery of $22,766).

The Company is within the scope of the Organization for Economic Cooperation and Development (OECD) Pillar Two model rules and under the legislation, the Company is liable to pay a top-up tax for the difference between its effective tax rate in each jurisdiction and the 15% minimum tax rate. The IAS 12 amendments for a temporary exception to the accounting and disclosures for deferred taxes related to Pillar Two income taxes have been applied.

The Company's Bulgarian operations for 2025 and Hungarian operations for 2024 are subject to the Pillar Two rules as the weighted average tax rate based on accounting profits is below the 16% and 15% minimum tax rate respectively. Considering the impact of specific adjustments in the Pillar Two legislation, the Company recognized an additional current income tax expense for 2025 and 2024.

(ii) Deferred Tax Balances

	December 31 2025 $	December 31 2024 $
Tax benefit of tax credits and loss carry forwards	212,090	211,490
Tax benefit (liability) of derivative financial instruments	(3,293)	17,113
Other assets - tax value in excess of book value	87,583	77,460
Cumulative tax amortization in excess of book amortization	(188,186)	(200,779)
Other liabilities - book value in excess of tax value	(157,055)	(183,662)
Deferred tax net position	(48,861)	(78,378)

Reconciliation of deferred tax net balance:

	2025 $	2024 $
At January 1	(78,378)	(104,694)
Tax recovery (expense) during the period recognized in earnings	47,124	54,725
Tax recovery (expense) during the period recognized in other comprehensive earnings	(20,407)	22,766
Impact of foreign currency translation adjustment	3,618	5,305
Net tax liability related to business acquisition	(9,355)	(61,834)
Other	8,537	5,354
At December 31	(48,861)	(78,378)

Net deferred tax balances in the statements of financial position are comprised of the following:

	December 31 2025 $	December 31 2024 $
Deferred tax assets to be recovered after more than 12 months	373,826	320,589
Deferred tax assets to be recovered within 12 months	29,208	17,162
Total deferred tax assets	403,034	337,751
Deferred tax liabilities to be utilized after more than 12 months	(445,794)	(406,407)
Deferred tax liabilities to be utilized within 12 months	(6,101)	(9,722)
Total deferred tax liabilities	(451,895)	(416,129)
Deferred tax balances (net)	(48,861)	(78,378)

Unrecognized deferred tax assets were as follows:

	December 31 2025 $	December 31 2024 $
Tax losses	39,078	33,358
Tax credits	4,218	4,218
Total deferred tax assets not recognized	43,296	37,576

The unrecognized tax losses expire as follows: $12,071 during 2026-2030, $4,052 during 2031-2045 and $22,955 have no expiry date (2024 - $8,075 during 2025-2029, $4,652 during 2030-2044 and $20,631 have no expiry date). The unrecognized tax credits expire as follows: $Nil during 2026-2030 and $4,218 during 2031-2045 (2024 - $Nil during 2025-2029 and $4,218 during 2030-2044).

9 Property, Plant and Equipment

	Land and Land use rights $	Buildings $	Machinery $	Transportation equipment $	Other $	Total $
Cost	165,861	1,177,846	5,431,557	75,805	73,987	6,925,056
Accumulated amortization	(1,581)	(384,805)	(2,794,395)	(39,164)	(52,613)	(3,272,558)
Book value at January 1, 2024	164,280	793,041	2,637,162	36,641	21,374	3,652,498
Effect of cumulative translation adjustment	2,307	11,155	37,460	387	(1,121)	50,188
Additions, net of government grants	-	125,723	343,549	21,017	24,663	514,952
Business acquisitions (Note 26)	10,809	106,721	9,134	2,383	1,118	130,165
Impairment provision, net of reversals	-	(1,754)	(96,316)	-	(7,311)	(105,381)
Disposals	(295)	(3,157)	(65,894)	(1,880)	(548)	(71,774)
Amortization	(285)	(68,972)	(428,137)	(15,810)	(14,826)	(528,030)
Book value at December 31, 2024	176,816	962,757	2,436,958	42,738	23,349	3,642,618
Cost	178,780	1,424,444	5,349,594	88,838	63,153	7,104,809
Accumulated amortization	(1,964)	(461,687)	(2,912,636)	(46,100)	(39,804)	(3,462,191)
Book value at December 31, 2024	176,816	962,757	2,436,958	42,738	23,349	3,642,618
Effect of cumulative translation adjustment	1,902	15,707	55,712	592	557	74,470
Additions, net of government grants	11,537	20,921	287,720	17,693	47,908	385,779
Business acquisitions (Note 26)	13,800	127,166	209,930	6,612	4,398	361,906
Impairment provision, net of reversals	-	-	60	-	-	60
Disposals	(3,031)	(2,223)	(4,685)	(1,009)	(52)	(11,000)
Amortization	(292)	(71,688)	(427,022)	(16,017)	(24,983)	(540,002)
Book value at December 31, 2025	200,732	1,052,640	2,558,673	50,609	51,177	3,913,831
Cost	202,976	1,627,591	5,846,107	103,400	91,978	7,872,052
Accumulated amortization	(2,244)	(574,951)	(3,287,434)	(52,791)	(40,801)	(3,958,221)
Book value at December 31, 2025	200,732	1,052,640	2,558,673	50,609	51,177	3,913,831

Amortization expense of $535,564 (2024 – $524,113) has been charged in cost of sales and $4,438 (2024 – $3,917) in selling, general and administration.

During 2024, an impairment loss of $105,381 was recorded in cost of sales, primarily for machinery and tooling in the Mobility segment. The impairments were related to Mobility electrified vehicle market and certain other programs that prematurely ended. The same programs also impacted technology intangibles for a 2024 impairment loss of $10,786 recorded in cost of sales in the Mobility segment.

Building additions made by a related party, a company owned by the spouse of an officer and director, for 2025 were $9,450 (2024 - $56,297).

Government grants recognized as a reduction in the carrying amount of the assets during the year was $14,807 (2024 – $11,698). See Note 16 for more details regarding government grants.

As of December 31, 2025, property, plant and equipment include $343,049 (2024 – $492,964) of assets in the course of construction for production purposes. The majority of the assets in the course of construction are included under the machinery category above.

Office equipment and tooling are included in the other category above.

The following amounts are included in property, plant and equipment where the Company is a lessee under lease contracts:

	December 31, 2025		December 31 2024	
	Amortization Year Ended	Book value	Amortization Year Ended	Book value
	$	$	$	$
Buildings	32,744	248,236	28,416	167,094
Machinery	1,311	24,739	283	584
Transportation equipment	12,544	30,805	12,836	28,492
Other	977	3,776	1,284	2,583
	47,576	307,556	42,819	198,753

	December 31 2025	December 31 2024
	$	$
Additions to leased assets	23,591	38,767
Business acquisitions (Note 26)	133,373	422
Lease interest expense	10,951	9,620
Expenses relating to short-term leases	12,107	12,072
Expenses relating to low-value leases	902	1,228
Total cash outflow for leases	42,433	38,437

The lease agreements do not impose any significant covenants other than the security interests in the leased assets that are held by the lessor. Some leases contain variable payment terms and future changes under the variable payment terms will not have a significant impact on future cash flows. There are no significant extension, termination or residual value guarantees that have not already been accounted for within the value of the leased asset or lease liability.

10 Intangible Assets

	Trade names	Customer relationships	Technology	Product development costs	Software	Total
	$	$	$	$	$	$
Cost	246,670	574,529	253,442	180,503	21,835	1,276,979
Accumulated amortization	(1,137)	(166,518)	(102,621)	(57,088)	(7,341)	(334,705)
Book value at January 1, 2024	245,533	408,011	150,821	123,415	14,494	942,274
Effect of cumulative translation adjustment	-	3,968	1,580	6,095	(223)	11,420
Additions	-	-	813	26,041	4,154	31,008
Business acquisition (Note 26)	56,040	107,260	75,160	-	-	238,460
Impairment provision	-	-	(10,786)	-	-	(10,786)
Amortization	(70)	(34,221)	(23,040)	(16,479)	(3,524)	(77,334)
Book value at December 31, 2024	301,503	485,018	194,548	139,072	14,901	1,135,042
Cost	302,710	687,934	327,944	215,030	25,733	1,559,351
Accumulated amortization	(1,207)	(202,916)	(133,396)	(75,958)	(10,832)	(424,309)
Book value at December 31, 2024	301,503	485,018	194,548	139,072	14,901	1,135,042
Effect of cumulative translation adjustment	-	6,793	2,915	(2,501)	8	7,215
Additions	15	-	431	14,845	2,500	17,791
Business acquisition (Note 26)	-	32,234	-	-	-	32,234
Amortization	(70)	(35,582)	(21,980)	(19,365)	(5,301)	(82,298)
Book value at December 31, 2025	301,448	488,463	175,914	132,051	12,108	1,109,984
Cost	302,726	730,176	335,336	224,158	21,560	1,613,956
Accumulated amortization	(1,278)	(241,713)	(159,422)	(92,107)	(9,452)	(503,972)
Book value at December 31, 2025	301,448	488,463	175,914	132,051	12,108	1,109,984

Amortization of intangible assets is included in cost of sales. Product development costs and software are internally generated intangible assets except for those acquired through a business acquisition or separately acquired. During 2025 and 2024, no product development costs were separately acquired.

Trade names include assets of $301,310 deemed to have an indefinite life. The useful life has been deemed to be indefinite because there are no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of this asset.

	December 31, 2025		December 31, 2024	
	Book value $	Remaining amortization period in years	Book value $	Remaining amortization period in years
Customer relationships include assets in the following operating groups:				
MacDon	157,713	17	166,945	18
Bourgault	100,348	23	104,695	24
Salford	78,119	17	82,877	18
Linamar Mobility Europe	67,316	5	74,472	6
Linamar Structures	53,296	13	55,753	14
Technology includes assets in the following operating groups:				
Bourgault	67,965	18	71,719	19
MacDon	54,122	7	61,810	8

11 Goodwill

	2025 $	2024 $
Cost, being book value at January 1	832,572	1,033,449
Business acquisition (Note 26)	109,293	173,485
Goodwill impairment	-	(385,523)
Effect of cumulative translation adjustment	8,226	11,161
Cost, being book value at December 31	950,091	832,572

Goodwill is monitored by management at the operating group level and these groups of CGUs are summarized as follows:

	December 31 2025 $	December 31 2024 $
MacDon	388,806	388,806
Bourgault (Note 26)	182,350	182,350
Salford	92,572	92,572
Skyjack	12,983	12,983
Linamar Mobility North America	88,720	82,018
Linamar Structures (Note 26)	184,660	73,843
	950,091	832,572

During 2024, a change in the allocation of goodwill was made using the relative value approach. The Company has evolved monitoring from the businesses acquired to its operating groups, specifically from a geographic perspective in the case of our Mobility businesses, better matching its updated internal reporting systems. The change did not result in an impairment.

Management performed the annual goodwill and indefinite intangible asset impairment analysis during the fourth quarters of 2025 and 2024 and found that there were no impairments, except for the Linamar Mobility Europe group in 2024. As a result of economic challenges, including a significant decline in European automotive production, the Company recorded a non-cash impairment charge of $385,523 within operating earnings in 2024 which was determined by comparing the carrying amount of the group to its recoverable amount.

The recoverable amounts of the CGUs were determined on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the Board of Directors, covering a five-year period.

Key assumptions used in the determination of the recoverable amount include:

(a) Operating costs and capital expenditures are based on internal management forecasts. Cost assumptions incorporate the Company's experience and expertise, operating costs, the nature and location of each CGU and the risk associated with each CGU. All committed and anticipated capital expenditures adjusted for future cost estimates have been included in the projected cash flows.

(b) Forecast growth rates are principally based on the Company's expectations for future performance. For the impairment test, the Company set the terminal value to reflect a 3.0% (2024 – 3.0%) growth rate for the present value calculation.

(c) Discount rates used reflect specific risks relating to the relevant groups and the countries in which they operate. The pre-tax discount rates used range from 8.0% to 13.3% (2024 – 8.0% to 13.3%).

Sensitivity of impairment tests were performed for the remaining CGUs. A 1% increase in the discount rate would have no impact on the results of impairment tests. A 0.25% decrease in the growth rate would have no impact on the results of impairment tests.

12 Provisions

	Claims and litigation (a)	Product warranties and product defects (b)	Other (c)	Total
	$	$	$	$
At January 1, 2024	9,391	29,320	10,544	49,255
Charged (credited) to earnings:				
Additional provisions	1,415	15,196	16,046	32,657
Business acquisition (Note 26)	-	5,089	-	5,089
Unused amounts reversed	(388)	(1,779)	(69)	(2,236)
Used during year	(526)	(10,630)	(32)	(11,188)
Effect of cumulative translation adjustment	351	47	950	1,348
At December 31, 2024	10,243	37,243	27,439	74,925
Charged (credited) to earnings:				
Additional provisions	9,546	13,978	4,449	27,973
Unused amounts reversed	(1,920)	(6,224)	(10,315)	(18,459)
Used during year	(1,771)	(13,380)	(14,327)	(29,478)
Effect of cumulative translation adjustment	(148)	198	819	869
At December 31, 2025	15,950	31,815	8,065	55,830

(a) **Claims and litigation:** Claims and litigation provision relate to certain legal and commercial claims brought against the Company by stakeholders and potential repayment of government assistance in various jurisdictions. In management's opinion, after taking appropriate legal advice, it is not believed that the outcome of these claims will give rise to any significant loss beyond the amounts provided at December 31, 2025.

(b) **Product warranties and product defects:** Product warranties and product defects represent the legal or constructive responsibility of the Company for the proper function of products sold and the obligation arising from the use of products sold.

(c) **Other:** Includes onerous contracts, restructuring, and decommissioning provisions which relate to the legal or constructive obligations for the completion of the leasing arrangements. The provision charge is recognized in earnings within cost of sales.

13 Long-Term Debt

The following amounts represent the Company's long-term debt obligations:

	Note	December 31 2025 $	December 31 2024 $
Private placement notes	(i)	1,063,520	1,024,245
Bank borrowings	(ii)	637,177	979,628
Lease liabilities	(iii)	320,186	209,477
Government borrowings	(iv)	77,565	79,169
		2,098,448	2,292,519
Less: current portion		287,322	45,658
		1,811,126	2,246,861

Principal payments required to meet the long-term obligations were as follows:

	December 31 2025 $	December 31 2024 $
Not later than 1 year	287,322	45,658
Later than 1 year and not later than 5 years	592,424	1,124,741
Later than 5 years	1,221,954	1,127,006
Total principal payments	2,101,700	2,297,405
Less: debt issue costs	3,252	4,886
	2,098,448	2,292,519

(i) Private placement notes

The Private placement notes consisted of:

(a) In January 2021, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of Euro ("EUR") 320.0 million aggregate principal amount issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. The private placement notes are guaranteed by material subsidiaries of the Company as defined in the agreement. The private placement notes require the Company to maintain certain financial ratios and impose limitations on specific activities. The Company is in compliance with all financial covenants. The EUR denominated notes have been designated as a net investment hedge for the net investments in EUR foreign operations.

(b) In June 2024, the Company received funding through a note purchase agreement with certain institutional investors for private placement of $550.0 million aggregate principal amount, issued at an annual rate of 5.96%, coming due June 2033 and paying interest semi-annually. The new private placement notes require the Company to maintain certain financial ratios and impose limitations on specific activities. The Company is in compliance with all financial covenants. The funds were used for general corporate purposes including the Battery Enclosures Business acquisition (Note 26).

(ii) Bank borrowings

The Company's credit facility was last amended and restated in November 2022. The facility includes a revolving credit facility for up to $1.175 billion which will expire in November 2026 and is under terms and conditions largely consistent with the Company's previously existing credit facilities. Borrowings are subject to short-term market rates, plus applicable margin. The facility includes the use of alternative benchmark rates in order to complete the transition due to the IBOR reform.

In February 2024, the Company entered into a new term credit agreement for $700.0 million in connection with the acquisition of Bourgault (Note 26) and general corporate purposes. The term credit agreement is repayable in three tranches with the last expiring in February 2027. The first tranche due in February 2025 of $75.0 million was repaid during the third quarter of 2024 and the $225.0 million February 2026 second tranche was due and paid subsequent to year end. The term credit agreement has terms and conditions largely consistent with the Company's existing credit facility. Borrowings are subject to short-term market rates, plus applicable margin.

These borrowings are unsecured and guaranteed by material subsidiaries of the Company, as defined in their agreements. The borrowings under these facilities require the Company to maintain certain financial ratios and impose limitations on specified activities. The Company is in compliance with all financial covenants.

As of December 31, 2025, $1,151,637 was available under the Company's credit facility.

(iii) Lease liabilities

The Company has various leases which are included in property, plant and equipment. The Company's obligations under the leases are secured by the Lessors' title to the assets. The undiscounted contractual maturities are as follows:

	December 31 2025 $	December 31 2024 $
Not later than 1 year	67,044	46,269
Later than 1 year and not later than 5 years	182,059	134,310
Later than 5 years	133,527	66,914
	382,630	247,493
Less: future finance charges	62,444	38,016
	320,186	209,477

(iv) Government borrowings

The Company has three unsecured non-revolving interest free government loans due in annual payments through 2034.

14 Capital Stock

The Company is incorporated under the Ontario Business Corporations Act in Canada and is authorized to issue an unlimited number of common and special shares.

	Common Shares Issued/(Cancelled) #	Stated capital $
At January 1, 2024	61,578,157	142,100
Repurchase of shares under normal course issuer bid	(684,111)	(1,579)
At December 31, 2024	60,894,046	140,521
Stock options exercised	100,000	11,493
Repurchase of shares under normal course issuer bid	(1,328,555)	(3,097)
At December 31, 2025	59,665,491	148,917

In November 2024, the Company announced TSX approval to commence a normal course issuer bid. This bid permitted the Company to acquire for cancellation up to 4,021,282 common shares between November 15, 2024 and November 14, 2025. In November 2025, the Company announced TSX approval to commence a normal course issuer bid. This bid permitted the Company to acquire for cancellation up to 3,850,534 common shares between November 17, 2025 and November 16, 2026. These bids are subject to daily limits. Subsequent to December 31, 2025, the Company repurchased and cancelled 217,506 common shares under its bid for a total of $19,015.

15 Revenue from Contracts with Customers

The disaggregated revenue from contracts with customers aligns with the revenue information as disclosed for each reportable segment in Note 24. The Company has recognized revenue-related receivables, contract assets and contract liabilities in its consolidated statements of financial position. Accounts and other receivables and long-term receivables include $1,178,164 and $72,056, respectively, of receivables from contracts with customers (2024 - $1,125,048 and $50,424, respectively). Accounts payable and accrued liabilities include $129,768 of liabilities from contracts with customers (2024 - $184,945) (Note 27).

(i) Significant changes in contract liabilities

There has been a decrease in the contract liabilities over the year due to a decline in customer payments made in advance of revenue recognition.

(ii) Revenue recognized in relation to contract liabilities

Revenue recognized during the year that was included in the contract liability balance at the beginning of the period was $94,876 (2024 - $93,145).

(iii) Remaining performance obligations

The aggregate amount of the transaction price allocated to remaining performance obligations as of the end of the year amounted to $153,715, of which $129,936 was attributable to customer owned asset contracts, $18,971 to parts production, $4,057 to engineering services contracts and $751 to other (2024 - $185,556, of which $136,612 was attributable to customer owned asset contracts, $34,781 to parts production, $13,407 to engineering services contracts and $756 to other).

Management expects that $119,875 of the transaction price allocated to remaining performance obligations will be recognized during the next year, $24,186 in 2027, $4,850 in 2028 and the remaining balance in 2029 and beyond. Remaining performance obligations do not include variable consideration which is constrained.

16 Expenses by Nature

	2025 $	2024 $
Cost of materials	5,191,060	5,481,739
Employee benefits (Note 17)	2,432,669	2,479,517
Amortization (Notes 9, 10)	622,300	605,364
Transportation	241,976	269,145
Other	813,818	834,350
	9,301,823	9,670,115

During 2025, the benefits of government grants recorded in the statements of earnings were $18,155 (2024 - $22,895). In all cases, repayment of government grants is contingent on employment related measures, investment related measures or both.

During 2025, the Company has incurred research and development costs in the statement of earnings of $163,644 (2024 - $168,329).

In 2024, the other category includes customer compensation recoveries partly offset by property, plant and equipment and technology intangible impairments (see Notes 9 and 10).

17 Employee Benefits

	2025 $	2024 $
Wages, salaries and commissions	1,858,814	1,884,618
Social charges and other personnel expenses	518,426	518,751
Termination benefits	3,393	26,985
Share-based compensation (Note 18)	3,561	3,492
Pension expenses under defined contribution plans	48,475	45,671
	2,432,669	2,479,517

18 Share-Based Compensation

The Company is authorized to grant options for common stock to its key employees and directors. The exercise price of each option equals the average of the high and low market price of the Company's stock for the five trading days prior to the date of grant. An option's maximum term is 10 years, and vesting is determined by the Board of Directors. The Company issues new common shares to satisfy stock options exercised. Options are forfeited when the option holder ceases to be an employee or director of the Company.

	2025 Number of options	2025 Weighted average exercise price $	2024 Number of options	2024 Weighted average exercise price $
At January 1	1,300,000	61.31	1,250,000	61.65
Granted	150,000	78.21	150,000	62.07
Exercised	(100,000)	73.52	-	-
Expired	-	-	(100,000)	66.63
At December 31	1,350,000	62.28	1,300,000	61.31
Vested at December 31	680,000	59.17	645,000	60.74

In 2025, the average share price, during the period the share options were exercised, was $79.75. There were no share options exercised in 2024.

The following table is a summary of information about the stock options outstanding at December 31, 2025:

Year of Grant	Exercise Price	Number of options outstanding	Weighted average remaining life in years
2016	$50.14	100,000	0.9
2018	$73.96	100,000	2.0
2018	$45.40	100,000	3.0
2019	$44.30	150,000	3.9
2020	$65.42	150,000	4.9
2021	$74.57	150,000	5.9
2022	$64.74	150,000	6.9
2023	$58.25	150,000	7.9
2024	$62.07	150,000	9.0
2025	$78.21	150,000	9.9
		1,350,000	5.8

For all grants, the weighted average fair value of share options granted, and weighted average assumptions used in the fair value estimation at the time of grant, using the Black-Scholes model, are as follows:

	Granted in 2025	Granted in 2024
Share option fair value (per share)	$27.42	$23.12
Risk free interest rate	3.46%	3.14%
Expected life (years)	10	10
Expected volatility	30.96%	32.42%
Dividend yield	1.76%	1.54%

The expected life used in the Black-Scholes model is the same as the contractual term of the options. The risk-free interest rate used in determining the fair value of the options granted is based on a Government of Canada zero coupon yield that was current at the time of grant and has a term corresponding to the contractual term of the options. The expected volatility considers the historical volatility of the Company's shares for the 10-year period preceding the share option grant date. The dividend yield is the annualized dividend at the date of grant divided by the average exercise price.

19 Other Income and (Expenses)

	2025 $	2024 $
Foreign exchange gain (loss)	(41,750)	66,300
Other income (expense)	3,924	18,642
	(37,826)	84,942

20 Finance Income and (Expenses)

	2025 $	2024 $
Interest expense	(91,613)	(126,786)
Foreign exchange gain (loss) on debt and derivatives	(124)	(1,017)
Interest earned	25,381	19,886
Other	(24,529)	(27,271)
	(90,885)	(135,188)

21 Earnings per Share

Basic earnings per share are calculated by dividing the net earnings attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding throughout the year. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding during the year to assume conversion of all dilutive potential shares.

	2025 $	2024 $
Net earnings (loss)	584,516	258,259
Weighted average common shares	59,963,188	61,518,562
Incremental shares from assumed conversion of stock options	87,224	73,811
Adjusted weighted average common shares for diluted earnings per share	60,050,412	61,592,373
Net earnings (loss) per share:		
Basic	9.75	4.20
Diluted	9.73	4.19

22 Commitments

As at December 31, 2025, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $132,774 (December 31, 2024 - $216,863). Of this amount $130,959 (December 31, 2024 - $206,251) relates to the purchase of manufacturing equipment and $1,815 (December 31, 2024 - $10,612) relates to general contracting and construction costs in respect of plant construction. Of the commitments for plant construction, $Nil (December 31, 2024 - $6,553) 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.

23 Related Party Transactions

Please see related party transactions related to property, plant and equipment in Notes 9 and 22.

The Company's key management includes members of senior management and the Board of Directors. The compensation paid, or payable, to key management for employee services during the year was as follows:

	2025 $	2024 $
Compensation and short-term benefits	41,365	31,225
Share-based compensation (Notes 17, 18)	3,561	3,492
Total compensation	44,926	34,717

24 Segmented Information

Management has determined the operating segments based on the reports reviewed by senior management that are used to make strategic decisions.

Mobility: The Mobility segment derives revenues from the collaborative design, development and manufacture of propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered markets.

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

The segments are differentiated by the products that each produces and reflect how senior management 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.

The Company's customers representing over 10% of revenue are in the Mobility segment and account for 20.1% and 16.5% of total revenue (2024 – 19.2% and 15.2%).

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.

Operational Segments	Mobility $	Industrial $	2025 $
Total revenue	7,773,136	2,509,781	
Inter-segment sales	(35,641)	(15,512)	
Sales to external customers	7,737,495	2,494,269	10,231,764
Cost of sales before amortization	6,292,783	1,803,699	8,096,482
Amortization	527,644	90,218	617,862
Selling, general and administration	346,163	241,316	587,479
Other income and (expenses)	(8,086)	(29,740)	(37,826)
Operating earnings (loss)	562,819	329,296	892,115
Finance income and (expenses)			(90,885)
Income taxes			216,714
Net earnings (loss)			584,516
Payments for property, plant and equipment	370,949	33,260	404,209

Operational Segments	Mobility $	Industrial $	2024 $
Total revenue	7,531,380	3,107,410	
Inter-segment sales	(42,960)	(13,808)	
Sales to external customers	7,488,420	3,093,602	10,582,022
Cost of sales before amortization	6,233,760	2,242,807	8,476,567
Amortization	512,430	89,012	601,442
Selling, general and administration	331,060	261,046	592,106
Goodwill impairment	385,523	-	385,523
Other income and (expenses)	(3,490)	88,432	84,942
Operating earnings (loss)	22,157	589,169	611,326
Finance income and (expenses)			(135,188)
Income taxes			217,879
Net earnings (loss)			258,259
Payments for property, plant and equipment	465,116	67,482	532,598

The Company operates in four geographic segments – Canada, Rest of North America, Europe and Asia Pacific. The non-current assets exclude financial instruments and deferred tax assets.

Geographic Segments	Canada	Rest of North America	Europe	Asia Pacific	2025
	$	$	$	$	$
Total sales	5,422,976	2,340,265	2,510,205	778,010	
Inter-segment sales	(281,514)	(312,477)	(202,382)	(23,319)	
Sales to external customers	5,141,462	2,027,788	2,307,823	754,691	10,231,764
Non-current assets	2,664,968	1,657,550	1,311,890	339,498	5,973,906

Geographic Segments	Canada	Rest of North America	Europe	Asia Pacific	2024
	$	$	$	$	$
Total sales	5,962,246	2,330,315	2,479,574	689,392	
Inter-segment sales	(333,320)	(355,999)	(167,650)	(22,536)	
Sales to external customers	5,628,926	1,974,316	2,311,924	666,856	10,582,022
Non-current assets	2,677,545	1,338,900	1,233,115	360,672	5,610,232

25 Supplemental Cash Flow Information

	2025	2024
	$	$
Interest paid	114,545	147,249
Interest received	25,771	19,489
Taxes paid	238,202	349,147

Net Debt Reconciliation of Liabilities Arising from Financing Activities

	Cash and cash equivalents	Long-term debt	Total
	$	$	$
At January 1, 2024	653,327	(1,772,347)	(1,119,020)
Cash flow activity, including cash acquired (Note 26)	372,517	(467,252)	(94,735)
Additions, net of disposals – leases	-	(35,229)	(35,229)
Effect of cumulative translation adjustment	28,754	(4,854)	23,900
Effect of foreign exchange adjustments	-	(4,062)	(4,062)
Amount recognized in other comprehensive earnings	-	(8,704)	(8,704)
Business acquisitions (Note 26)	-	(422)	(422)
Other changes	-	351	351
At December 31, 2024	1,054,598	(2,292,519)	(1,237,921)
Cash flow activity, including cash acquired (Note 26)	(151,999)	419,495	267,496
Additions, net of disposals – leases	-	(21,698)	(21,698)
Effect of cumulative translation adjustment	8,478	(788)	7,690
Effect of foreign exchange adjustments	-	2,804	2,804
Amount recognized in other comprehensive earnings	-	(38,944)	(38,944)
Business acquisitions (Note 26)	-	(165,430)	(165,430)
Other changes	-	(1,368)	(1,368)
At December 31, 2025	911,077	(2,098,448)	(1,187,371)

The table above details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's consolidated statements of cash flows as cash flows from financing activities. This also applies to derivative financial instruments held to hedge liabilities arising from financing activities although there were none in 2025 or 2024. The Company is also presenting cash and cash equivalents to reflect net debt.

26 Business Acquisitions

(i) Chassis and Structures Business

On November 14, 2025, the Company acquired select net assets of Aludyne Incorporated's North American operations ("Chassis and Structures Business"). The acquisition added advanced capabilities to the Company's lightweight aluminum chassis and structural technologies and expand the Company's footprint across North America, notably in the United States. The preliminary purchase price is $386,106, with certain adjustments for cash and working capital.

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 preliminary amount of $109,293 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 consideration paid for the Chassis and Structures Business'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 November 14, 2025:

	$
Inventories	77,913
Property, plant and equipment	166,666
Leased assets	123,920
Intangible assets	32,234
Goodwill	109,293
Total assets acquired	510,026
Lease liabilities	123,920
Total liabilities assumed	123,920
Preliminary net identifiable assets acquired	386,106

The goodwill is attributable to expanding the Company's capabilities and further diversifies the Company's end markets. The goodwill arising from this acquisition will be deductible for tax purposes.

The sales included in the consolidated statements of earnings from November 14, 2025 to December 31, 2025 contributed by the Chassis and Structures Business was $107,855. The acquisition also contributed net earnings of $5,586 over the same period. The Chassis and Structures Business is included in the Mobility segment.

(ii) Casting Facility

On December 31, 2025, the Company acquired 100% of the equity interest of Georg Fischer's Leipzig casting facility ("Casting Facility"), located in Germany. The acquisition will diversify the Company's casting solutions to include large ductile iron castings for heavy industrial on and off-highway applications. The preliminary purchase price is $42,890, with certain adjustments for cash, debt and working capital.

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 preliminary amount of $Nil to goodwill. 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 consideration paid for the Casting Facility'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 December 31, 2025:

	$
Cash and cash equivalents	3,224
Accounts and other receivables	25,027
Inventories	18,554
Property, plant and equipment	61,867
Leased assets	9,453
Total assets acquired	118,125
Accounts payable and accrued liabilities	24,070
Income taxes payable	300
Long-term debt	32,057
Lease liabilities	9,453
Deferred tax liabilities	9,355
Total liabilities assumed	75,235
Preliminary net identifiable assets acquired	42,890

Subsequent to the acquisition, the long-term debt was settled. As the acquisition date is December 31, 2025 there were no sales or net earnings contributed for the period. The Casting Facility is included in the Mobility segment.

(iii) Bourgault

On February 1, 2024, the Company acquired 100% of the equity interest of Bourgault Industries Ltd. ("Bourgault"), headquartered in St. Brieux, Saskatchewan, Canada. The acquisition expanded the Company's agricultural portfolio into broad acre seeding. The purchase price was $621,645.

Summary of identifiable assets acquired, and liabilities assumed was completed on February 1, 2024 as a business combination:

	$
Cash and cash equivalents	1,149
Accounts and other receivables	48,028
Inventories	166,577
Income taxes recoverable	1,291
Prepaid expenses and other current assets	1,374
Property, plant and equipment	137,733
Leased assets	422
Deferred tax assets	731
Intangible assets	239,880
Goodwill	182,350
Total assets acquired	779,535
Accounts payable and accrued liabilities	87,117
Provisions	5,089
Income taxes payable	1,324
Lease liabilities	422
Deferred tax liabilities	63,938
Total liabilities assumed	157,890
Net identifiable assets acquired	621,645

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

The sales included in the consolidated statements of earnings from February 1, 2024 to December 31, 2024 contributed by Bourgault was $370,150. Bourgault also contributed net earnings of $11,550 over the same period. Bourgault is included in the Industrial segment.

(iv) Battery Enclosures Business

On August 3, 2023, the Company acquired three battery enclosures facilities from Dura-Shiloh ("Battery Enclosures Business") through the acquisition of certain assets and shares. The acquisition increased the Company's electrified product portfolio with increased future battery electric vehicle content. During 2024, due to a change in purchase price, the total consideration decreased by $20,049 to $298,811, thereby decreasing the fair value of property, plant and equipment by $7,990 to $215,301, decreasing goodwill by $8,865 to $71,707, and other insignificant adjustments.

27 Financial Instruments

(i) Accounts Payable and Accrued Liabilities

	December 31 2025 $	December 31 2024 $
Accounts payable	1,325,608	1,279,746
Accrued liabilities	773,385	783,004
Financial liabilities	2,098,993	2,062,750
Contract liabilities (Note 15)	129,768	184,945
Accounts payable and accrued liabilities	2,228,761	2,247,695

The Company has supplier financing programs with third-party financial institutions that provide an alternative source of financing for the Company's suppliers. The arrangement provides the suppliers with the option to be paid by the financial institution at a discount earlier than the payment date of their receivable. The due dates between the Company and the suppliers have been extended to an average of 90 – 180 days after the invoice date. Suppliers not party to the supplier financing programs are paid on average of 60 days after the invoice date.

Included in accounts payable at December 31, 2025 are $147,006 (2024 - $172,643) of liabilities that are part of a supplier financing program. Of this balance, the suppliers party to the program have received payments of $118,175 (2024 - $147,862).

(ii) Composition of Financial Instruments

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

		December 31, 2025		December 31, 2024	
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	75,383	79,051	53,679	52,425
Derivative financial instruments (hedge relationships) (iii):					
USD sales forwards – CAD functional entities	Fair value (Level 2)	7,066	7,066	(52,043)	(52,043)
USD sales forwards – MXN functional entities	Fair value (Level 2)	21,816	21,816	(19,657)	(19,657)
USD sales forwards – CNY functional entities	Fair value (Level 2)	347	347	(1,445)	(1,445)
Long-term debt, excluding lease liabilities (Note 13)	Amortized cost (Level 2)	(1,778,262)	(1,687,475)	(2,083,042)	(1,994,979)

The fair value of the long-term receivables, derivative financial instruments, and long-term debt are determined by using valuation techniques based on observable market data other than quoted prices. The Company determined that the fair value of its investments is equal to the carrying values. The fair value of other financial instruments such as cash and cash equivalents, accounts and other receivables, short-term bank borrowings and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturities of these instruments. There were no transfers in the fair value hierarchy between Levels 1, 2 and 3 during the year.

Specific valuation techniques used to value financial instruments include:

(a) Quoted market prices for similar instruments;

(b) The fair value of forward foreign exchange contracts is determined by using forward exchange rates at the reporting date; or

(c) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(iii) Derivative Financial Instruments and Hedge Accounting

The summary of the Company's derivative financial instruments and hedge accounting is as follows:

	Hedging reserves			Other comprehensive earnings		
	Carrying value $	Cost of hedging reserve $	Total $	Unrealized gain/(loss) recognized $	Gain/(loss) reclassified to sales and finance expense $	Change in cost of hedging $
a) USD sales forward contracts	12,155	(2,275)	9,880	71,697	18,385	(8,455)
b) Long-term debt designated as net investment hedge	-	-	-	(38,944)	-	-
December 31, 2025, gross	12,155	(2,275)	9,880	32,753	18,385	(8,455)
Deferred tax				(17,924)	(4,596)	2,113
December 31, 2025, net				14,829	13,789	(6,342)

	Hedging reserve			Other comprehensive earnings		
	Carrying value $	Cost of hedging reserve $	Total $	Unrealized gain/(loss) recognized $	Gain/(loss) reclassified to sales and finance expense $	Change in cost of hedging $
a) USD sales forward contracts	(55,407)	4,067	(51,340)	(114,474)	19,540	3,870
b) Long-term debt designated as net investment hedge	-	-	-	(8,704)	-	-
December 31, 2024, gross	(55,407)	4,067	(51,340)	(123,178)	19,540	3,870
Deferred tax				28,618	(4,885)	(967)
December 31, 2024, net				(94,560)	14,655	2,903

There was no ineffectiveness in any of the hedge relationships in 2025 and 2024.

a) USD Sales Forward Contracts

The Company enters a series of forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted consolidated USD sales. The Company's program hedges a portion of USD sales forecasted by entities with various functional currencies. Every quarter, additional contracts will be initiated in order to maintain a proportional coverage for up to 18 months of forecasted USD sales.

All the contracts are designated as cash flow hedges for accounting purposes for the spot component only, up until the month of the sales activity. The changes in the forward element (the excluded component) of the contracts are recognized within other comprehensive earnings in the cost of hedging reserve within equity and are reclassified to net earnings in sales when the hedging relationship ends. The derivatives are in the same currency and notional amounts as a portion of the anticipated USD sales; therefore, the hedge ratio is on a one-to-one basis. It is anticipated that all critical terms will match during the period they are outstanding, therefore the economic relationship will remain 100% effective. After the month the sales activity occurs, the net fair value on the derivatives outstanding until maturity is recognized in other income and (expenses). For the current year, this was a gain of $12,764 (2024 – loss of $16,165).

The summary of contracts in place with USD notional hedge values and average forward rates back to the respective functional currencies is as follows:

	December 31, 2025		December 31, 2024	
	Notional Hedge Value USD $	Average Forward Rate	Notional Hedge Value USD $	Average Forward Rate
USD sales forwards – CAD functional entities	741,750	1.3707	756,450	1.3534
USD sales forwards – MXN functional entities	184,250	20.0834	156,350	19.7307
USD sales forwards – CNY functional entities	32,400	6.9631	32,925	6.9823
	958,400		945,725	

b) Long-term Debt Designated as Net Investment Hedge

In 2021, EUR denominated private placement notes were designated as a net investment hedge for the net investments in EUR foreign operations. As all critical terms matched during the period, the economic relationship was 100% effective.

Further terms of the EUR denominated private placement notes are disclosed in Note 13(i).

(iv) Financial Risk Management

The Company is primarily exposed to market risk, liquidity risk, credit risk and capital risk as a result of holding financial instruments.

Market Risk – Foreign Exchange Risk

The Company operates in several different geographical regions in the world and has many business arrangements with customers and suppliers also based in different geographical regions. The Company therefore is affected by changes in foreign exchange rates. These foreign exchange rate changes affect net sales and expenses based on foreign currencies and the translation of monetary balances in relation to functional currencies. To minimize the adverse effects on the financial performance of the Company, foreign exchange derivative contracts, which may or may not be designated in a hedge accounting relationship, and certain portions of its foreign denominated long-term debt may be used to mitigate certain foreign currency risk exposures to reduce the uncertainty from foreign currency transactions and functional currency translations.

Approximate foreign exchange exposure as related to the following significant currencies:

	December 31 2025 %	December 31 2024 %
USD activity	84.1	87.2
EUR activity	3.8	2.2
British pound activity	7.9	2.3
Mexican peso activity	0.9	0.9

The Company has foreign operations with functional currencies that differ from the parent.

Assuming all other variables are constant a 5% strengthening of the following significant currencies against the functional currency of the Company and its foreign subsidiaries would result in gains/(losses) by the amounts shown below:

	December 31, 2025		December 31, 2024	
	Impact on net earnings gain/(loss) $	Impact on hedging reserve gain/(loss) $	Impact on net earnings gain/(loss) $	Impact on hedging reserve gain/(loss) $
USD	(17,905)	(31,815)	(16,352)	(34,362)
EUR	439	-	(378)	-
British pound	1,138	-	281	-
Mexican peso	(359)	(7,710)	(1,733)	(6,832)

A weakening of the same currencies at December 31 would have had the equal but opposite effect, on the basis that all other variables remain constant.

Market Risk – Interest Rate Risk

Due to the Company's capital structure, there is some degree of exposure to changes in the Canadian, US, European and Asian money market rates of interest. The Company does invest excess funds at times to maximize interest income earned. The investment quality must meet internal standards for ratings and liquidity to safeguard the Company's cash and cash equivalents. Interest rate or cross-currency interest rate swap agreements are used by the Company from time to time to manage the fixed and floating interest rate mix of the Company's total debt portfolio and related overall cost of borrowing.

As at December 31, 2025, an interest rate change of 50 basis points (all other variables held constant) would have an impact on net earnings for the year of $3,886 (2024 - $4,766).

Liquidity Risk

Liquidity risk is the Company's ability to meet its financial obligations when they come due. The Company manages the liquidity risk of forecasted cash flows from operations, by ensuring that there are cash resources available to meet these needs. As at

December 31, 2025, the Company's revolving bank facility had available credit of $1,151,637. The revolving facility matures in 2026, and the term credit agreement matures in 2027.

The amount of financial resources available to invest in a Company's growth is dependent upon its size and willingness to utilize debt and issue equity. If the Company deviates from its growth expectations, it may require additional debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully compete in its markets on favourable commercial terms. Failure to obtain such financing could result in the delay or abandonment of certain strategic plans for product manufacturing or development.

The undiscounted contractual maturities of the Company's financial liabilities are as follows:

December 31, 2025	Current year $	Maturing in 1 to 2 years $	Maturing after 2 years $	Total $
Accounts payable and accrued liabilities	2,098,993	-	-	2,098,993
Long-term debt and contractual interest payments, derivative instruments, and financial guarantees	471,253	507,357	1,616,412	2,595,022
	2,570,246	507,357	1,616,412	4,694,015

December 31, 2024	Current year $	Maturing in 1 to 2 years $	Maturing after 2 years $	Total $
Accounts payable and accrued liabilities	2,062,750	-	-	2,062,750
Long-term debt and contractual interest payments, derivative instruments, and financial guarantees	174,963	667,709	1,921,192	2,763,864
	2,237,713	667,709	1,921,192	4,826,614

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk at the reporting date is represented by the net carrying amount of the Company's cash and cash equivalents, accounts and other receivables, long-term receivables, derivative financial instruments and financial guarantees. The Company is exposed to credit risk from potential default by counterparties that carry the Company's cash and cash equivalents and derivative financial instruments. The Company attempts to mitigate this risk by dealing only with large financial institutions with investment grade credit ratings. All the financial institutions within the bank syndicate providing the Company's credit facility meet these qualifications.

A substantial portion of the Company's receivables are with large customers in the automotive, truck and industrial sectors and are subject to normal industry credit risks. At December 31, 2025, the receivables from the Company's three largest customers amounted to 14.0%, 9.3% and 6.5% (December 31, 2024 – 12.9%, 8.5% and 6.4%) of customer receivables.

The following represents the weighted-average expected credit loss rate of the Company's accounts and other receivables and long-term receivables. For credit risk management, the Company assesses the age of past due receivables to determine if credit risk has increased significantly. The aging of receivables is as follows:

	December 31, 2025		December 31, 2024	
	Accounts and other receivables $	Long-term receivables $	Accounts and other receivables $	Long-term receivables $
Current	1,132,339	76,164	1,006,766	52,182
Past due 1-30 days	191,561	399	187,681	6
Past due 31-60 days	30,821	32	56,204	4
Past due 61-90 days	7,605	28	16,438	4
Past due >91 days	45,554	1,161	49,284	3,166
Gross carrying amount	1,407,880	77,784	1,316,373	55,362
Loss allowance provision	3,811	2,401	4,092	1,683
	1,404,069	75,383	1,312,281	53,679
Expected loss rate	0.3%	3.1%	0.3%	3.0%

The above gross carrying amounts represent the maximum exposure to credit risk without taking into consideration any collateral held or other credit enhancements. This is mitigated as the Company may hold a security interest in the underlying asset until the balance is fully settled by the customer, resulting in a reduced actual exposure.

Capital Risk Management

The Company's capital management objectives are to ensure the stability of its capital to support continued operations, provide an adequate return to shareholders and generate benefits for other stakeholders. The Company's capital is composed of shareholders' equity and is not subject to any capital requirements imposed by a regulator.

The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue or re-acquire shares, acquire or dispose of assets, and adjust the amount of cash and cash equivalents. There were no changes in the Company's capital risk management strategy during the year.

ANNUAL MEETING OF SHAREHOLDERS

The Company's Annual Meeting of Shareholders will take place in May 2026:

Date:	May 12, 2026
Time:	9:00 a.m. (EST)
Location:	The Frank Hasenfratz Centre of Excellence in Manufacturing 700 Woodlawn Road West, Guelph, ON N1K 1G4

Officers:

Linda Hasenfratz
Executive Chairman of the Board

Jim Jarrell
Chief Executive Officer & President

Dale Schneider
Chief Financial Officer

Elliot Burger
General Counsel, Corporate Secretary and Global Vice President of Corporate Development

Mark Stoddart
Chief Technology Officer & Executive Vice President - Marketing

Henry Huang
Group President, Linamar Manufacturing Asia Pacific

Sam Cocca
Group President, Linamar Manufacturing Europe & Americas

Kurt Buehler
Group President, MacDon

Henry Huang
Group President, Linamar Machining & Assembly Asia

Mike Russell
Group President, Linamar Structures

Charles Patterson
Group President, Skyjack Inc.

Directors:

Linda Hasenfratz
Executive Chairman of the Board

Jim Jarrell
Director

Mark Stoddart
Director

Dennis Grimm
Director
Chair, Audit Committee
Member of the Human Resources & Corporate Governance Committee

Lisa Forwell
Director
Member of the Human Resources & Corporate Governance Committee and Audit Committee

Terry Reidel
Director
Chair, Human Resources & Corporate Governance Committee
Member of Audit Committee

Auditors, Transfer Agent & Registrar

PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario are the auditors of Linamar Corporation.

The transfer agent and registrar for the common shares of the Company is Computershare Investor Services Inc. at its principal offices in Toronto.

Linamar Shares are listed on the Toronto Stock Exchange, trading under LNR.